

**2012**

**HOUSE  
APPROPRIATIONS –  
HEALTH & HUMAN  
SERVICES**

**MINUTES**



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

**2011-2012 Interim  
Book 1 of 1**

**Representative Marilyn Avila, Co-Chair  
Representative Justin Burr, Co-Chair**

**Susan Lewis and Dina Long  
Committee Assistants**

## **INTERIM APPROPRIATIONS COMMITTEES/MEETINGS/CONSULTATION BY GOVERNOR**

### **SECTION 6.5.(a)** The General Assembly finds that:

- (1) The power of appropriation is vested only with the General Assembly.
- (2) Section 7 of Article V of the North Carolina Constitution requires that no money shall be drawn from the State treasury but in consequence of appropriations made by law.
- (3) Section 5 of Article III of the North Carolina Constitution requires the Governor to administer the budget as enacted by the General Assembly; and
- (4) Proper oversight of public funds and oversight of the execution and administration of the State's budget are tantamount to good stewardship and proper governance.
- (5) It is the proper duty of a legislative body to examine and review the expenditure of public funds on an ongoing basis and that the appropriations committees of the General Assembly shall meet as needed to fulfill this duty.

**SECTION 6.5.(b)** Purpose. – The Appropriations Committee of the House of Representatives and the Appropriations/Base Budget Committee of the Senate (the Committees) may meet monthly during the period between legislative sessions to perform ongoing examination and oversight of State agencies' execution and administration of the budget, including review of agency expenditures and collections of receipts, agency compliance with State laws governing the expenditure of public moneys, compliance with legislative policies and intent, and the ongoing fiscal stability and integrity of State government.

### **SECTION 6.5.(c)** The Committees may perform the following:

- (1) Review the expenditure of State funds as to:
  - a. Conformity with State law.
  - b. Conformity with legislative intent.
  - c. Necessity with meeting program or purpose objectives.
- (2) Conduct zero-based budgeting or another systematic approach to examine the use of State funds on an ongoing basis.
- (3) Receive quarterly analyses of the State's revenues and expenditures as prepared by the Fiscal Research Division of the Legislative Services Commission.
- (4) Propose legislation that would result in enhanced program accountability.
- (5) Provide oversight of fiscal studies.
- (6) Provide oversight of justification reviews conducted by the Fiscal Research Division of the Legislative Services Commission, whereby programs are evaluated periodically for continuing appropriations. The results of these justification reviews shall be made to the Appropriations Committees at the beginning of each legislative session.
- (7) Evaluate State agencies' plans or proposals regarding the funding of new or expanded programs and services not previously approved by the General Assembly as part of its Appropriations Act.
- (8) Produce written reports of findings and recommendations as follows:
  - a. To the General Assembly. – If findings arrived at during a study have a potential impact on appropriations deliberations, the findings shall be presented immediately to the Committees. These reports shall contain recommendations for appropriate executive action, and when legislation is considered necessary to effect change, draft legislation for that purpose may be included.

- b. To the Governor. – If findings arrived at during a review have a potential impact on the current budget, the findings shall be presented immediately to the Governor and shall contain recommendations for appropriate executive action.

**SECTION 6.5.(d)** The Committees shall be consulted by the Governor prior to any of the following:

- (1) Establishment of permanent State positions in the executive branch unless authorized in this act.
- (2) Expenditures in excess of the total requirements of a purpose or program as enacted by the General Assembly and as provided by G.S. 143C-6-4.
- (3) Extraordinary measures taken under Section 5(3) of Article III of the North Carolina Constitution to effect necessary economies in State expenditures required for balancing the budget due to a revenue shortfall, including, but not limited to, the following: loans among funds, personnel freezes or layoffs, capital project reversions, program eliminations, and use of reserves. However, if the Committees fail to meet within 10 calendar days of a request by the Governor for its consultation, the Governor may proceed to take the appropriate and necessary actions and shall then report those actions at the next meeting of the Committees.
- (4) Notwithstanding G.S. 143C-8-7, G.S. 143C-8-12, or any law to the contrary, the Committees shall be consulted by the Governor prior to approval of new capital improvement projects funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for projects not specifically authorized by the General Assembly. The consultation shall include a description for each proposed capital project as delineated in G.S. 143C-8-6(e).

**NORTH CAROLINA GENERAL ASSEMBLY**  
**APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES**  
**2011-2012 SESSION**



**Rep. Marilyn Avila**  
**Co-Chair**



**Rep. Justin Burr**  
**Co-Chair**



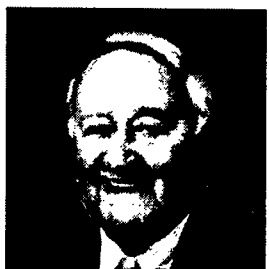
**Rep. Tom Murry**  
**Vice-Chair**



**Rep. Mark Hollo**  
**Vice-Chair**



**Rep. William Brisson**  
**Vice-Chair**



**Rep. Bill Current**



**Rep. Beverly Earle**



**Rep. Jean Farmer-  
Butterfield**



**Rep. Verla Inkso**



**Rep. Bert Jones**



**Rep. Diane Parfitt**

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

<b><u>MEMBER</u></b>	<b><u>ASSISTANT</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE</u></b>	<b><u>SEAT</u></b>
Marilyn Avila, Co-Chair	Susan Lewis	733-5530	2217	37
Justin Burr, Co-Chair	Dina Long	733-5908	538	40
William Brisson, Vice-Chair	Caroline Stirling	733-5772	1325LB	23
Mark Hollo, Vice-Chair	Carol Wakely	715-8361	306C	52
Tom Murry, Vice-Chair	Linda Sebastian	733-5602	2121	86
Bill Current	Wendy Miller	733-5809	418A	42
Beverly Earle	Ann Raeford	715-2530	634	58
Jean Farmer-Butterfield	Sherrie Burnette	733-5898	528	102
Verla Insko	Gina Insko	733-7208	603	79
Bert Jones	Brenda Olls	733-5779	306A1	100
Diane Parfitt	Katie Landi	733-9892	1017LB	111

**STAFF**

Lisa Hollowell	733-4910	619
Denise Thomas	733-4910	619
Donnie Charleston	733-4910	619
Lisa Wilks	733-6660	401
Joyce Jones	733-6660	401
Sarah Riser	856-3166	508

4/26/12

## ATTENDANCE

## **Appropriations Subcommittee on Health and Human Services**

(2011-2012 SESSION)

[illegible]



## MINUTES

### HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES January 3, 2012

The House Appropriations Subcommittee on Health and Human Services met in Room 643 of the Legislative Office Building on January 3, 2012. Representative Justin Burr presided calling the meeting to order at 1:00 p.m.

The following House members were present; Chairs: Representatives Burr and Avila; Vice-Chairs, Representatives Murry, Brisson and Hollo. House Members: Representatives Current, Earle, Farmer-Butterfield, Hurley, Insko, and Jones.

Chairman Burr welcomed all members, the Department of Health and Human Services, all panelist and visitors, and introduced the Sergeant at Arms who would be assisting with the meeting. A copy of the visitor's registration sheet is attached. He then announced that the meeting would start with information from staff.

Denise Thomas, NCGA Fiscal Research Division, was recognized to provide information to familiarize everyone with the committee website. Ms. Thomas announced that a Reports Folder had been added to the website to provide access to all reports received for the fiscal year, and provided a list of the reports in **2011-12 Reports to Appropriations (Attachment 1)**. Next, Lisa Hollowell, NCGA Fiscal Research, presented **Questions to be Addressed During Presentations To The House Appropriations Subcommittee on Health and Human Services for January 3, 2012 (Attachment 2)**. After the presentation by Ms. Hollowell, Chairman Burr announced to the Committee that meetings would be held on a monthly basis, and possibly more often as we draw closer to the beginning of short session, in order to prepare for any additional changes or updates for a potential Continuing Resolution. He then introduced Co-Chair Avila as the new Co-Chair of the Committee, replacing Co-Chair Dollar, and welcomed her to the Committee. Being the last of the staff presentations from staff and updates, Chairman Burr moved to the presentation portion of the meeting.

Chairman Burr recognized Secretary Lanier Cansler, Department of Health and Human Services (DHHS) to provide opening remarks. He stated that since the Legislature completed budget work back in June, work has been done on a number of things to try to achieve budget reductions, and there are problems achieving those total goals without significant changes, which has been in consultation with Membership. Overexpenditures in the current budget year

will need to be dealt with by the Executive Branch and the Legislative Branch. He proceeded by asking that Mr. Steve Owens, Chief Business Operating Officer for Division of Medical Assistance (DMA) present the ***Update On Medicaid Budget Joint Interim Appropriations Subcommittee on HHS (Attachment 3)*** to provide a better description of where we are and why, some of the other things that have taken place and what is being done. Chairman Burr recognized Mr. Owens and at the end of this presentation he asked for questions from members. Chairman Burr requested to be provided a list of DHHS State Plan Amendments (SPAs) sent to Centers for Medicare and Medicaid Services (CMS).

Chairman Burr then recognized Robert Cosway, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc. to present ***North Carolina Medicaid Savings, Summary of Actuarial Analysis (Attachment 4)***. Milliman, Inc. was hired by the DMA to review the impact of the Community Care of North Carolina (CCNC) program. The conclusion of the report suggests that CCNC had reduced North Carolina Medicaid costs through care management activities. The analysis focused only on health care costs. There are uncertainties and a recommendation made that DMA continue to monitor the cost and savings of the program. The goal is to manage costs, also to improve clinical outcomes which will have a benefit for both members and the State. Chairman Burr asked for a list of DMA liabilities and the status.

Next to be introduced by Chairmen Burr was Mr. Jim Slate, Director, DHHS Office of Budget and Analysis, to discuss nonprofit reductions. He reported they had been able to mitigate the impact associated with the \$5 million reduction to the nonprofit entities in the current state fiscal year by using \$4 million of unexpended state fiscal year 10-11 TANF emergency contingency funds. This will be done on a one-time basis in the current year state fiscal year. The remaining \$1 million of reductions will be taken from the uninsured and indigent community health care center grants within the Office of Rural Health. This means not adding new programs to be funded in this area until 2014, but will not impact the ongoing commitment to existing grantees in the community health centers. Chairman Burr recognized Co-Chair Avila who asked to be provided evidenced based analysis of nonprofits. Chairman Burr requested written documentation on the nonprofit plan as discussed in the presentation and Representative Jones requested a list of nonprofit contracts, amounts and what they do.

Mr. Slate was recognized again by Chairman Burr to present ***SFY 11-12 Reduction Item #26 (Attachment 5)*** which provided a detailed plan and impact of reductions. Chairman Burr requested a list of the total vacant positions. Mr. Slate will include the mental health facilities positions and the remainder of the Department by Division. Chairman Burr acknowledged the difficulties the facilities have in filling vacant positions with qualified workforce, causing a need for contract workers and overtime work and asked for ideas on how everyone could work toward filling these vacant positions with qualified workforce.

Chairman Burr then recognized Sherry Bradsher, Director, Division of Social Services to present the ***Narrative For Temporary Assistance for Needy Families (TANF) Plan Block Grant and SFY 11-12 TANF Reduction Plan – December 2011 (Attachment 6)***. She provided information on the four purposes for which TANF can be used and how the department intends to manage the

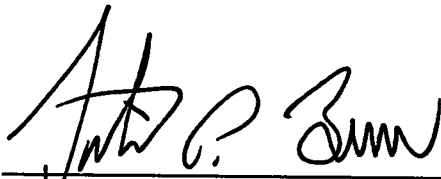
reductions for the current fiscal year, and reviewed a spreadsheet showing the appropriation of the TANF dollars that were available for services and programs.

Mr. Luckey Welsh, Division Director of State Operated Healthcare Facilities, was recognized and presented the ***Overview of State Facilities (G.S. 122C) (Attachment 7)***. He provided an overview of facilities, directives from Secretary Cansler when he came into office, the accomplishments and future initiatives, along with challenges. At the conclusion of this presentation, Chairman Burr called for questions from members. Co-Chair Avila requested follow up data on once discharged and all studies regarding success rate for the Wright and Whitaker Schools. Mr. Welsh called upon Laura White, DHHS Team Leader for the State Hospitals in the Division of State Operated Health Care Facilities, to assist in answering questions by the committee and she stated that both schools do follow up once residents are discharged and specific information and data will be provided. Representative Jones requested the budget for the Wright School and Whitaker School be provided. Representative Hurley questioned the work being done on Autism and Mr. Welsh called upon Carol Donin, DHHS Team Leader of Developmental Centers, who addressed some of the work being done at the Murdock Center with the PATH Program and group homes.

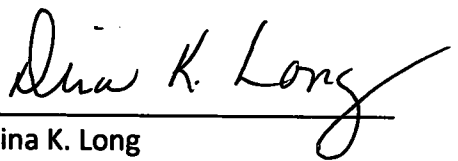
A copy of Reports and Attachments are attached hereto and made a part of the Minutes.

With no further business, Chairman Burr thanked the members and adjourned the meeting at 4:20 p.m.

Respectfully submitted,



Representative Justin P. Burr  
Presiding Chairman



Dina K. Long  
Committee Assistant

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE  
AND  
2011-2012 SESSION**

You are hereby notified that the House and Senate Committee on **Appropriations Subcommittee on Health and Human Services** will meet as follows:

**DAY & DATE:** Tuesday, January 3, 2012

**TIME:** 1:00 p.m.

**LOCATION:** 643 LOB

**COMMENTS:** Topic – 2011-12 Budget Implementation Update

Respectfully,  
Representative Avila, Chair  
Representative Burr, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **8 AM** o'clock on **December 14, 2011**.

- ☐ Principal Clerk
- ☐ Reading Clerk – House Chamber

**Dina Long** (Committee Assistant)



## HOUSE APPROPRIATIONS SUBCOMMITTEE HEALTH AND HUMAN SERVICES

### AGENDA

January 3, 2012; 1:00 pm  
Legislative Office Building – Room 643

*Rep. Justin Burr, Co-chair*  
*Rep. Marilyn Avila, Co-chair*  
*Rep. William Brisson, Vice Chair*  
*Rep. Mark Hollo, Vice Chair*  
*Rep. Tom Murry, Vice Chair*  
*Rep. William Current*  
*Rep. Beverly Earle*  
*Rep. Jean Farmer-Butterfield*  
*Rep. Pat Hurley*  
*Rep. Verla Insko*  
*Rep. Bert Jones*  
*Rep. Diane Parfitt*

**Rep. Burr, Presiding**

#### Medicaid Budget Update

Lanier Cansler, Secretary, Department of Health and Human Services

Steve Owen, Chief Business Operating Officer, Division of Medical Assistance

#### Report on CCNC Evaluation

Robert Cosway, FSA, MAAA, Principal and Consulting Actuary, Milliman, Inc.

#### Nonprofit Reductions

Jim Slate, Director, DHHS Budget and Analysis

#### Operations and Positions Reductions

Jim Slate, Director, DHHS Budget and Analysis

#### Block Grants

Sherry Bradsher, Director, Division of Social Services

Jim Slate, Director, DHHS Budget and Analysis

#### State-Operated Healthcare Facilities

Luckey Welsh, Director, Division of State Operated Healthcare Facilities

## D. FY 2011-12 REPORTS TO APPROPRIATIONS

Submitting Agency	Report	Statutory Authority	HHS Chairs	Full Approps Chairs	Due Date	Received	Link to Report
Task Force on the Coordination of Children's Services of the Legislative Study Commission on Children and Youth	Report on efforts to improve collaboration and coordination among agencies that provide services to children, youth, and families with multiple service needs.	G.S. 120-221(c); S.L. 2011-291, Sec. 2.39	x		Annually on April 1		
DHHS	Present a plan for the closure of a State facility	G.S. 122C-112.1(a)(30)(b)	x		As needed	N/A	
DHHS	Shall develop and implement an evaluation system that will assess the efficiency and effectiveness of the Family Resource Center Grant Program and report findings.	G.S. 143B-152.15(b)	x		Annually by December 1	November 17, 2011	<a href="#">Family Resource Centers and Respite Programs Report</a>
DHHS/DSS	Annual report on the number of deaths reviewed by the Child Fatality Review Team.	G.S. 143B-150.20			October 1, 2011	November 1, 2011	<a href="#">Child Fatality Review</a>
DHHS	Itemization of Medicaid Policy Changes	S.L. 2009-451, Sec. 10.58(b)(4)			Quarterly	October 25, 2011	<a href="#">Medicaid Policy Changes</a>
DHHS and OAH	Report on the status and outcome of contested Medicaid cases handled by OAH pursuant to appeals process.	S.L. 2010-031, Sec. 10.30	x		Not later than October 1, 2011	December 23, 2011	<a href="#">Contested Medicaid Cases</a>
DHHS	Number of children residing at a Level II, III, or IV facility.	S.L. 2010-031, Sec. 10.35 semi-annually report	x		Semiannual Report	October 19, 2011	<a href="#">Children Residing in Level II, III, and IV Facilities</a>
Legislative Research Commission	Report on the cost, quality, consumer education, and outcomes of the North Carolina Partnership for Children, Inc.'s activities	S.L. 2011-145, Sec. 10.5(n)	x		On or before October 1, 2012	October 27, 2011	<a href="#">2011 Smart Start Report</a>
DHHS	Mental Health, Developmental Disabilities and Substance Abuse Services, Community Service Funds changes, status of reduction implementation	S.L. 2011-145, Sec. 10.11(f)	x		December 12, 2011	DHHS notified Chairs on 12/8/11 that the report will be submitted by 01/12/12	

**DHHS FY 2011-12 REPORTS TO APPROPRIATIONS**

<b>Submitting Agency</b>	<b>Report</b>	<b>Statutory Authority</b>	<b>HHS Chairs</b>	<b>Full Approps Chairs</b>	<b>Due Date</b>	<b>Received</b>	<b>Link to Report</b>
Secretary of DHHS	Report on cost detail and savings identified from Requests for Proposal for the consolidation of forensic hospital care.	S.L. 2011-145, Sec. 10.12	x		October 30, 2011	Interim Report Rec'd 10/25/2011; Final Report Delayed.	
DHHS	Report semiannually on the progress made and goal achieved by the NC Child and Family Leadership Council	S.L. 2011-145, Sec. 10.15.(b)(4)(g)	x		Semiannually on January 1 and July 1	June 30, 2011	<a href="#">NCCFLC June 2011 Report</a>
DHHS	Report on the reduction of positions and operating funds, as prescribed by the law.	S.L. 2011-145, Sec. 10.16	x		September 30, 2011	DHHS notified Chairs on 9/30/11 that the report would be submitted by 10/15/11. Report was submitted 11/02/11	<a href="#">DHHS Position Eliminations Report</a>
DHHS	Report on plans to consolidate regulatory functions within DHHS.	S.L. 2011-145, Sec. 10.17(a)	x		January 30, 2012		
DHHS	Report on Community-Focused Eliminating Health Disparities Initiative (CFEHD)	S.L. 2011-145, Sec. 10.21(d)	x		By October 1, 2012, and annually thereafter		
DHHS	Provide status reports on health information technology (HIT)	S.L. 2011-145, Sec. 10.24(c)	x		Quarterly beginning October 1, 2011	October 1, 2011	<a href="#">HIT Status Report</a>
DHHS	Provide a quarterly report itemizing all proposed Health Choice medical policy or policy interpretation changes prior to implementing the change.	S.L. 2011-145, Sec. 10.27		x	Quarterly beginning July 1, 2011	October 25, 2011	<a href="#">HC Medical Policy Report</a>
DHHS	Submit report from a qualified entity with proven experience in conducting actuarial and health care studies on the Medicaid cost-savings achieved by the CCNC networks	S.L. 2011-145, Sec. 10.28(a)	x		Annually		
DHHS	Detailed cost report on the replacement of the Medicaid Management Information System (MMIS)	S.L. 2011-145, Sec. 10.29(a)	x		August 1, 2011		

**D FY 2011-12 REPORTS TO APPROPRIATIONS**

<b>Submitting Agency</b>	<b>Report</b>	<b>Statutory Authority</b>	<b>HHS Chairs</b>	<b>Full Approps Chairs</b>	<b>Due Date</b>	<b>Received</b>	<b>Link to Report</b>
DHHS	Report on the use of over-realized receipts and appropriated funds for the Medicaid Management Information System (MMIS) replacement	S.L. 2011-145, Sec. 10.29(b)	x		Ad hoc		
DHHS	Report any decision to sole-source any portion of the MMIS contract	S.L. 2011-145, Sec. 10.29(d)	x		Ad hoc		
Office of State Chief Information Officer (SCIO); Office of Information Technology Services (ITS)	Report on failure of MMIS to meet State project management requirements	S.L. 2011-145, Sec. 10.29(e)	x		Ad hoc		
DHHS	Report on the revised comprehensive schedule for the development and implementation of the replacement MMIS. This schedule is to include a detailed explanation of schedule changes that have occurred since the initiation of the project and the cost associated with each change.	S.L. 2011-145, Sec. 10.29(g)	x	x	08/01/11	September 1, 2011	<a href="#"><u>MMIS Replacement Quarterly Report</u></a>
DHHS	Report on progress of the development and implementation of the replacement Medicaid Management Information System (MMIS), including changes, anticipated changes in scope, functionality, or projected costs. (Quarterly)	S.L. 2011-145, Sec. 10.29.(h)	x	x	07/01/11	September 1, 2011	<a href="#"><u>MMIS Replacement Quarterly Report</u></a>
DHHS	Report on use of over-realized receipts or funds for NC FAST	S.L. 2011-145, Sec. 10.30	x		Not later than 30 days after receiving all the required approvals		
DHHS	Annual report on Medicaid cost containment activities	S.L. 2011-145, Sec. 10.33(b)	x		12/01/11	Delayed to 1/3/2012	

**DHHS FY 2011-12 REPORTS TO APPROPRIATIONS**

<b>Submitting Agency</b>	<b>Report</b>	<b>Statutory Authority</b>	<b>HHS Chairs</b>	<b>Full Approps Chairs</b>	<b>Due Date</b>	<b>Received</b>	<b>Link to Report</b>
DHHS	Report on the plan for consolidation of Medicaid case management services utilizing CCNC	S.L. 2011-145, Sec. 10.37(a)(8)	x		12/01/12		
DHHS	Report on the status of approval and implementation of the plan to implement a home and community based services program under Medicaid State Plan 1915(i) authority	S.L. 2011-145, Sec. 10.38(c)	x		On or before April 1, 2012		
DHHS	Semi-annual report on development and implementation of a Medicaid medication therapy management pilot	S.L. 2011-145, Sec. 10.42(b)	x		Beginning January 1, 2012 and every 6 months thereafter	Delayed - February 1, 2012	
DHHS	Report on study to determine Medicaid cost savings that would result from provision of musculoskeletal health services	S.L. 2011-145, Sec. 10.45(b)	x		October 1, 2011	Delayed - January 3, 2012	
DHHS	Quarterly report on progress in achieving savings from revised pharmaceutical dispensing rates	S.L. 2011-145, Sec. 10.48(b)	x		Quarterly beginning November 1, 2011	Report has not been submitted	
DHHS	Deallocation of Work First Family Assistance and Work First Diversion Assistance FY2011-12 funds to Electing Counties	S.L. 2011-145, Sec. 10.55(e)	x		Ad hoc	NA	
DHHS	Provide copies of the Low-Income Energy Assistance Program (LIEAP) and Crisis Intervention Program (CIP) Plans submitted to U.S. Department of Health and Human Services.	S.L. 2011-145, Sec. 10.56(b)	x		Annually for 4-year period beginning 09/11	09/01/11	<a href="#">LIEAP Plan</a>
DHHS	Report any transfers of State-County Special Assistance funds and rate modifications.	S.L. 2011-145, Sec. 10.59(c)	x		Ad hoc	NA	

**D FY 2011-12 REPORTS TO APPROPRIATIONS**

<b>Submitting Agency</b>	<b>Report</b>	<b>Statutory Authority</b>	<b>HHS Chairs</b>	<b>Full Approps Chairs</b>	<b>Due Date</b>	<b>Received</b>	<b>Link to Report</b>
DHHS	The Department must report any adjustments to the allocation of any Block Grant due to changes in federal fund availability	S.L. 2011-145, Sec. 10.60(c)	x		As needed	NA	
DHHS	Report on collaboration with military agencies and other appropriate organizations to determine gaps in the care of current and former members of the reserve or active components of the Armed Forces of the United States with traumatic brain injury and offer recommendations for an accessible community-based neurobehavioral system of care for those service members.	S.L. 2011-185, Sec. 2(a)	x		July 1, 2012		
DHHS	Report on effort to define appropriate behavioral health process and outcome measures on which to tie performance-based incentive payments.	S.L. 2011-185, Sec. 4(c)	x		July 1, 2012		
UNC Board of Governors	Report on the effort to obtain federal grants that may be available to expand mental health and substance abuse training opportunities in this State in order to increase the number of mental health and substance abuse providers in this State.	S.L. 2011-185, Sec. 7(b)	x		July 1, 2012		
DHHS	Report on the training curriculum developed for crisis workers, professional advocacy and support organizations, and faith communities	S.L. 2011-185, Sec. 8(d)	x		July 1, 2012		
UNC	Report on research to address the behavioral health problems and challenges facing military personnel, veterans, and their families.	S.L. 2011-185, Sec. 10(d)	x		On July 1, 2012, and annually thereafter		

**Questions to be Addressed During Presentations to the House Appropriations  
Subcommittee on Health and Human Services  
January 3, 2012**

**1. Medicaid Budget Update**

- Provide information based upon last check-write. Also, what is the status of enrollment of Medicaid recipients into the CCNC program?
- Since this is the House Appropriations subcommittee, please prepare a chart/table handout that provides the following information for each Medicaid money report item:
  - a. Identify if the item was in the Governor's budget, amount of the reduction,
  - b. how much DHHS expects to reduce/save/achieve
  - c. Reductions that will be achieved but not in the current year,
  - d. Unachievable reductions , including a footnote or within another column, state the reason for it being unachievable; use separate sheet if necessary,
  - e. Reductions over-achieved , the reason, and state whether it is recurring or non-recurring,
  - f. Total amount estimated as "non-achievable" in FY 2011-12.
- Provide an update of the SPA (state plan amendment) submission list with dates, etc. that was provided to Gov Ops and the HHS LOC in November 2011.
- Identify all items contributing to the budget short-fall for FY2011-12, including:
  - a. Unbudgeted Liabilities
- Please prepare an itemized list showing all unbudgeted liabilities. Include the following history on repayments:
  - a. The date of occurrence of payback; reason for payback; negotiated repayment; payment schedule (identify which ones are satisfied in FY2011-12 and which ones must be repaid in FY2012-13 as well).
- Describe the issues with the Drug Rebate Receipts, Contracts, and any other liabilities associated with the Medicaid budget.

**2. Over-realized Receipts**

- Prepare an itemized list showing all over-realized or unbudgeted receipt, including a brief description of the purpose of the receipt; identify the total of this receipt in each of the past three years

**3. FY 2011-12 Medicaid Forecast**

- Provide an update on the projected Medicaid expenditure amount for the current fiscal year.

#### **4. Facilities**

- Provide an Overview presentation of the Division of State Operated Healthcare Facilities budget and programs/services.
- Provide analyses on the nurse shortage issue; include: facilities affected by salary rates, amount spent on over-time, contracts, turn-over rate by facility, total amount of budget for nurse compensation.

#### **5. TANF Program**

- In September, Congress extended the TANF program without including funding for TANF Supplemental Grants. North Carolina has received these funds since 1996 as part of the 1996 welfare reform deal. Pursuant to S.L. 2011-145, Sec. 10.60 (c), the Department is directed to develop a plan to adjust the block grants based on reduced federal funding and present the plan to then a the Joint Legislative Commission 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. In addition to presenting the plan please answer the following questions:
  - a. Have any expenditures been made to programs targeted with this funding as of this date?
  - b. What is the expected impact to DHHS programming as a result of this funding loss particularly Social Services administration?
  - c. What is the available funding total for all other block grants?

#### **6. Present the plan for non-profit reductions (\$5M)**

- Provide the methodology for allocation of the reduction.

#### **7. Provide the detail plan for the positions and operations reduction of \$7.6M.**

- Present the impact of this reduction.

NC Department of Health and Human Services

Division of **Medical Assistance**



# UPDATE ON MEDICAID BUDGET JOINT INTERIM APPROPRIATIONS SUBCOMMITTEE ON HHS

JANUARY 3, 2012

*Steve Owen, Chief Business Operating Officer  
Division of Medical Assistance*

*Attachment #3*



## FORECASTING REALITY AND CONSIDERATIONS

- DMA is using the Medicaid claims expenditures for the first five months of SFY 2012 as the base for forecasting
- The budgeted reduction items are only beginning to be implemented in the forecasting base, and the claims lag further dilutes the impact in the 2012 forecast
- The environment with CMS is different today than a year ago; nationally with all State's efforts to control Medicaid spending and CMS's concern with recipient access to care the level and type of questions/work required for approval much more stringent

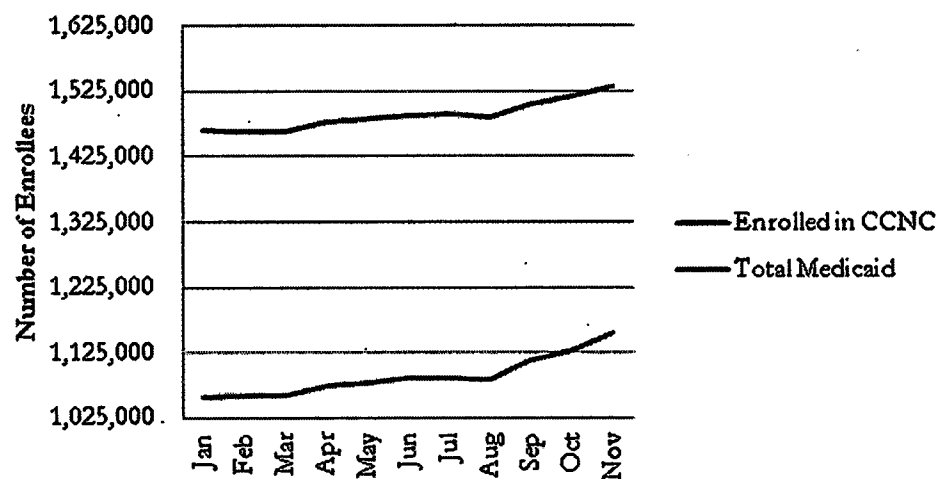
## FORECASTING MEDICAID CASH NEEDS

- Claims expenditures are the majority of Medicaid's cost – *driven by enrollment numbers, consumption trends, mix of services and program aid categories and reduction items,*
- Other routine operating factors include provider settlements, DSH plan, provider assessments, adjustments and Medicaid administrative cost,
- Other cash flow factors include CMS repayments, receipts and expenditures from prior years in SFY 2012 and recent DOJ decisions.



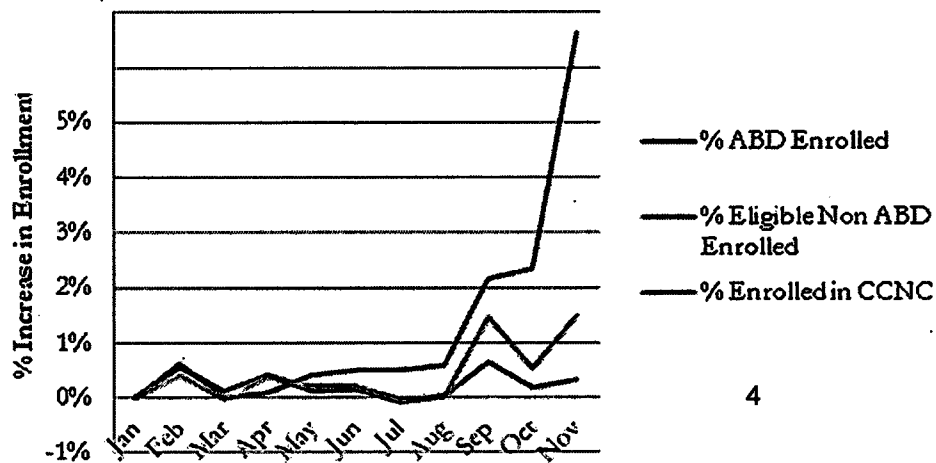
## CALENDER YEAR 2011 MEDICAID ENROLLENT and CCNC

### Medicaid Enrollment



*CCNC enrollment  
growing all categories*

### Trend in CCNC Enrollment



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# MEDICAID REDUCTIONS

	SFY 2012		SFY 2013	
	Governor's Proposed Reduction	Legislature Reduction	Governor's Proposed Reduction	Legislature Reduction
Rebase	\$ -	\$ -	\$ (252,685,225)	\$ (109,693,468)
Inflation **	-	62,853,775	-	130,874,505
Assessments	60,183,120	68,109,242	62,798,614	73,366,777
Rate Reduction	8,453,125	46,420,719	9,000,000	46,458,260
Enhanced Health Homes	16,146,384	16,146,384	24,739,541	24,739,541
Program Integrity	16,000,000	19,200,000	23,000,000	23,000,000
Modify Pharmacy	15,870,346	25,845,442	19,461,505	50,436,600
Modify Optional Services	16,732,334	16,508,903	22,302,478	22,072,343
Programming Changes	(550,000)	-	-	-
Pregnancy Home	528,960	528,960	3,457,596	3,457,596
Behavioral Health Waiver	-	10,537,931	-	52,551,082
CCNC Savings	-	90,000,000	-	90,000,000
<b>TOTAL 2012 Reduction</b>	<b>\$ 133,364,269</b>	<b>\$ 356,151,356</b>	<b>\$ (87,925,491)</b>	<b>\$ 407,263,236</b>
<b>Total Requirements</b>	<b>\$239,757,404</b>	<b>\$ 861,100,569</b>	<b>\$ (413,786,548)</b>	<b>\$ 981,411,799</b>

State  
Dollars

**\*\* INFLATION** represents factors in the Medicaid rebase that increase annual expenditures that are either federally mandated (such as Part B & D premiums, FQHC costs and Hospice rates), recognize increased case mix of patients in nursing homes, rates established outside of Medicaid (such drugs and HIPP premiums) and providers paid on a cost basis (such as hospital outpatient and emergency departments)



## REDUCTIONS FACTORS IMPACTING ACHIEVABILITY IN SFY 2012

- **Overstatements**
- Reduction items double counted impact, omission of programming cost for reductions and reductions used to balance budget
- **Implementation**
- Operational reality of implementing reductions
- Reduction impact adverse to recipient care and access – *nursing home case mix index*

## IMPLEMENTATION FACTORS

- **Issues with inflation reduction**
- **Rates**
- **Nursing home case mix adjustments not frozen**
- **Pharmacy inflation impact changed to a rate reduction and increased generic prescribing targets**
- **Physician Assistant and Nurse Practitioner rates not reduced with “incident to” billing elimination**
- **November 1, 2011 effective date for rate reductions**

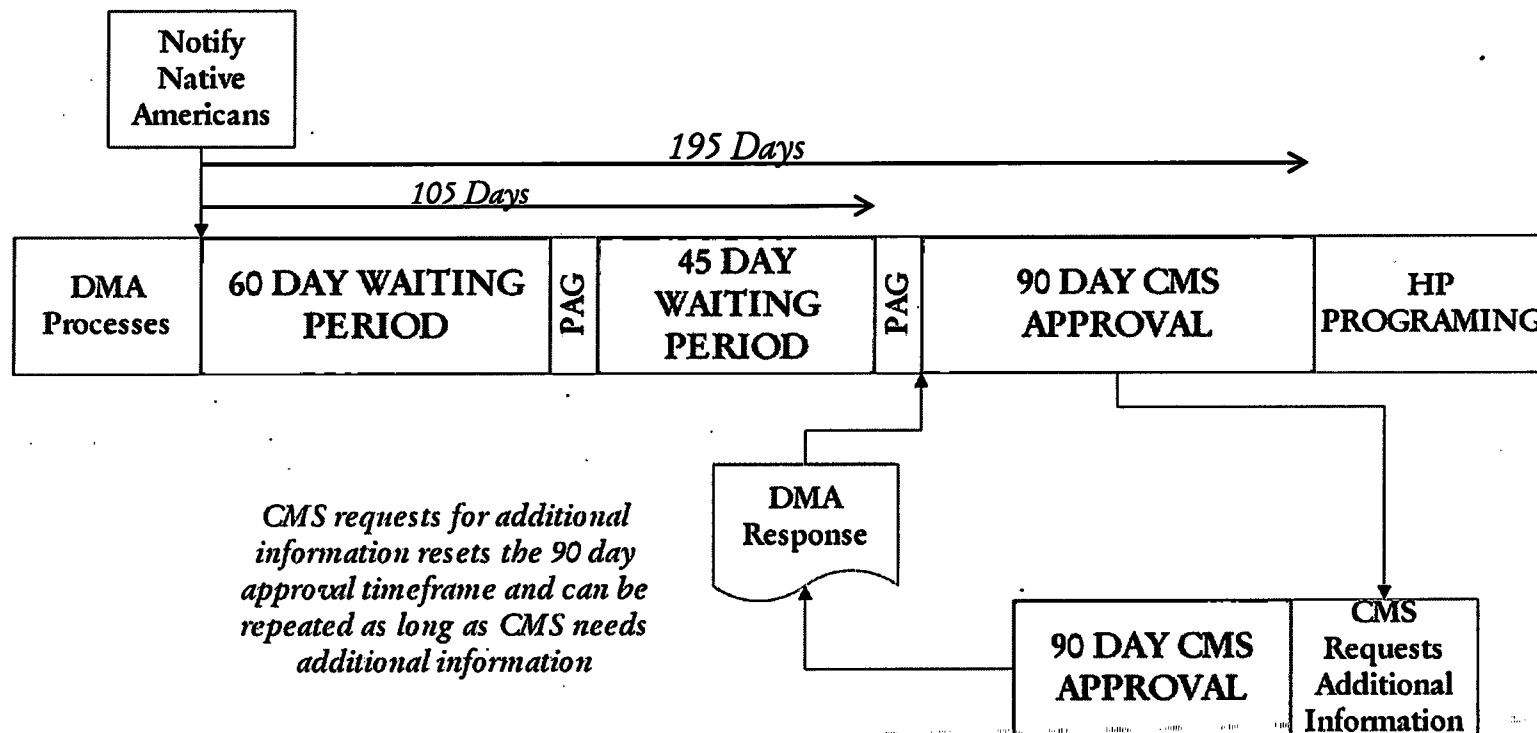
## FACTORS IMPACTING REDUCTION ITEMS ACHIEVABILITY IN SFY 2012

- **Federal Mandate**
- **Federal(CMS) mandates payment basis or methodology that prohibits implementing some reductions**
- **Standard Approval Process**
- **Changes that require CMS approval prior to implementation**



# CMS APPROVES WHAT AND HOW MEDICAID PAYS

ONCE  
BUDGET  
APPROVE  
D



***54 SPAs have been submitted since January and 23 have been approved***

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## MEDICAID REDUCTIONS SFY 2012

	Legislature Reduction	Unachievable 2012				Achievable Reduction
		Fed Mandate	Approval Delay	Overstatement	Implementation	
Rebase	\$ -					
Inflation **	62,853,775	\$ (9,699,447)	\$ (13,417,182)	\$ -	\$ (26,057,441)	\$ 13,679,705
Assessments	68,109,242	(5,282,894)	(5,684,068)	(6,424,631)	-	50,717,648
Rate Reduction	46,420,719	-	(1,601,837)	-	-	44,818,882
Enhanced Health Homes	16,146,384	-	-	-	-	16,146,384
Program Integrity	19,200,000	-	-	(3,200,000)	-	16,000,000
Modify Pharmacy	25,845,442	-	(2,509,036)	(3,318,334)	13,154,658	33,172,731
Modify Optional Services	16,508,903	-	(3,537,662)	(296,400)	(906,926)	9,587,915
Programming Changes				(2,180,000)		
Pregnancy Home	528,960	-	-	(595,046)	-	(66,086)
Behavioral Health Waiver	10,537,931	-	-	(278,090)	(8,907,582)	1,352,260
CCNC Savings	90,000,000	-	-	(871,166)	(38,647,639)	50,481,196
<b>TOTAL 2012 Reduction</b>	<b>\$ 356,151,356</b>	<b>\$ (14,982,341)</b>	<b>\$ (26,749,785)</b>	<b>\$ (17,163,667)</b>	<b>\$ (61,364,929)</b>	<b>\$ 235,890,634</b>

**2012 Variance in Reduction Items = \$120,260,722**

**\*\* - See Inflation definition on slide 5**

**All values presented in State dollars**



## OTHER FACTORS IMPACTING MEDICAID CASHFLOW IN SFY 2012

- **Base expenditure variables** — **Changes in enrollment, mix and consumption**
- **Additional funding** — **Health and Wellness**
- **Judicial decisions** — **PCS services**
- **Receipts** — **One time 2011 dollars received in 2012**
- **Repayments** — **One time payments to CMS**
- **Operating variances** — **Contracts and administrative expenses**
- **Federal Mandates** — **CMS Access studies**

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## MEDICAID 2012 SHORTFALL

Reduction Shortfall	\$ (120,260,722)
Health and Wellness Funding	10,904,411
Mix and Enrollment Variance	37,396,088
Consumption	(24,722,266)
OAH Appeal Impact on Claims	(5,968,757)
Recovery of 2011 GAP plan funding following SPA approval	21,500,000
Repayment of 2008 Overdraw	(40,923,072)
Repayment of 2011 PCS Audit	(41,734,368)
Federal Portion of June 2011 Drug Rebates	(28,074,087)
Recovery of State Advance of QPH Claims	61,750,000
Contracts and Administration	(8,634,432)
Access Study for CMS	(1,100,000)

Subtotal \$ (139,867,205)

Judicial Decision regarding PCS (2,435,983)

**TOTAL Shortfall** \$ **(149,303,188)**

State  
dollars



## FORECAST FOR SFY 2013

- Many of the same factors exist for SFY 2013
- Some new factors in SFY 2013
- CMS restrictions on achievability
- Errors in base budget
- Implementation decisions
- Inflation double counted
- Implementation delays in 2012 affect 2013
- CCNC implementation

## FORECAST FOR SFY 2013

- Other Factors
  - Variations in enrollment, mix and consumption
  - CMS repayments
  - Judicial decision in 2012
  - Non-claims variances

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# MEDICAID 2013 CASH PROJECTION

	<i>Legislature Reduction</i>	<i>Unachievable 2013</i>				<i>Achievable Reduction</i>
		<i>Fed Mandate</i>	<i>Approval Delay</i>	<i>Overstatement</i>	<i>Implementation</i>	
Rebase	\$ (109,693,468)			\$ (139,290,680)		\$ (248,984,148)
Inflation **	130,874,505	(11,346,300)	-	-	(18,316,176)	101,212,028
Assessments	73,366,777	(5,512,700)	-	(3,698,857)	-	64,155,220
Rate Reduction	46,458,259	-	-	-	-	46,458,259
Enhanced Health Homes	24,739,541	-	-	-	-	24,739,541
Program Integrity	28,000,000	-	-	(5,000,000)	-	23,000,000
Modify Pharmacy	45,436,601	-	-	(4,723,071)	-	40,713,530
Modify Optional Services	22,072,343	-	-	(305,292)	-	21,767,051
Programming Changes				-		-
Pregnancy Home	3,457,596	-	-	(728,000)	-	2,729,596
Behavioral Health Waiver	52,551,082	-	-	(1,063,631)	630,472	52,117,923
CCNC Savings	90,000,000	-	-	(3,045,738)	62,286,880	149,241,142
<b>TOTAL 2013 Reduction</b>	<b>\$ 407,263,235</b>	<b>\$ (16,859,000)</b>	<b>\$ -</b>	<b>\$ (157,855,269)</b>	<b>\$ 44,601,175</b>	<b>\$ 277,150,141</b>

**2013 Variance in Reduction Items = \$130,113,094**

**\*\* See Inflation definition on slide 5**

**All values presented in State dollars**

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# FORECAST FOR SFY 2013

Reduction Shortfall	\$ (130,113,094)
Mix and Enrollment Variance	(5,915,817)
Consumption	1,898,473
Repayment of 2008 Overdraw	(31,300,776)
Federal Portion of June 2011 Drug Rebates	(24,606,148)
Contracts and Administration	(5,000,000)
Other Shortfalls	<u>(15,000,000)</u>

Subtotal	\$ (210,037,363)
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Judicial Decision regarding PCS	<u>(32,794,711)</u>
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TOTAL Shortfall	<u><u>\$ (242,832,073)</u></u>
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State  
Dollar  
\$

Division of **Medical Assistance**

*north carolina*  
 *medicaid*

QUESTIONS?

# North Carolina Medicaid Savings

## Summary of Actuarial Analysis

Presented by  
Robert Cosway, FSA, MAAA  
Principal and Consulting Actuary

January 3, 2012

# Overview

Milliman estimated the cost savings achieved by CCNC networks for the Division of Medical Assistance (DMA) during state fiscal years 2007 to 2010.

Milliman's actuarial estimates place the fiscal year 2010 savings net of PMPMs paid to the CCNC networks at \$382 million.

# Populations Studied

- We divided the Medicaid population into these eligibility groups:
  - Aged, blind and disabled (ABD) Medicaid only
  - Aged, blind and disabled (ABD) dual eligibles
  - Children age 20 and under (excluding ABD)
  - Adults (excluding ABD)
- The eligibility groups were chosen for comparability and compatibility of the populations for actuarial analysis.

# Data Used

- We used the following data:
  - Detailed medical and pharmacy claims
  - Beneficiary data
  - Clinical Risk Grouping (CRG) risk scores for each beneficiary

# Challenges Estimating the Impact of Care Management

- The intent of care management is to change the behavior of providers and patients. We know the utilization and cost for members receiving care management, but we cannot observe what would have happened if those same members had not received care management.

# Methods Used

- Three methods used:
  1. Compare costs per member for CCNC and non-CCNC members
  2. Compare trends in costs per member to external trend estimates
  3. Compare an individual's health costs in the 12 months before and after CCNC enrollment
- Cost savings estimates were calculated using Method 1.
- All three methods relied on risk adjustment, done using CRGs.

# Comparison of CCNC to Non-CCNC Costs

North Carolina Division of Medical Assistance  
Comparison of CCNC and Non-CCNC PMPM Costs  
Method 1 Summary Results  
Risk-Adjusted Medical and Management PMPM Costs in FY2010

Eligibility Category	CCNC Average Members per Month	Non-CCNC Average Members per Month	Total Average Members per Month	CCNC PMPM Costs	Non-CCNC PMPM Costs	CCNC as a Percentage of Non-CCNC PMPM Costs
ABD Medicaid Only	103,844	56,786	160,629	\$1,247.82	\$1,289.95	96.7%
ABD Dual Eligibles	51,240	130,631	181,871	\$567.04	\$556.76	101.8%
Children age 20 and under (excluding ABD)	633,967	122,168	756,136	\$185.15	\$218.09	84.9%
Adults (excluding ABD)	103,357	51,300	154,657	\$441.05	\$518.61	85.0%

(1) Duals are not adjusted for changes in health status differences because risk scores were not provided by TREO. Given that Medicare is the primary payer for the dual eligibles, the Medicaid claims system does not have complete claims history for dual eligible members, with which to calculate risk scores.

# Estimated Cost Savings

North Carolina Division of Medical Assistance Estimated Cost Savings Calculated Using Method 1				
Fiscal Year	Average Members per Month	PMPM Savings	Total Annual Savings	Percent Savings
FY07	983,356	\$8.73	\$103,000,000	1.9%
FY08	1,083,636	\$15.69	\$204,000,000	3.4%
FY09	1,176,778	\$20.89	\$295,000,000	4.6%
FY10	1,253,292	\$25.40	\$382,000,000	5.8%

# Estimated Cost Savings by Eligibility Group

North Carolina Division of Medical Assistance  
Estimated Cost Savings Calculated Using Method 1 by Fiscal Year and Eligibility Group

Fiscal Year	ABD Medicaid Only	ABD Dual Eligibles	Children age 20 and under (excluding ABD)	Adults (excluding ABD)	Totals
FY07	(\$82,000,000)	(\$14,000,000)	\$177,000,000	\$22,000,000	\$103,000,000
FY08	(\$34,000,000)	(\$9,000,000)	\$202,000,000	\$45,000,000	\$204,000,000
FY09	(\$13,000,000)	(\$11,000,000)	\$261,000,000	\$58,000,000	\$295,000,000
FY10	\$53,000,000	(\$6,000,000)	\$238,000,000	\$97,000,000	\$382,000,000

# Health Status Adjustments

- Common argument: “Our patients are sicker than yours.”
- Strategy: Adjust for health status using risk adjusters.
- We used the 3M Clinical Risk Group (CRG) risk score methodology in our analysis. CRGs are widely used and performed well when reviewed by the Society of Actuaries.
- We also performed independent estimates of health status differences using another risk adjuster, the Chronic Illness and Disability Payment System (CDPS).

# Sources of Uncertainty

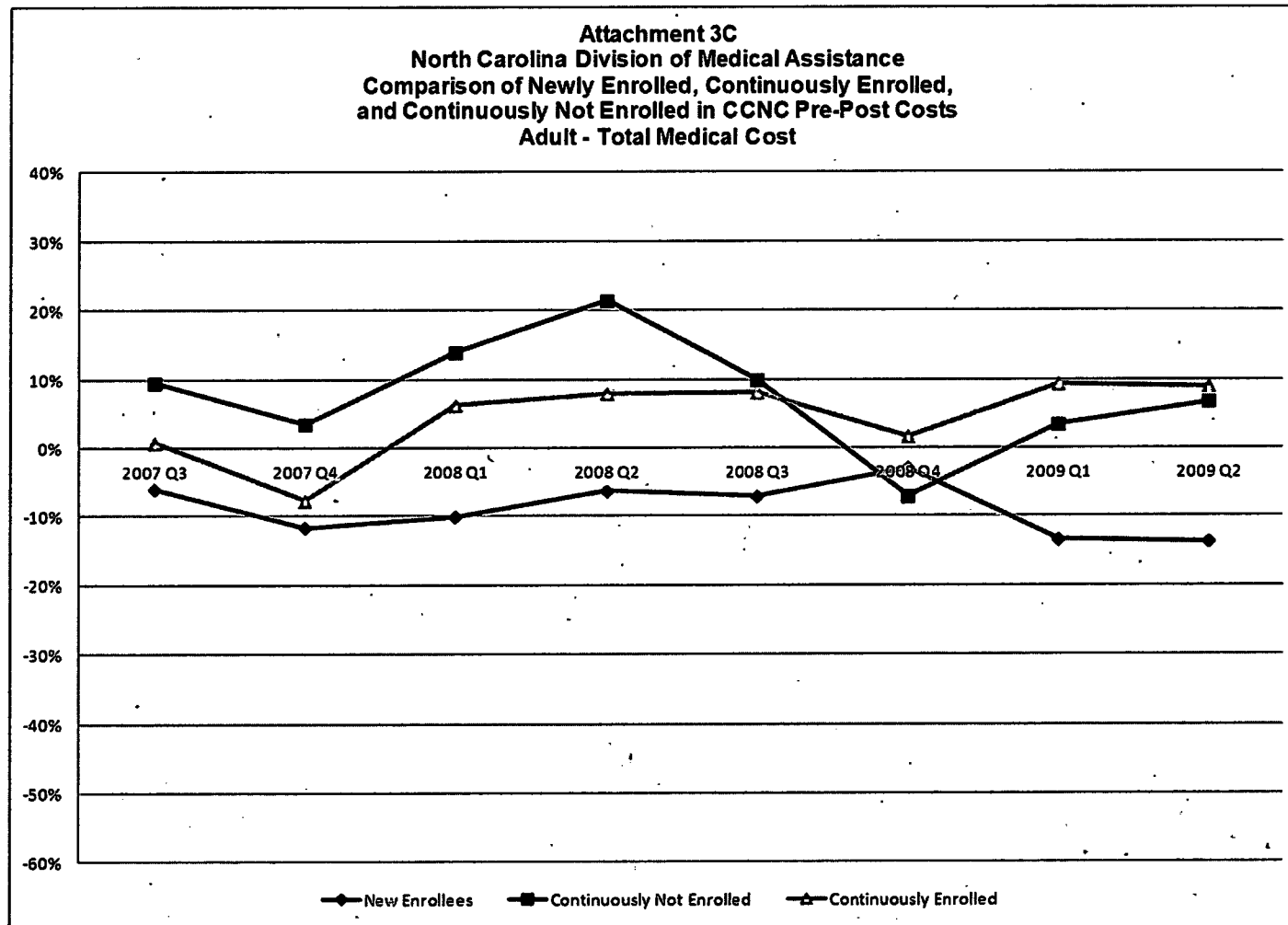
- The methods used to measure cost savings do not guarantee that all the calculated savings are attributable to the activities of CCNC.
- We identified and removed sources of cost differences between CCNC and non-CCNC populations, including age, gender, and health status.
- It is possible that there are other unidentified factors between the CCNC and non-CCNC populations that, if they could have been measured, would produce different savings estimates.

## Method 3

- Identify beneficiaries who became CCNC members during the study period.
- Compare their health costs in the 12 months before and after their enrollment.
- For each, also find matching beneficiaries that either:
  - Were not in CCNC enrollees during the same period, or
  - Were CCNC members during the entire period.

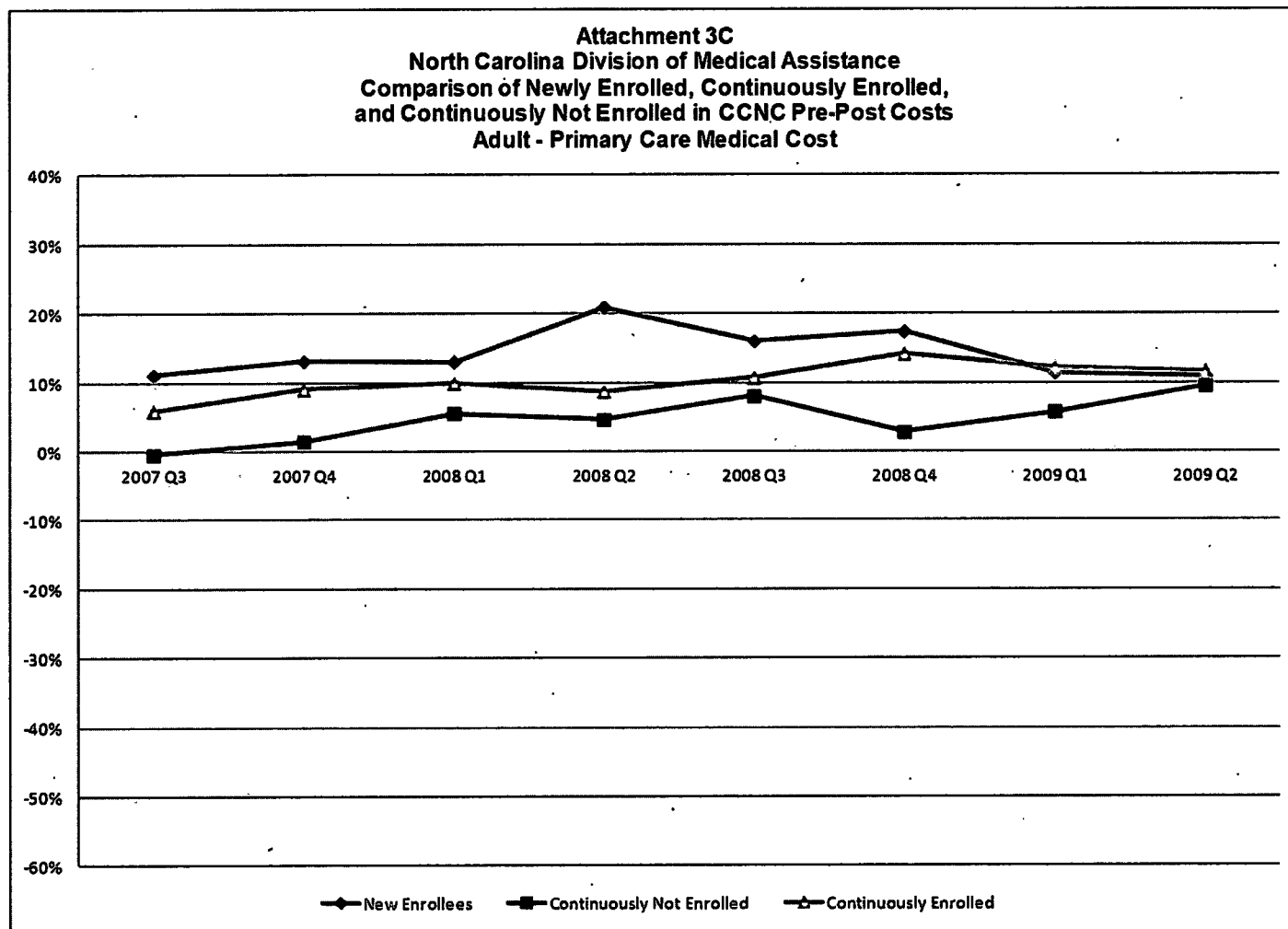
# Method 3 – Adult Eligibility Category

## Percentage Increase in Year 2 Total Costs



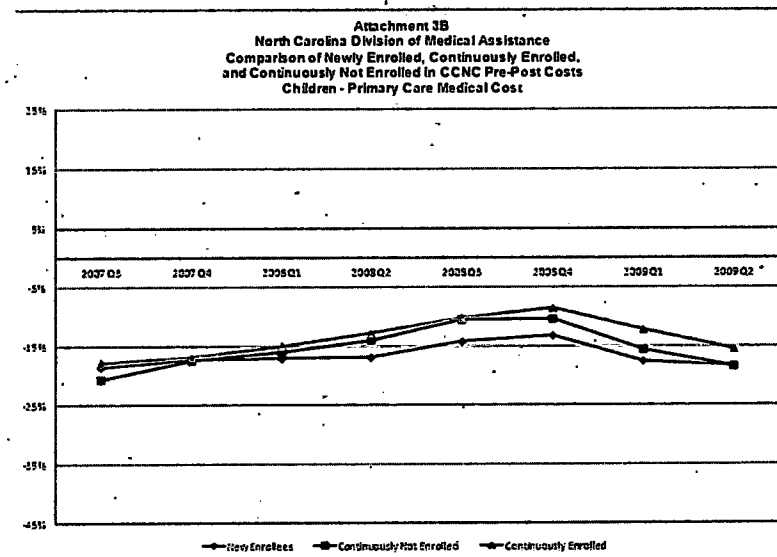
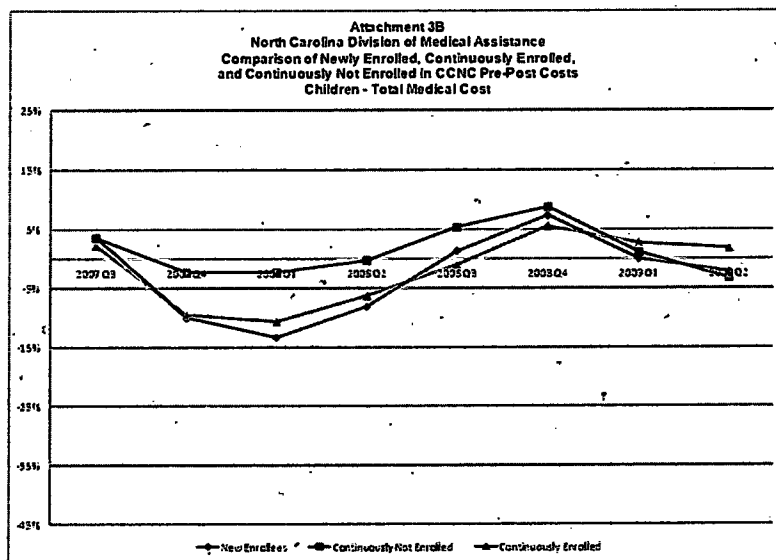
# Method 3 – Adult Eligibility Category

## Percentage Increase in Year 2 Primary Care Costs



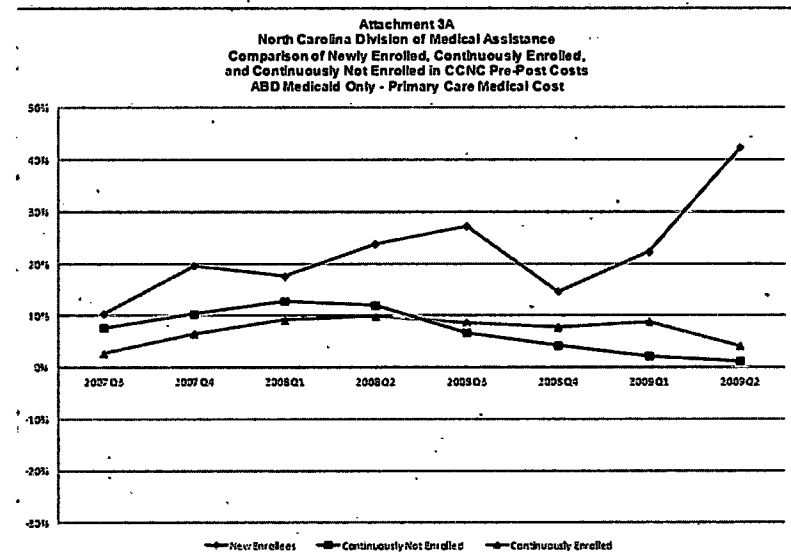
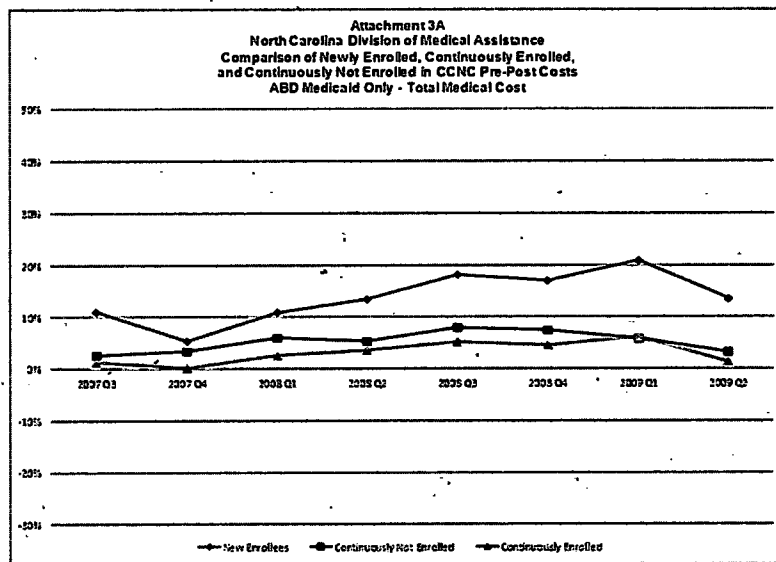
# Method 3 – Children Eligibility Category

## Percentage Increase in Year 2 Total Costs and Primary Care Costs



# Method 3 – ABD Non-Dual Eligibility Category

## Percentage Increase in Year 2 Total Costs and Primary Care Costs



# Reasonableness Assessment

- Is it reasonable that the CCNC program could produce the estimated savings in this report?
- We did not perform a clinical audit of CCNC's managed care activities.
- Based on our understanding of these activities, however, we conclude that our savings estimates are consistent with what has been achieved by programs using similar managed care techniques.

# Conclusions

- Our analysis suggests that CCNC has reduced North Carolina Medicaid costs through care management activities. There are significant sources of uncertainty in this type of analysis. We recommend that DMA continue to monitor the cost and savings of the CCNC program.
- The goal of a medical home model is to improve clinical outcomes and to reduce health care costs. Our analysis focused only on health care costs. The short and long term value of improved clinical outcomes, both to the member and the State, is not measured but should be considered in any discussion of the CCNC program.

**DHHS Response to Question from the Fiscal Research Division  
January 3, 2012-- Meeting of the Interim House Appropriations Subcommittee on HHS**

**Presenter: Jim Slate, Director, DHHS Office of Budget and Analysis**

**Narrative**

**FRD Question:** \$7.6 M Positions and Operations Reductions:  
Provide the detail plan for the positions and operations reduction of \$7.6M.

**DHHS Response:**

The attached plan is presented by Division in four categories:

- Position Eliminations
- Operating Reductions
- University Contract Reductions
- Health Choice Reductions.

These reductions are summarized by category at the end of the worksheet.

**FRD Question:** Present the impact of this reduction.

**DHHS Response:**

Impacts of these reductions taken can be summarized by two broad activities within these four categories:

- efforts to streamline and or consolidate administrative functions to achieve efficiencies (75% of all reductions) and
- actions that will have direct implications on service delivery (25% of all reductions).

**Position Eliminations**

\$1.4M (45%) of the \$3M in position eliminations were achieved through efforts to consolidate and reorganize responsibilities, streamline management and redirecting the utilization of grant funding. The remaining \$1.6M (55%) in position eliminations will limit availability and access to certain services and effect our ability to provide mandatory training.

**Operating Reductions**

These reductions totaling \$1.8M have been achieved through operating efficiencies, however these reductions will limit our ability to respond to end of life equipment replacement needs and other unforeseen budgetary challenges.

**University Contract Reductions**

University savings of \$1.1M were achieved through targeting available resources more efficiently and redirecting grant revenues.

**Health Choice Reductions**

The \$1.6M reduction was achieved through moving the administration of the program from the state health plan to the Department.

## SFY 11-12 Reduction Item # 26

HB 200, Section 10.16 In the event that eliminating up to 250 full-time equivalent positions that have been continuously vacant since July 1, 2010, does not achieve the savings specified in this section, the Secretary may eliminate other positions within the Department or achieve the designated savings through other administrative and operational reductions or efficiencies.

DHHS Service	Reduction		Requirements	Receipts	Appropriations	FTE	Notes/Impact
Central Administration							
Operating Reductions							
Human Resources\Services Support	Human Resources Recruitment and Retention		(\$110,518)		(\$110,518)	-	Reduction of these funds diminish outreach efforts around recruitment to physicians, psychiatrists, registered nurses and other direct care positions in state faculties.
Position Reductions		Vacant\Filled					
DIRM\Services Support	IT Manager	Vacant	(\$125,452)	(\$37,635)	(\$87,817)	(1.00)	The responsibilities of the IT Manager position being eliminated have been assumed by an existing IT Manager who oversees Networking. The impact of the elimination of an IT Manager position has added additional responsibilities to another IT Manager and expanded this manager's areas of supervision and responsibilities.
Office of Rural Health\Rural Practice Incentives	Community Development Specialist II	Vacant	(\$74,941)	(\$22,482)	(\$52,460)	-	Appropriation for position was eliminated and replaced with Blue Cross and Blue Shield Foundation Grant funds for three years. Employee hired using grant funding effective December 1, 2011.
Office of Rural Health\Rural Health Centers	Section Chief Operations & Admin	Vacant	(\$91,928)	(\$18,386)	(\$73,542)	(1.00)	The Office eliminated this management level position with duties being reassigned to program managers. Although Office level administration has been reduced, the revised structure works well and has many added efficiencies.
Office of Rural Health\Prescription Assistance	Business Systems Analyst	Vacant	(\$85,996)	(\$25,799)	(\$60,197)	(1.00)	This position was eliminated and the duties reassigned within the reorganized team.
			(\$378,317)	(\$104,301)	(\$274,016)	(3.00)	
Division Totals			(\$488,835)	(\$104,301)	(\$384,534)	(3.00)	
Aging & Adult Services							
	Operating Reductions						
Services Support	Office furniture, travel and other operating.		(\$68,770)	(\$44,246)	(\$24,524)	-	Will limit the Division's ability to respond to unforeseen budgetary challenges.
Division Totals			(\$68,770)	(\$44,246)	(\$24,524)	-	
Child Development and Early Education							
Operating Reductions							
Services Support, Child Care Capacity Building	Test proctoring funds, SEAT management funds.		(\$68,924)		(\$68,924)	-	The option to test out of minimum level coursework for the Administrator Credential has been discontinued. There is no impact to child care providers since the requirement for the Administrator Credential has been in place for many years. Any new administrators would be expected to have completed the coursework. This reduction will also limit our ability to respond to end of life equipment replacement needs.
Division Totals			(\$68,924)		(\$68,924)	-	

## SFY 11-12 Reduction Item # 26

HB 200, Section 10.16 In the event that eliminating up to 250 full-time equivalent positions that have been continuously vacant since July 1, 2010, does not achieve the savings specified in this section, the Secretary may eliminate other positions within the Department or achieve the designated savings through other administrative and operational reductions or efficiencies.

DHHS Service	Reduction	Requirements	Receipts	Appropriations	FTE	Notes/Impact	
Public Health							
Position Reductions		Vacant/Filled					
HIVSTD Prevention	Disease Control Specialist I	Vacant	(\$46,234)	(\$10,634)	(\$35,600)	(1.00)	The loss of this position will hinder the agency's ability to identify, locate, contact and counsel persons at very high risk of contracting or transmitting sexually-transmitted diseases.
Asbestos and Lead Based Paint Hazard Management	Industrial Hygiene Conlt. Sup.	Vacant	(\$105,822)	(\$34,921)	(\$70,901)	(1.00)	The supervisor has unit-wide program oversight, sets unit-wide goals and objectives, and unit-wide policies for inspectors, consultants, technical trainers, and processing assistants. Elimination of this position will result in no permanent supervisor for the Health Hazards Control Unit (21 employees).
Asbestos and Lead Based Paint Hazard Management	OEE Hlth Hazards Control	Vacant	(\$60,033)	(\$19,811)	(\$40,222)	(1.00)	This supervisor oversees the USEPA delegated authority for enforcement of federal law in asbestos hazard management and lead-based paint hazards and renovation in schools, businesses, and other child-occupied housing. Elimination of this position will result in no direct supervisor for 7 asbestos and lead inspectors.
HIVSTD Prevention	Staff Develop Spc. II	Vacant	(\$67,580)	(\$52,037)	(\$15,543)	(1.00)	The responsibilities of this position were consolidated within the section.
Public Health Lab	Microbiology Lab Tech II	Vacant	(\$43,095)		(\$43,095)	(1.00)	This position performs testing of private well water samples, recreational water and Grade A dairy products for a variety of bacterial contaminants. Loss of this position will delay release of results due to the limited number of EPA/FDA certified staff currently in this laboratory (3), including the Supervisor. In addition, this laboratory will have no surge capacity for natural disasters such as flooding that require water testing for bacterial contamination, or when staff members are on leave due to illness or vacation.
Public Health Lab	Chemist II	Vacant	(\$59,194)		(\$59,194)	(1.00)	This position in the Inorganic Chemistry laboratory supports private well water testing for Local Health Departments, including existing wells and newly constructed wells. Without this position, cross training of staff to perform multiple methods will be difficult, potentially affecting turnaround time for test results and ability of SLPH to maintain EPA certification for Safe Drinking Water Program.
Oral Health Preventive Services	Dental Hygienist II	Vacant	(\$72,082)	(\$19,462)	(\$52,620)	(1.00)	Loss of this position eliminates all direct community-based dental public health services prevention (fluoride mouthrinse and dental sealants); educational services; and dental screening, referral and follow-up for 4,700 high risk elementary school children in Davie and Yadkin counties.
Oral Health Preventive Services	Dental Hygienist II	Vacant	(\$72,502)	(\$19,576)	(\$52,926)	(1.00)	Loss of this position eliminates all direct community-based dental public health services [prevention (fluoride mouthrinse and dental sealants); educational services; and dental screening, referral and follow-up] for 7,000 high risk elementary school children in Richmond and Hoke counties.
Oral Health Preventive Services	Stock Clerk II	Vacant	(\$44,099)	(\$7,497)	(\$36,602)	(1.00)	The responsibilities of this position were consolidated within the section.

## SFY 11-12 Reduction Item # 26

HB 200, Section 10.16 In the event that eliminating up to 250 full-time equivalent positions that have been continuously vacant since July 1, 2010, does not achieve the savings specified in this section, the Secretary may eliminate other positions within the Department or achieve the designated savings through other administrative and operational reductions or efficiencies.

DHHS Service	Reduction		Requirements	Receipts	Appropriations	FTE	Notes/Impact
Early Intervention	Public Health Program Manager II	Vacant	(\$95,727)		(\$95,727)	(1.00)	Positions provide direct service as well as administrative support. A reduction of these positions will limit the ability of this service to meet the needs of it's clients. Positions are offered from nine different CDSAs and the Early Intervention Branch Office.
Early Intervention	Public Health Program Manager I	Vacant	(\$86,348)		(\$86,348)	(1.00)	
Early Intervention	Foreign Language Interp I	Vacant	(\$41,460)		(\$41,460)	(1.00)	
Early Intervention	Foreign Language Inter II	Vacant	(\$44,140)		(\$44,140)	(1.00)	
Early Intervention	Educ Diagnostician II	Vacant	(\$53,397)		(\$53,397)	(1.00)	
Early Intervention	Habilitation Spec III	Vacant	(\$46,683)		(\$46,683)	(1.00)	
Early Intervention	Educ Diagnostician II	Vacant	(\$62,186)		(\$62,186)	(1.00)	
Early Intervention	Business Services Coordinator	Vacant	(\$42,861)		(\$42,861)	(1.00)	
Early Intervention	Habilitation Spec III	Vacant	(\$46,683)		(\$46,683)	(1.00)	
Early Intervention	Habilitation Spec III	Vacant	(\$46,683)		(\$46,683)	(1.00)	
Early Intervention	Clinical Social Worker Tr	Vacant	(\$59,241)		(\$59,241)	(1.00)	
Early Intervention	Habilitation Spec III	Vacant	(\$50,113)		(\$50,113)	(1.00)	
Early Intervention	Habilitation Spec III	Vacant	(\$46,683)		(\$46,683)	(1.00)	
Early Intervention	Program Assistant IV	Vacant	(\$40,223)		(\$40,223)	(1.00)	
Early Intervention	Physician Extender I	Vacant	(\$59,569)		(\$59,569)	(1.00)	
Early Intervention	Professional Nurse	Vacant	(\$71,584)		(\$71,584)	(1.00)	
Early Intervention	Clinical Social Worker Tr	Vacant	(\$59,317)		(\$59,317)	(1.00)	
Early Intervention	Physician - A III	Vacant	(\$105,366)		(\$105,366)	(1.00)	
Early Intervention	Staff Psychologist II	Vacant	(\$51,765)		(\$51,765)	(1.00)	
Early Intervention	Public Health Program Manager II	Vacant	(\$93,763)		(\$93,763)	(1.00)	
PH Surveillance	Administrative Secretary II	Vacant	(\$36,341)	(\$25,439)	(\$10,902)	(1.00)	No impact and funding was eliminated in the grant.
Communicable Disease	Office Assistant IV	Vacant	(\$41,602)	(\$40,770)	(\$832)	(1.00)	The loss of this position will result in no administrative support being available to the Medical Consultation Unit of the Communicable Disease Branch. Routine office duties (filing, correspondence, copying, etc) will have to be performed by professional staff.
Salary Reserve	Salary Reserve		(\$31,118)		(\$31,118)		Limits ability to meet Divisional staffing needs.
			(\$1,883,494)	(\$230,147)	(\$1,653,347)	(31.00)	
University Contract Reductions							
	Contractor/ Vendor						
	Contract Funding		(\$475,000)		(\$475,000)	-	Savings were achieved through targeting available resources more efficiently.
Heart Disease and Stroke Prevention	AHEC		(\$25,000)		(\$25,000)	-	Decreased training to health care providers about first response to stroke.
HIV/STD Prevention Activities	North Carolina Central University		(\$52,000)		(\$52,000)	-	Reduces no-cost testing and associated counseling of students for gonorrhea and chlamydia provided by this contract to the students at North Carolina Central University. In the event federal funding becomes available, efforts will be made to offset as much of this reduction as possible. This reduction will have no impact on HIV Testing.
Public HealthWorkforce Development	University of North Carolina at Chapel Hill		(\$90,000)		(\$90,000)	-	Remaining funds in the contract will provide for a transition to newer software applications to replace the functionality of PHTIN.
Sickle Cell Syndrome - Services for Adults	Contract funding		(\$100,000)		(\$100,000)	-	Savings were achieved through targeting available resources more efficiently. These are unallocated funds.

## SFY 11-12 Reduction Item # 26

HB 200, Section 10.16 In the event that eliminating up to 250 full-time equivalent positions that have been continuously vacant since July 1, 2010, does not achieve the savings specified in this section, the Secretary may eliminate other positions within the Department or achieve the designated savings through other administrative and operational reductions or efficiencies.

DHHS Service	Reduction	Requirements	Receipts	Appropriations	FTE	Notes/Impact	
Genetic and Newborn Screening	University of North Carolina at Chapel Hill (CCCDP) - Carolina Child Comm Disorders Program	(\$57,769)	(\$33,009)	(\$24,760)	-	Reduction will impact the ability to use state funds to satisfy deductibles and copays for clients.	
School Health Services	School nurse contracts		\$139,152	(\$139,152)	-	None; exchanging state funds for federal funds.	
School Health Services	Contract funding	(\$58,000)		(\$58,000)	-	Savings were achieved through targeting available resources more efficiently.	
Early Intervention	Mecklenburg County Area Mental Health (CDSA)	(\$24,918)		(\$24,918)	-	Savings were achieved through targeting available resources more efficiently.	
Early Intervention	East Carolina University(CDSA)	(\$29,942)		(\$29,942)	-		
Early Intervention	Wake Forest University Health Sciences(CDSA)	(\$26,558)		(\$26,558)	-		
Early Intervention	Albemarle Regional Health Services(CDSA)	(\$13,044)		(\$13,044)	-		
	Contract Totals	(\$952,231)	\$106,143	(\$1,058,374)	-		
Division Totals		(\$2,835,725)	(\$124,004)	(\$2,711,721)	(31.00)		
Social Services							
Operating Reductions							
Division-wide	Postage, freight, rent, seat management, etc.	(\$1,005,310)	(\$342,027)	(\$663,283)		Will limit the Division's ability to respond to unforeseen budgetary challenges.	
Position Reductions		Vacant/Filled					
Child Welfare Training	SS Prgm Consult II	Vacant	(\$60,574)	(\$17,566)	(\$43,008)	(1.00)	This position provides training to county DSS staff in the area of Child Protective Services. The Division will be less able to support counties in the operations of CPS.
Services Support	HS Plann/Eval	Vacant	(\$55,284)	(\$25,983)	(\$29,301)	(1.00)	The position proposed for elimination is one of three in the Performance Reporting Unit Elimination of this position may lengthen the time it takes the division to prepare federally mandated reports.
Foster Care	SS Prgm Adm I	Vacant	(\$86,404)	(\$48,386)	(\$38,018)	(1.00)	DSSs will replace this position (TANF) with staff from OEO as these programs (TANF&CSBG) will merge well under one supervisor.
Child Support Enforcement	Lead CS Agent	Vacant	(\$52,876)	(\$34,898)	(\$17,978)	(1.00)	This position is a member of the Child Support Program Support Team. The team focuses on targeted performance areas in the child support program. Work completed by this position will be absorbed by other team members to the extent possible.
Child Welfare Training	SS Program Cons II	Vacant	(\$57,984)	(\$16,815)	(\$41,169)	(1.00)	This position provides training to county DSS staff in various aspects of the delivery of Child Welfare Services. Without this resource the Division will be less able to support county implementation of Child Welfare Services.
			(\$313,122)	(\$143,648)	(\$169,474)	(5.00)	
Division Totals		(\$1,318,432)	(\$485,675)	(\$832,757)	(5.00)		
Health Choice							
		Account(s)					
Health Choice	Health Choice		(\$6,795,082)	(\$5,143,877)	(\$1,651,205)		This reduction was achieved through moving the administration of the program from the state health plan to the Department.
Division Totals		(\$6,795,082)	(\$5,143,877)	(\$1,651,205)			

## SFY 11-12 Reduction Item # 26

HB 200, Section 10.16 In the event that eliminating up to 250 full-time equivalent positions that have been continuously vacant since July 1, 2010, does not achieve the savings specified in this section, the Secretary may eliminate other positions within the Department or achieve the designated savings through other administrative and operational reductions or efficiencies.

DHHS Service	Reduction	Requirements	Receipts	Appropriations	FTE	Notes/Impact	
Services for the Blind, Deaf and Hard of Hearing							
Operating Reductions							
Services Support	PC printer equipment		(\$27,812)		(\$27,812)	This reduction will limit our ability to respond to end of life equipment replacement needs.	
Position Reductions		Vacant/Filled					
	Position Title	Vacant/ Filled					
Chore Services for the Blind	SS Program Coordinator	Vacant	(\$66,015)	(\$49,511)	(\$16,504)	(1.00)	Chief of ILS is performing the extra job duties previously performed in this vacant position.
Services Support	Business Service Coord.	Vacant	(\$58,213)	(\$45,988)	(\$12,225)	(1.00)	These administrative job duties are now performed in the Vocational Rehabilitation Purchasing Section.
Independent Living Guidance & Counseling	Rehab Counselor I	Vacant	(\$50,409)		(\$50,409)	(1.00)	Staff will have to carry larger caseloads.
VR Rehab/Guidance and Counseling-- Employment Services	Office Assist IV	Vacant	(\$17,224)	(\$13,607)	(\$3,617)	(0.50)	These job duties will be re-assigned to other staff performing similar job duties in the office. This will result in present staff performing more duties.
	Position Totals		(\$191,861)	(\$109,106)	(\$82,755)	(3.50)	
Division Totals			(\$219,673)	(\$109,106)	(\$110,567)	(3.50)	
Mental Health Developmental Disabilities Substance Abuse Services							
Operating Reductions							
Services Support	Administration - Contract Reduction		(\$845,516)		(\$845,516)		The major functional components for the processing requirements within the State's Medicaid payment system (MMIS) and the State's Community services payment system (IPRS) is reaching its completion date, whereby main system designs have been developed and implemented. This reduction in the contract is based on cost efficiencies from technology designs developed during the course of the project. The reduction may impact the ability to modify and test existing applications processes or changes from Federal and State mandates.
			(\$845,516)		(\$845,516)		
Division Totals			(\$845,516)		(\$845,516)	-	
Health Services Regulation							
Position Reductions		Vacant/Filled					
Jails and Detention	Jail Inspection Pgrm Adm	Filled	(\$76,372)		(\$76,372)	(1.00)	The Jails & Detention Inspection program will be reduced to from 5 professional FTEs to 1 professional FTE (a Correctional Institution Compliance Inspector). This remaining employee will train other Construction Section employees on rules, regulations, and procedures for Jails and Detention Center inspections. The Construction Section oversees the Jails and Detention Center Program.
Jails and Detention	Corrections Institution Compliance Inspector	Filled	(\$63,864)		(\$63,864)	(1.00)	
Jails and Detention	Corrections Institution Compliance Inspector	Filled	(\$49,597)		(\$49,597)	(1.00)	

## SFY 11-12 Reduction Item # 26

HB 200, Section 10.16 In the event that eliminating up to 250 full-time equivalent positions that have been continuously vacant since July 1, 2010, does not achieve the savings specified in this section, the Secretary may eliminate other positions within the Department or achieve the designated savings through other administrative and operational reductions or efficiencies.

DHHS Service	Reduction		Requirements	Receipts	Appropriations	FTE	Notes\Impact
Jails and Detention	Corrections Institution Compliance Inspector	Filled	(\$60,152)		(\$60,152)	(1.00)	This reduction will increase the workload on other staff within the Construction section. DHRS has reorganized it's current management structure to be more efficient and effective. Limits ability to meet Divisional staffing needs.
Construction	Architect	Vacant	(\$99,547)	(\$4,350)	(\$95,197)	(1.00)	
Construction	Architect	Vacant	(\$102,781)	(\$4,492)	(\$98,289)	(1.00)	
Services Support	Business Manager	Filled	(\$116,820)	(\$55,396)	(\$61,424)	(1.00)	
	Salary Reserve		\$21,765		\$21,765		
			(\$547,368)	(\$64,238)	(\$483,130)	(7.00)	
Division Totals			(\$547,368)	(\$64,238)	(\$483,130)	(7.00)	
Vocational Rehabilitation Services							
Operating Reductions							
Independent Living Rehabilitation, Services Support	Transportation, lodging, meals, workshops, postage, supplies		(\$68,696)		(\$68,696)		Based on the larger reorganization plan to streamline the Independent Living Program these administrative costs are projected to be reduced in direct correlation to the position reductions.
Position Reductions							
		Vacant\Filled					
Independent Living Rehabilitation	Rehab Counselor I	Vacant	(\$49,816)		(\$49,816)	(1.00)	Elimination of these positions are part of a larger reorganization plan to streamline the Independent Living program.
Independent Living Rehabilitation	Processing Assistant IV	Vacant	(\$36,629)		(\$36,629)	(1.00)	
Independent Living Rehabilitation	Rehab Counselor I	Vacant	(\$49,816)		(\$49,816)	(1.00)	
Independent Living Rehabilitation	Salary Reserve and Fringes	Vacant	(\$288,165)		(\$288,165)		
			(\$424,426)		(\$424,426)	(3.00)	
Division Totals			(\$493,122)		(\$493,122)	(3.00)	
DHHS Summary			Require	Receipts	Approps	FTE	
Operating Reductions			(\$2,195,546)	(\$386,273)	(\$1,809,273)	-	
Position Reductions			(\$3,738,588)	(\$651,440)	(\$3,087,148)	(52.50)	
Health Choice Reductions			(\$6,795,082)	(\$5,143,877)	(\$1,651,205)	-	
University Contract Reductions			(\$952,231)	\$106,143	(\$1,058,374)	-	
Departmental Totals			(\$13,681,447)	(\$6,075,447)	(\$7,606,000)	(52.50)	

**DHHS Response to Questions from Fiscal Research Division  
January 3, 2012 Meeting of the Interim House Appropriations Subcommittee on HHS**

**NARRATIVE FOR TANF PLAN**

**Presenter –Sherry Bradsher, Director of Division of Social Services**

**TOPIC: TANF Program --**

**FRD Question:** In September, Congress extended the TANF program without including funding for TANF Supplemental Grants. North Carolina has received these funds since 1996 as part of the 1996 welfare reform deal. Pursuant to S.L. 2011-145, Sec. 10.60 (c), the Department is directed to develop a plan to adjust the block grants based on reduced federal funding and present the plan to then a the Joint Legislative Commission 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. In addition to presenting the plan please answer the following questions:

- Have any expenditures been made to programs targeted with this funding as of this date?
- What is the expected impact to DHHS programming as a result of this funding loss particularly Social Services administration?
- What is the available funding total for all other block grants?

**DHHS Response:**

In September, Congress temporarily extended the TANF program without including funding for TANF Supplemental Grants. The impact of this loss in supplemental funding translates to an annual reduction of \$36.4M in funding to North Carolina. However, funds appropriated by the General Assembly for SFY 11-12 already included a one quarter reduction of \$9.1M to this funding based upon temporary actions by Congress last FFY. erefore, funding appropriated for the current state fiscal year needs to be reduced by \$27.3M.

North Carolina continues to be eligible to request awards from the TANF Contingency fund due to its growth in the number of Supplemental Nutrition Assistance Program (SNAP) recipients. DHHS requested and expects to receive an additional \$20.2M of these funds to cover the service months of November through February, 2012.

In addition, DHHS has identified \$1,093,059 in TANF Emergency Contingency funds that were not expended in SFY 10-11 that will be available to support TANF reductions.

DHHS has also analyzed current spending. Based upon this analysis, DHHS has targeted reductions to three activities which could be reduced without impact. These included:

Item #	Activity	Reduction
<b>TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS</b>		
1	Work First Family Assistance	\$ (4,867,970)
11	Office of the Secretary	\$ (41,350)
<b>TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS</b>		
1	NC Fast	\$ (1,155,952)
<b>Total Reduction</b>		<b>\$ (6,065,272)</b>

sed upon availability from resources noted above and reductions to current appropriated items, DHHS has developed a reduction plan as detailed in the attachment.

# SFY 11-12 TANF Reduction Plan - December 2011

## TANF PROJECTED FUND AVAILABILITY

TANF Base Funding  
TANF Supplemental Funding  
TANF ARRA Emergency Contingency Funds  
TANF Carry Forward  
TANF Contingency Funding  
TANF Contingency Funding - Nov-Dec 2011 Award  
TANF Contingency Funding - Jan-Feb 2012 Award\*

Totals

\* To date DHHS has recieved \$5,037,326 of this expected total award.

Original Funding Per HB 200	One Time Adjustments to Availability	% Reduction	Revised Funding	Notes
\$ 301,939,376	\$ -	0.0%	\$ 301,939,376	
\$ 27,307,635	\$ (27,307,635)	-100.0%	\$ -	Loss of 3 quarters of annual funding.
\$ -	\$ 1,093,059	-	\$ 1,093,059	Funding not expended in SFY 10-11.
\$ 22,107,466	\$ -	0.0%	\$ 22,107,466	
\$ 15,111,981	\$ -	0.0%	\$ 15,111,981	
\$ -	\$ 10,074,652	-	\$ 10,074,652	
\$ -	\$ 10,074,652	-	\$ 10,074,652	Proposes use of \$6.0M of \$10.1 M in SFY 11-12.
\$ 366,466,458	\$ (6,065,272)	-1.7%	\$ 360,401,186	

## Proposed Use of TANF Funding

### Local Program Expenditures

#### Division of Social Services

- 1 Work First Family Assistance
- 2 Work First County Block Grants
- 3 Work First Electing Counties
- 4 Adoption Services - Special Children's Adoption Fund
- 5 Family Violence Prevention
- 6 Child Protective Services - Child Welfare Workers for Local DSS
- 7 Child Welfare Collaborative

#### Division of Child Development

- 8 Subsidized Child Care Program

#### Division of Public Health

- 9 Teen Pregnancy Initiatives

#### DHHS Administration

- 10 Division of Social Services
- 11 Office of the Secretary

#### Transfers to Other Block Grants

- 12 Transfer to the Child Care and Development Fund
- 13 Transfer to Social Services Block Grant for Child Protective Services - Child Welfare Training in Counties
- 14 Transfer to Social Services Block Grant for Foster Care Services
- 15 Transfer to Social Services Block Grant for Child Protective Services
- 16 Transfer to Social Services Block Grant for Adult Protective Services
- 17 Transfer to Social Services Block Grant for County Departments of Social Services

#### TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS

#### TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

- 1 NC Fast
- 2 Work First - Boys and Girls Club
- 3 Maternity Homes
- 4 Continuation of Subsidized Employment Initiative
- 5 Teen Pregnancy Initiatives
- 6 Division of Social Services

#### TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) AGENCY CONTINGENCY FUNDS

TOTAL REDUCTION

Per HB 200	Proposed Reduction	% Reduction	Revised Funding	Notes
\$ 72,680,370	\$ (4,867,970)	-6.7%	\$ 67,812,400	Savings from reduced caseload projections for Work First.
\$ 94,453,315	\$ -	0.0%	\$ 94,453,315	
\$ 2,378,213	\$ -	0.0%	\$ 2,378,213	
\$ 3,609,355	\$ -	0.0%	\$ 3,609,355	
\$ 2,200,000	\$ -	0.0%	\$ 2,200,000	
\$ 14,452,391	\$ -	0.0%	\$ 14,452,391	
\$ 754,115	\$ -	0.0%	\$ 754,115	
\$ 67,439,721	\$ -	0.0%	\$ 67,439,721	
\$ 450,000	\$ -	0.0%	\$ 450,000	
\$ 1,093,176	\$ -	0.0%	\$ 1,093,176	
\$ 75,392	\$ (41,350)	-54.8%	\$ 34,042	Based on projected need.
\$ 79,437,674	\$ -	0.0%	\$ 79,437,674	
\$ 1,300,000	\$ -	0.0%	\$ 1,300,000	
\$ 650,829	\$ -	0.0%	\$ 650,829	
\$ 5,040,000	\$ -	0.0%	\$ 5,040,000	
\$ 1,191,925	\$ -	0.0%	\$ 1,191,925	
\$ 4,148,001	\$ -	0.0%	\$ 4,148,001	
\$ 351,354,477	\$ (4,909,320)	-1.4%	\$ 346,445,157	
\$ 1,664,936	\$ (1,155,952)	-69.4%	\$ 508,984	Effective September 2011, current projects under development within NC Fast are eligible for greater Medicaid/Health Choice participation at a higher reimbursement rate.
\$ 2,500,000	\$ -	0.0%	\$ 2,500,000	
\$ 943,002	\$ -	0.0%	\$ 943,002	
\$ 6,114,959	\$ -	0.0%	\$ 6,114,959	
\$ 2,500,000	\$ -	0.0%	\$ 2,500,000	
\$ 1,389,084	\$ -	0.0%	\$ 1,389,084	
\$ 15,111,981	\$ (1,155,952)	-7.6%	\$ 13,956,029	
\$ 366,466,458	\$ (6,065,272)	-1.7%	\$ 360,401,186	

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# **Joint Interim Appropriations Sub-committee on HHS**

## **Division of State Operated Healthcare Facilities**

### **Overview of State Facilities (G.S. 122C)**

J. Luckey Welsh, Jr., FACHE

Division Director

January 3, 2012

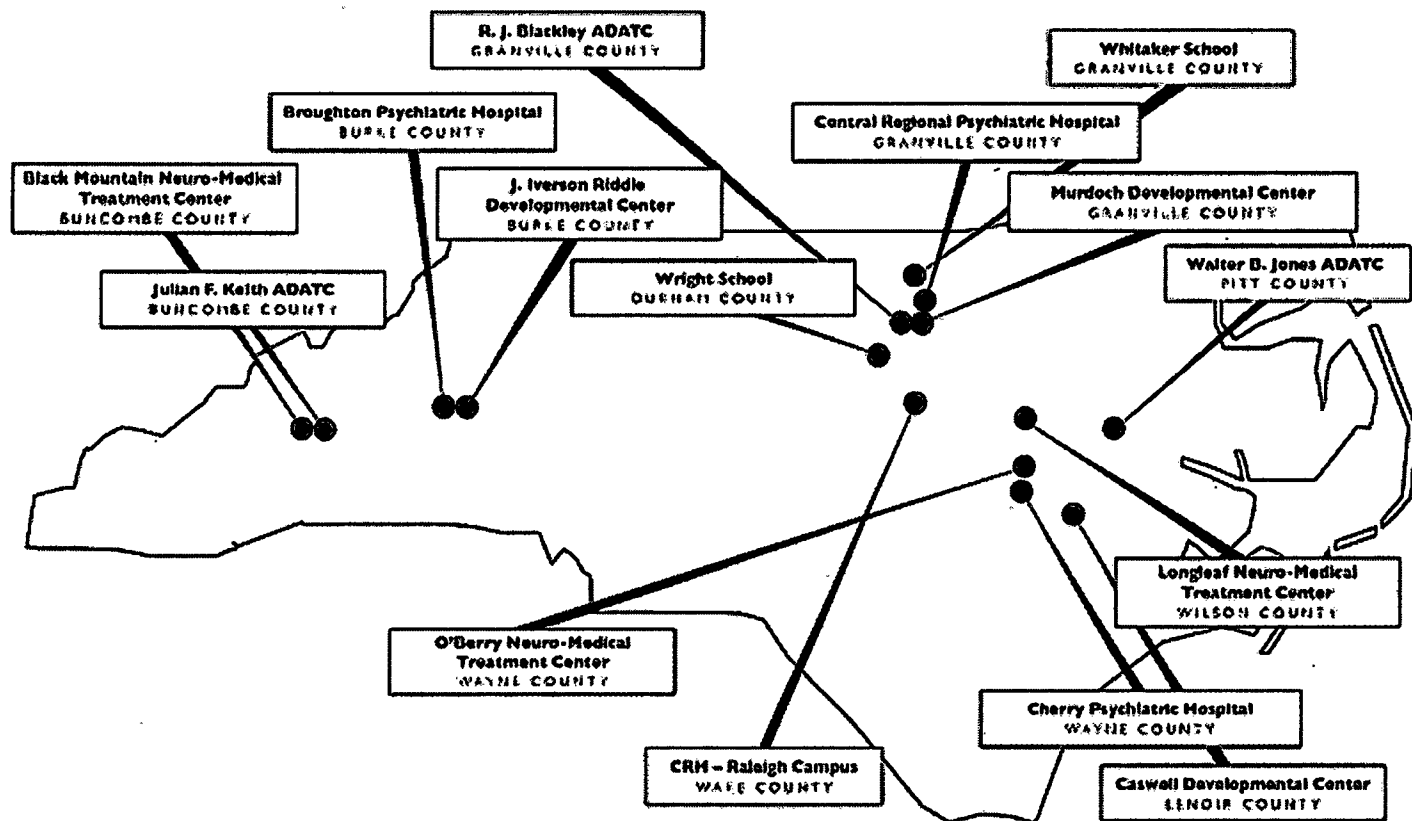
*Touching Lives. Enriching Futures*

# Outline

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- Overview of Facilities
- Challenge from Secretary Cansler and Facility Accountability
- Accomplishments & Future Initiatives
- System Challenges

# The Facility Locations



# The Alcohol Drug Abuse Treatment Centers (ADATC)

- ADATCs are designed to treat persons with addictions and/or co-occurring disorders (addiction and mental health diagnoses). They provide crisis stabilization, detoxification services, substance abuse treatment and education, psychiatric services, rehabilitation therapy, social work, nursing, psychological and collateral treatment services for family members of consumers served.
- R.J. Blackley, Butner (80);  
W.B. Jones, Greenville (80);and  
J.F. Keith, Black Mountain (80)  
Total capacity to serve a total of 240 people who have substance use and/or co-occurring disorders
- W.B. Jones and J.F. Keith ADATCs are certified as inpatient psychiatric hospitals.
- RJB ADATC moved into its newly renovated space in the Barrett building in November 2011 and has applied for CMS Certification and Joint Commission Accreditation as an inpatient hospital.

# The Developmental Centers

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- Caswell, Kinston (430);  
Murdoch, Butner (568);  
Riddle, Morganton (325)
- The Developmental Centers provide comprehensive residential supports to maintain and improve the health and functioning of individuals with intellectual and/or developmental disabilities (IDD). The services may include time-limited, specialized programs for individuals in identified target populations (Autism, IDD/MI, etc.) with the goal of community reintegration. The types of admissions include general, therapeutic, respite and specialty programs.

# The Neuro-Medical Treatment Centers

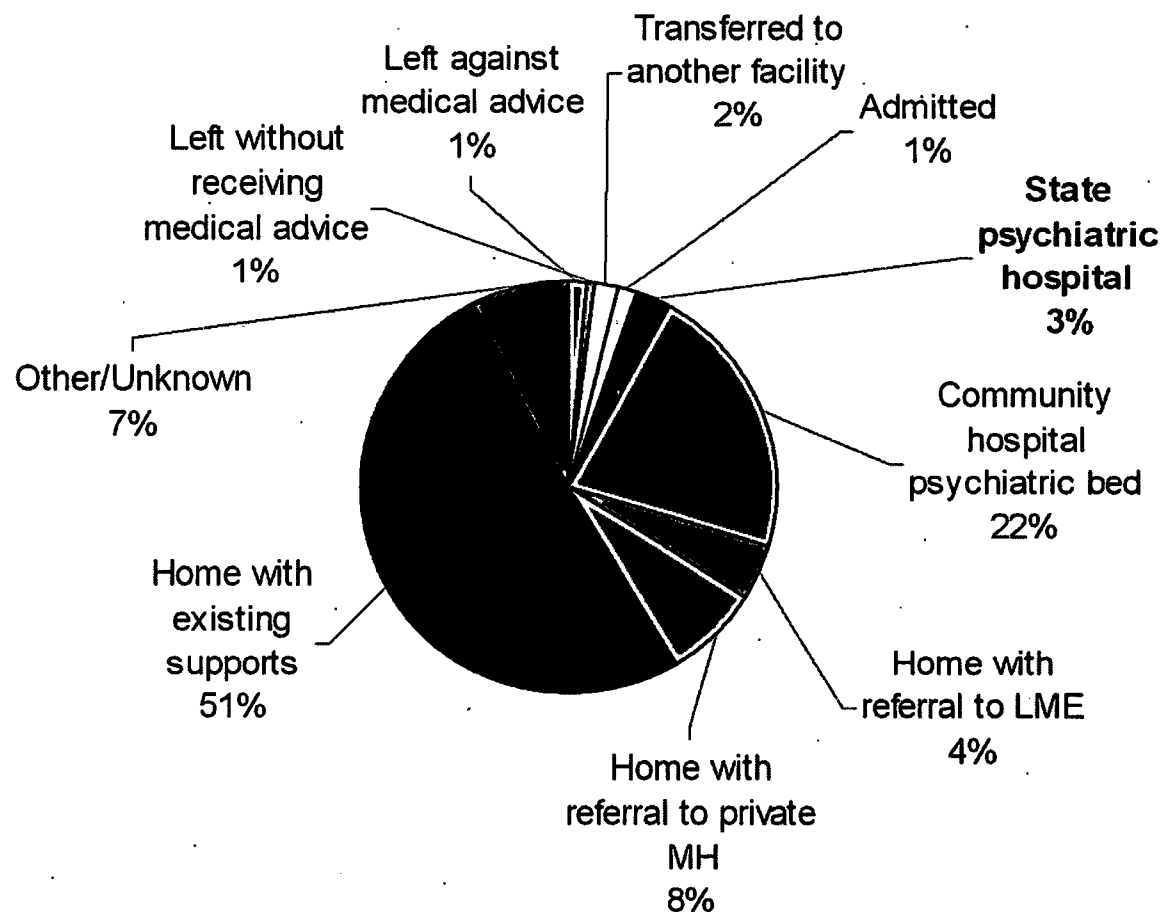
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- Black Mountain NMTC (156), Black Mountain;  
Longleaf NMTC, Wilson (231);  
O'Berry NMTC, Goldsboro (96 NF; 174 ICF-MR)
- The Neuro-Medical Treatment Centers are specialized long-term care facilities certified by the Centers for Medicare and Medicaid Services (CMS) under OBRA regulations serving citizens who have primary diagnoses of chronic or persistent medical conditions. The health and physical status of these residents require 24-hour supervision including support, daily nursing assessment and assistance with activities of daily living.

# The Psychiatric Hospitals

- Psychiatric hospitals provide care and treatment for adults, children and adolescents who have psychiatric illnesses and whose needs cannot be met in the community. Inpatient services include crisis stabilization, assessment, medical care, psychiatric treatment, patient advocacy, social work services including counseling, discharge planning and linkages to the community.
- Broughton, Morganton (278);  
Cherry, Goldsboro (241);  
Central Regional Hospital/Dorothea Dix Hospital, Butner/Raleigh(396);  
With the capacity to serve a total of 915 patients with psychiatric illnesses
- All of the hospitals are actively working on an initiative to improve patient care and reduce the use of seclusion and restraint
- Discharges by diagnosis group (information from CRH, but comparable in all hospitals):
  - FY2006
    - Substance abuse: 26%
    - Schizophrenia: 27%
  - FY2010
    - Substance abuse: 18%
    - Schizophrenia: 42%

# Behavioral Health ED Admissions by Disposition



# The Residential Schools

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- The residential schools are for children and adolescents who have severe emotional and behavioral needs. Both schools employ a re-education model which prepares the child/adolescent to successfully return to the community.
- Wright, Durham (24 children ages 5 -12);  
Whitaker, Butner (18 adolescents ages 13 – 18)

# Secretary's Challenge

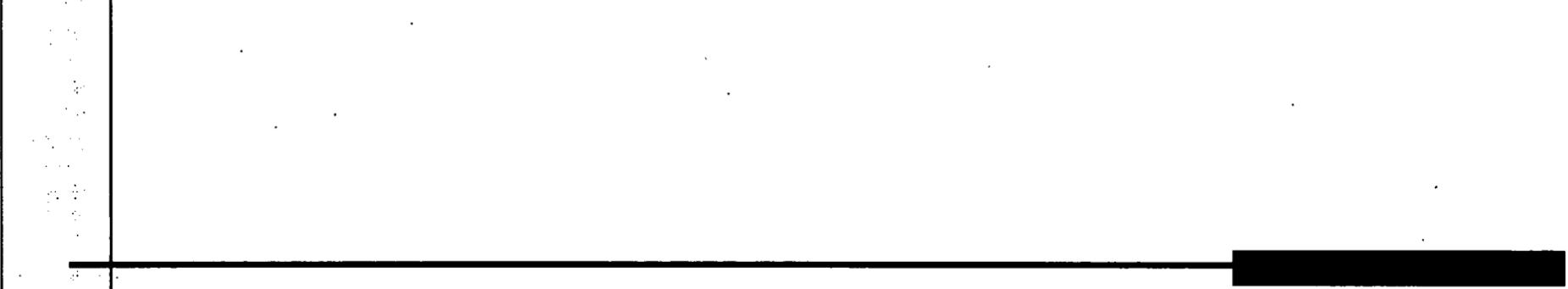
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- Improve patient/resident safety and quality care (each night 3,000 people sleep in the facilities)
- Become more of a system with uniformity and instituting best practices
- Improve financial performance/integrity
- Strengthen the workforce through training (we employ approximately 11,500 staff)

# Quarterly Governing Body Meeting

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- Meetings are held quarterly by facility type
- Facilities present information related to desired outcomes
- Facilities share best practices with one another



**■ Accomplishments**  
**■ &**  
**■ Future Initiatives**

# Patient/Resident Safety and Quality Care

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## **Accomplishments**

Decrease in adverse events

ED Wait Times - Bed Board and length of stay initiative

Accreditations / Certifications

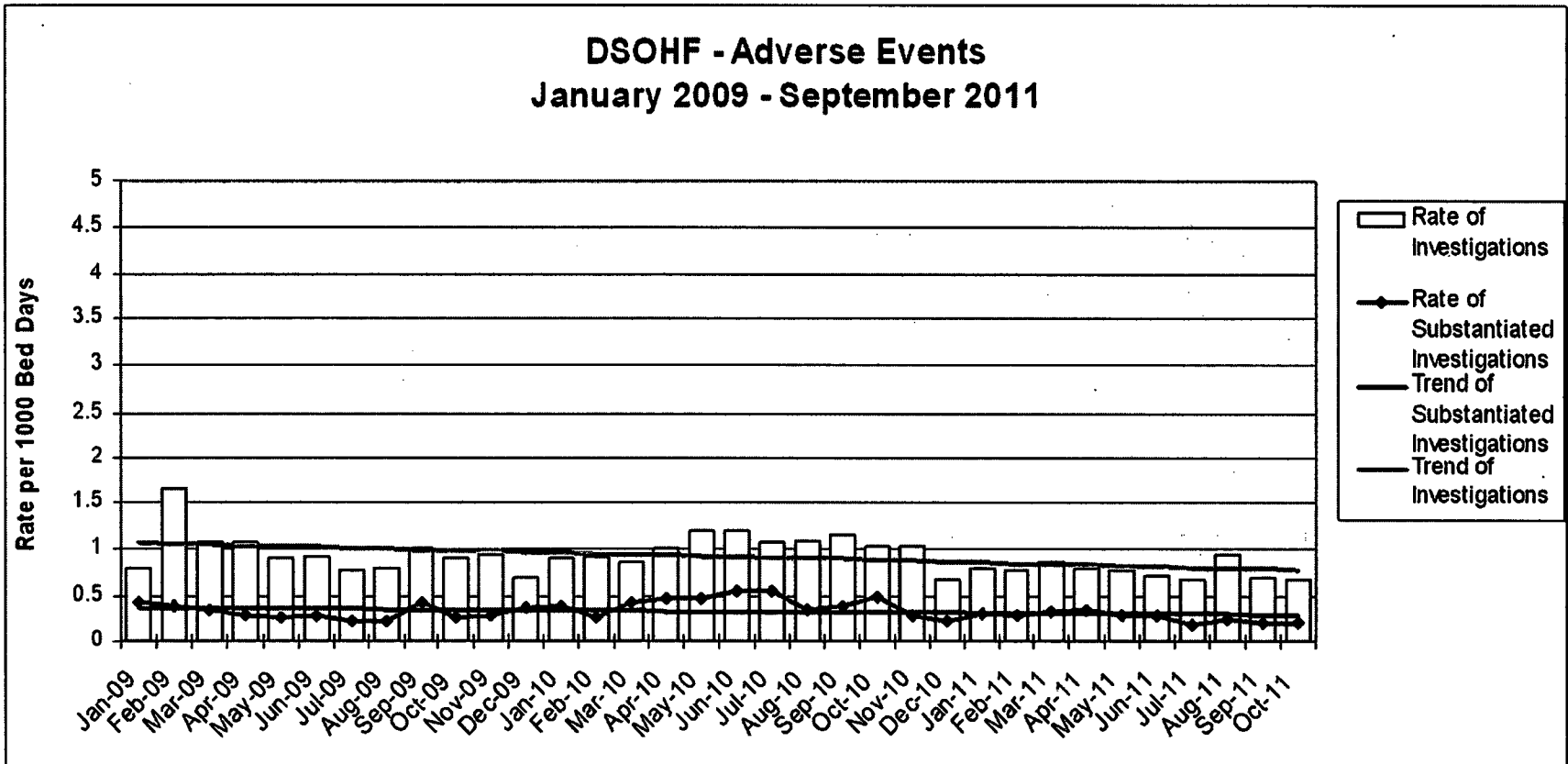
## **Future Initiatives**

All facilities to be members of a Patient Safety Organization

Risk Management Program

Implementation of Electronic Health Record (VistA – VA system) at CRH

# Adverse Events



# Customer Service

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## **Accomplishment**

Standardized patient/guardian satisfaction surveys with overall satisfaction reaching as high as 98%

## **Future Initiatives**

Emphasis upon continuous training in customer service areas in the facilities

# Workforce

## Accomplishment

Sustainable Training Program with  
over 3,000 people trained last  
year using this money

Advanced Leadership Training

New Employee Evaluation Process  
instituted in collaboration with  
Department HR

## Future Initiatives

“Just Culture” Implementation

Recruitment & Retention

Standardized Employee Satisfaction  
Survey

# Financial Integrity

Accomplishments	Future Initiatives
Group Purchasing Organization with \$5.6 million in savings thus far	ICD-10 (International Classification of Diseases) Deadline of October 2013
Centralized Contracts for Agency Staff	Timekeeping System
Lab & Transcription Consolidation	Revenue Enhancement Committee Commercial Insurance
Financial Management Reporting System	
Duke Endowment Grant (pending consultation)	

# System Challenges

---

- Critical & chronic nursing shortages nationwide
  - Overtime (\$19.5 million)
  - Agency Staffing (\$15.3 million)
  - Nursing turnover (12%)
- Professional Position Shortages
- Salary Inequities
- Inability to make market, equity and retention adjustments

# VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON HEALTH  
AND HUMAN SERVICES

January 3, 2012

**Name of Committee****Date**

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

NAME

**FIRM OR AGENCY AND ADDRESS**

Chris Kullin	Nelson Mullins
<del>Walter Bizer</del>	NCDAS EUCPTA
Kay Paksoy	NASW-NC
Reggie Parker	NMSS - NC
David Holoman	NC DHHS DMA.
Kristi Huff	NCHCFA
Michelle Frazier	NFVS
Doug Lashley	NZSTA
Daniel Baum	TROUTMAN SANDERS
Steve Mitchell	Astellas
Allison Waller	NMRS

# VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON HEALTH  
AND HUMAN SERVICES

January 3, 2012

Name of Committee

Date

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NAME	FIRM OR AGENCY AND ADDRESS
Hugh Tinson	NARA
Chris Bayardo	NCHS
John Thayer	CCNC
Alfred Dobson	CCNC
KUB Lamm	CCNC
Emerson Deese	Visitor
Paul Bon	Bonz : ASSO.
Tak Wale	NC CCNC
H.H. Wolfe	PPAB
Martha McInerney	CHS
Robin Huffman	NC Psychiatric

# VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON HEALTH  
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January 3, 2012

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FIRM OR AGENCY AND ADDRESS

Meredith Swindle	The Policy Group
Alan Briggs	NC Food Banks
Jon Carr	Jordan Price Law Firm
Fred W. Lab	Easton Seal UCP
TARA FIELDS	Benchmarks
TAD CLODFELTER	Southlight / The Coalition
DAVID STONE	THE CAROLINAS CENTER FOR HOSPICE and EOL CARE
Janet Schanzou Beach	NCALTEF
Dae Pheral	ILC / ITC
Kathy Sommesse	DHHS
Alycia Gaitner	DHHS
John Hunsy	DHHS

## VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON HEALTH  
AND HUMAN SERVICES

January 3, 2012

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NAME

FIRM OR AGENCY AND ADDRESS

Brenda Greenberg	NCSRT, Inc.
Matt Gross	NCPK
Dick Carlton	Amgen
Julia Adams	The Arc of NC
Marcie Samuelson	Thomson Reuters
BRAD GRIFFITH	DHHS - DMA
Abby Emanuelson	NMSS - NC
Joe White	OSBM
David Harben	NC Center for Nonprofits
Pam Kelpatnick	OSBM
Deborah Landry	OSBM

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APPROPRIATIONS SUBCOMMITTEE ON HEALTH  
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January 3, 2012

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NAME

FIRM OR AGENCY AND ADDRESS

Angela Schulte	Occupy Raleigh 846 E Buckingham Ct Cary NC 27511
<del>R. David Skeff</del> Jeremy Gilchrist	Occupy Raleigh 1731 Quail Ridge Rd Raleigh NC 27609
	Occupy Raleigh 112 NC Hwy 54 Apt C1 Carrboro, NC 27510
MARGARET Schucker	Occupy Raleigh, Disability Rights NC Volunteer NAMI Member, mental health consumer 5212 BATHAM PLACE RALEIGH, NC 27609
Kurt Zehnder	Occupy Raleigh 11 N West St, Raleigh NC 27603
Vincent Van Dyke	Occupy Raleigh 11 N West St Raleigh NC 27603
Antonio Rahman	Occupy Raleigh 11 N. West St, Raleigh, NC 27603
Shawn Ridgway	Occupy Raleigh 11 N West St. Raleigh NC 27603
Joseph Love	Occupy Raleigh 11 N West St Raleigh, NC, 27603
Rohina Miah, MD	Occupy Raleigh 1009 South Street Raleigh NC 27603
Dee Puffering	Occupy Raleigh 197 Gay Dr Angier NC 27501

# VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON HEALTH  
AND HUMAN SERVICES

January 3, 2012

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Sidney B. Harr	Committee on Justice for Mike Nifong - Occupy Raleigh, P.O. Box 10153, Raleigh NC
Anne Johnson	Occupy Raleigh - Occupy Apex <sup>27605</sup> 103 Beech Hollow Pl, Apex, NC 27502
Paul Rivera	Occupy Raleigh
Jonathan C. Halperen	Occupy Raleigh, 2606 Wells Avenue Raleigh, NC 27603-1946 (personal address)
Lucy Schoff	NAMI NC
Alex Miller	KL6
Annaliese Holph	OR NC, Cov
Rod Thompson	Covenant w/ NC's Children
John Devlin	Governor's Office
Harry [unclear]	hwc
Annette Newkirk	NC CCC

# VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON HEALTH  
AND HUMAN SERVICES

January 3, 2012

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Chuck R. Stone	SEANC
TRACY COLUARD	AHWA
Barry S. Lee	R. Lee & Associates
John A. Young	APPCNC
John A. Young	MWC
Dean Plunkett	PS.
Karen Duquette	Cintas
Paul	Baker
Connie Wilson	NCOA
Ken Melton	K. M. A.
Bill Scott	DAVIDSON

## 1

January 3, 2012

**Date**

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

**FIRM OR AGENCY AND ADDRESS**

NCAP



**Minutes**  
**House Appropriations Subcommittee on Health and Human Services**  
**May 2, 2012**

The House Appropriations Subcommittee on Health and Human Services met in Room 643 of the Legislative Office Building on May 2, 2012. Co-Chairman Representative Justin Burr presided and called the meeting to order at 10:10 a.m.

The following members of the committee were present: Representatives Burr, Avila, Murry, Hollo, Current, Farmer-Butterfield, Insko, Parfitt and Jones.

Representative Burr introduced Representative Avila as the new Co-Chair. He announced that Representative Hurley is no longer serving as a member of the committee. He also introduced Sarah Riser, as a policy advisor.

Chairman Burr introduced the Sergeants at Arms and Pages. (See Attached.)

Representative introduced the new Secretary of Health and Human Services, Mr. Albert Delia.

Lisa Hollowell, Fiscal Research, went over the House budget schedule, general guidance and funding targets. (Attachment # 1)

Members asked questions of Lisa Hollowell about her presentation.

Representative Burr introduced Denise Thomas, Fiscal Research staff, to give an overview of the DHHS Budget and highlighted the budget from 2011-2013. (Attachment #2) A copy of all attachments are provided and made a part of the minutes.

Representative Insko asked for a summary of the last ten years of the Medicaid budget.

Chairman Burr asked Secretary Delia to make his presentation on the budget priorities. Secretary Delia outlined four main priorities:

- Medicaid rebates
- Implementation of the 1915-I waiver/ personal care
- Repayment of \$31 million of prior Medicaid over payments
- Mental Health system

Secretary Delia asked for questions and Chairman Burr asked when he expected the Governor's budget. The Secretary thought it would be very soon.

Representative Insko asked staff to provide information on the number of state hospital beds closed since 2001 and the number of local in-patient psychiatric beds added since 2001.

Secretary Delia expressed that this is an important issue and hopes to find ways to assist community hospitals to provide beds to alleviate the pressures.

Chairman Avila asked about the option open to the adjustments on the COLA from Social Security. Secretary Delia and Tara Larson from the Department addressed the adjustments to the eligibility requirements.

Representative Avila is concerned about the government formulas that are hurting people who are currently getting services.

Representative Farmer-Butterfield asked about mixed populations in adult care homes. Secretary Delia offered to go over the issue with the representative.

Representative Insko asked if they could adjust the spend down requirement to a lower amount. Tara Larson said that it was possible. Representative Insko asked that a small working group be appointed to address the issue.

The meeting then moved into committee discussion. Chairman Burr asked members what overall concerns they had and felt needed to be addressed in the budget process.

- Representative Murry was concerned about vendors being paid and pilot provisions on enhanced pharmacy services. He also mentioned Health and Wellness Trust funding math.

- Representative Hollo echoed Health and Wellness Trust Fund concerns and cuts on reimbursements to providers.

- Representative Current referenced a presentation by Erskine Bowles regarding the cost of health care.

- Representative Jones expressed concerns on local public health clinics and using them to take the burden off of emergency rooms. He is also concerned about being more family friendly in all approaches to care and be good stewards of the state and federal money.

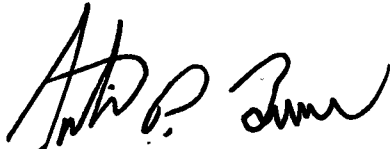
- Representative Farmer-Butterfield was concerned about people who are not getting support and services who need it and people who are getting it and do not need it. She expressed concern on issues of guardianship.

- Representative Insko wants to address early childhood issues, mental health housing and programs like SNAP and Meals On Wheels.

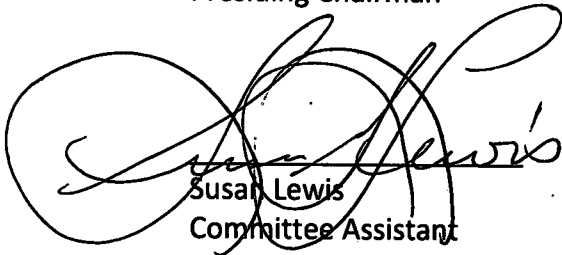
- Representative Parfitt has heard from her constituents about provider reimbursement issues, mental health issues, child abuse and advocacy and early childhood programs.
- Representative Avila had no additional comments.

Chairman Burr thanked members and adjourned the meeting at 11:05 a.m.

Respectfully submitted,



Justin P. Burr  
Presiding Chairman



Susan Lewis  
Committee Assistant

**Dina Long (Rep. Burr)**

---

**From:** Susan Lewis (Rep. Avila)  
**To:** Wednesday, April 18, 2012 4:33 PM  
@House/Appro/Sub on Health & Human Services  
**Subject:** <NCGA> Meeting Notice #2- Appropriations Subcommittee on Health and Human Services

**NORTH CAROLINA GENERAL ASSEMBLY**  
Raleigh, North Carolina 27601

**April 18, 2012**

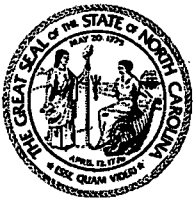
**MEMORANDUM**

**TO:** Members, Appropriations Subcommittee on Health and Human Services  
**FROM:** Co-Chairs Rep. Burr and Rep Avila  
**SUBJECT:** Meeting Notice #2

<b>DAY</b>	<b>DATE</b>	<b>TIME</b>	<b>ROOM</b>
Wednesday	May 2, 2012	10:00 am	643

Parking for non-legislative members of the committee/commission is available in the visitor parking deck #75 located on Salisbury Street across from the Legislative Office Building. Parking is also available in the parking lot across Jones Street from the State Library/Archives. You can view a map of downtown by visiting <http://www.ncleg.net/graphics/downtownmap.pdf>.

cc: Committee Record   X    
Interested Parties   X



## HOUSE APPROPRIATIONS SUBCOMMITTEE HEALTH AND HUMAN SERVICES

### AGENDA

May 2, 2012; 10:00AM

Legislative Office Building – Room 643

#### House

*Rep. Justin Burr, Co-chair*  
*Rep. Marilyn Avila, Co-chair*

*Rep. William Brisson, Vice Chair*  
*Rep. Mark Hollo, Vice Chair*  
*Rep. Tom Murry, Vice Chair*

*Rep. William Current*  
*Rep. Beverly Earle*  
*Rep. Jean Farmer-Butterfield*  
*Rep. Verla Insko*  
*Rep. Bert Jones*  
*Rep. Diane Parfitt*

*Rep. Justin Burr, Presiding*

#### Chairs' Comments

House Budget Schedule  
General Guidance  
Funding Target

*Lisa Hollowell, Fiscal Research Division (FRD)*

Overview of DHHS Budget  
Highlights of FY 2011-13 Budget

*Denise Thomas, FRD*

Budget Priorities

Albert A. Delia, Acting Secretary  
Department of Health and Human Services

Committee Discussion

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*Attachment 1*

**House Appropriations Subcommittee on Health and Human Services**

**Spending Target**

**FY 2012-13: \$ 4,392,302,749**

**General Guidance for All Subcommittees:**

- Subcommittees are expected to meet publicly; transparency is essential.
- Budget reductions should be recurring.
- Funding restorations may be considered but no expansion of current programs or services.
- Items funded in FY 2011-12 with non-recurring funds may be funded (non-recurring, at the same or lesser amounts) if funds are identified within the subcommittee spending target.
- Non-recurring reductions may not be used to fund recurring items.
- Funding of enrollment growth and building reserves will have to be managed within the subcommittee spending target.
- No special provisions that spend reversions.
- No fee increases.
- No substantive policy in special provisions.
- No increases in management flexibility reserves.
- Salaries and Benefits issues are the purview of the Full House Appropriations Chairs (i.e. salary schedules, bonuses and other forms of compensation).
- Capital Improvements (and Repairs and Renovations) and Information Technology are the purview of the Full House Appropriations Chairs.

**Health and Human Services Subcommittee:**

- Funds transferred (during FY 2011-12) as part of the Type I transfer of Environmental Health (from the Dept. of Environment and Natural Resources) are included in the subcommittee spending target.
- Additional Medicaid funds for growth and certain non-recurring liabilities are excluded from the spending target; funds will be held in reserve until further notice from the Full House Chairs.
- Resolve coordination and administrative issues around Medicaid appeals; ensure federal funds cost sharing; coordinate with General Government Subcommittee.
- Subcommittee is encouraged to continue funding of programs previously supported by the Health and Wellness Trust Fund.

# NC House Appropriations Committee Schedule – 2012 Session

<b>May</b>						
<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
		1	2	3	4	5
		Subcommittees Work Complete				
6	7	8	9	10	11	12
		LRC Meets	House Full Chairs Wrap-Up			
13	14	15	16	17	18	19
			Session Begins House Budget Bill 1 <sup>st</sup> Reading	House Appropriations Committee		
20	21	22	23	24	25	26
		House Budget Bill 2 <sup>nd</sup> Reading	House Budget Bill 3 <sup>rd</sup> Reading			
27	28	29	30	31		
	Memorial Day Holiday					
		Fiscal Research Division – House Budget Development Team				

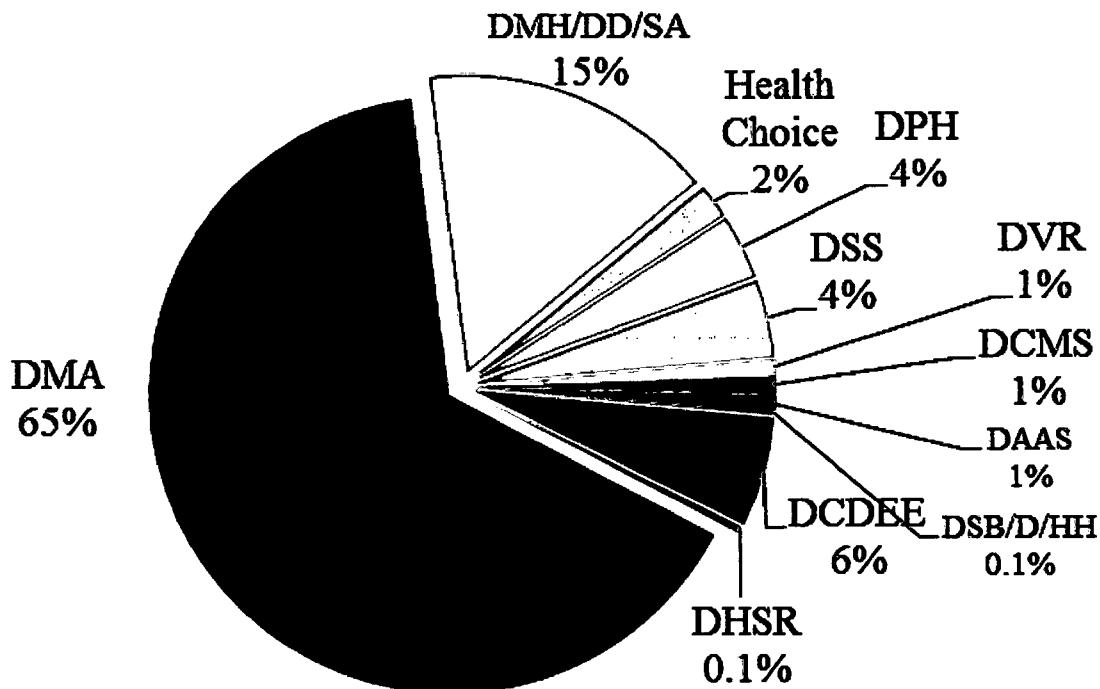
2012

House Appropriations Subcommittee  
for Health and Human Services  
Department of Health and Human Services Certified Budget

**DHHS Net General Fund Appropriation**

FY 2012-13

\$4,455.2 Million



Department of Health and Services Divisions	FY 2012-13 GF Appropriation
Central Management Services (DCMS)	\$44,577,987
Aging and Adult Services (DAAS)	\$37,019,667
Services for Blind, Deaf, and Hard of Hearing (DSB/D/HH)	\$8,372,886
Child Development and Early Education (DCDEE)	\$266,102,933
Health Service Regulation (DHSR)	\$16,133,031
Medical Assistance (DMA)	\$2,907,276,302
Mental Health, Developmental Disabilities, and Substance Abuse Services; State Operated Healthcare Facilities (DMH/DD/SA & DSOHF)	\$710,712,232
Health Choice	\$83,717,865
Public Health (DPH)	\$157,538,834
Social Services (DSS)	\$186,183,068
Vocational Rehabilitation (DVR)	\$37,528,128
Total	\$4,455,162,933

## VISITOR REGISTRATION SHEET

### APPROPRIATIONS -

Subcommittee on Health and Human Services

Name of Committee

Date

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

NAME

FIRM OR AGENCY AND ADDRESS

Harry Lloyd	MWC
Annette New Kirk	NCCCC
Patricia A. Gandy	APPCNC
Loe. Ann Hanes	LATTA
Abby Emanuelson	NMBS-NC
Anna Liese Dr/Ph	DRNC
Ho. Thompson	Concurrent
Kay Paksoy	NASW-NC
Anthony S. Lee	R. Lee & Assoc.
Alan Briggs	NC Food Banks
Chuck Stone	SE-ANC

# VISITOR REGISTRATION SHEET

## APPROPRIATIONS -

Subcommittee on Health and Human Services

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Peggie Porter	NC Dent Soc & NCPDA
Lisa Hargison	NCAIDS Action Network
Jimmy Broughton	Womble Carlyle
JOE LAUER	NELSON MULLINS
David Herman	NC Center for Nonprofits
Rob Baker	NC Friends of Midwives
Lisa Fawcett	
Allison Millsaps	Youth Villages
<del>Un</del>	<del>DHHS - DPA</del>
Gary Robertson	AP
Chris Fitzsimon	NE Policy Watch

# VISITOR REGISTRATION SHEET

## APPROPRIATIONS -

Subcommittee on Health and Human Services

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Peytz Mayman	82
Yvonne Copeland	NC Council of Comm Progs
Steve Gurn	DMA
Andrew Shafer	EHGR
Daniel Amburn	
Polly Williams	NC Coalition on Aging / Triangle Older Women's League
Mecca Trout	NCAAC
Dr. M. C. Hays	attn
Daniel Hill	TLR
Daphne Lynn	consultant
Elis Quick	Troutman Sanders

## VISITOR REGISTRATION SHEET

### APPROPRIATIONS -

Subcommittee on Health and Human Services

Name of Committee

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NAME

FIRM OR AGENCY AND ADDRESS

Heather Barnett	Williams Mullen
Bill Russon	Azyf
Meredith Swindle	The Policy Group
Maureen McNamee	Carolina Healthcare
Erica Nelson	NCHA
Karen Duggett	Citrus
Mara Wilding	Novant
Amy Whitel	NCHSd Soc.
Chip Killian	Nelson Mullen

~~\_\_\_\_\_~~

Subcommittee on Health and Human Services

**Name of Committee****Date**

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

**NAME****FIRM OR AGENCY AND ADDRESS**

ZEB ALLEY

NMRs



## MINUTES

### HOUSE APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES May 16, 2012

The House Appropriations Subcommittee on Health and Human Services met in Room 643 of the Legislative Office Building on May 16, 2012. Co-Chairman Avila presided and called the meeting to order at 1:00 p.m.

The following members were present; Chairs: Representatives Burr and Avila; Vice-Chairs, Representatives Murry and Hollo. House Members: Representatives Current, Earle, Farmer-Butterfield, Insko and Parfitt.

Co-Chairman Avila opened the meeting and welcomed all members and visitors, and introduced the Sergeant at Arms and Pages who would be assisting with the meeting. The Visitor's Registration Lists and presentations are attached and filed as a record to the minutes.

Co-Chairman Avila recognized Al Delia, Secretary of the Department of Health and Human Services (DHHS), to present the DHHS Budget as proposed by Governor Perdue. Secretary Delia presented highlights on the expansion and reduction items in **SFY 12-13 Budget Expansion as Proposed by the Governor** and **SFY 12-13 Budget Reductions as Proposed by the Governor** (*Attachment 1*). After concluding his presentation, Secretary Delia answered questions from members, along with the assistance of key staff in the divisions represented in the budget expansions and reductions.

Secretary Delia then started his presentation on special provisions. Recognizing that the committee members did not have printed information to study, Co-Chairman Avila requested this part of the presentation be delayed until materials could be printed.

Co-Chairman Avila then recognized Sherry Bradsher, Director of Division of Social Services, to report on block grants for Temporary Assistance for Needy Families, Social Services Block Grant and Child Care Development Fund outlined in **SFY 12-13 Plan for the TANF, SSBG and CCDF Block Grants** (*Attachment 2*). At the conclusion of her presentation, Co-Chairman Avila opened the floor for questions from members.

Co-Chairman Avila recognized Secretary Delia to continue his presentation of special provisions identified as substantive in terms of policy or implementation in **DHHS Key Special Provisions**

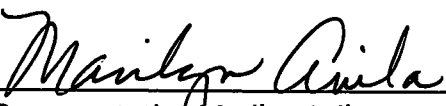
**for Discussion (Attachment 3).** Questions were asked by members at the end of each special provision Secretary Delia discussed, and answers were provided by Secretary Delia and specialized divisional staff members.

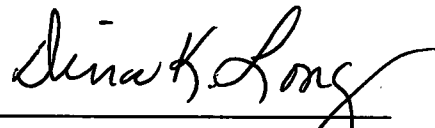
Representative Insko was recognized by Co-Chairman Avila to ask a question on procedure. She asked if bills were to be submitted for provisions. Co-Chairman Burr was called on to answer the question and he stated amendments will be accepted that fit into the category of special provisions.

Co-Chairman Avila recognized Co-Chairman Burr for closing remarks. He thanked Secretary Delia and divisional staff of the Department of Health and Human Services for presenting the Governor's Proposed Budget for DHHS. He announced that the meeting scheduled for the next day was cancelled and would be rescheduled at a later time. He stated that questions from members are welcomed to be discussed with the chairmen and help would be provided in making arrangements for amendments to be drafted.

Co-Chairman Avila closed the meeting by thanking everyone for their time spent on the issues and again stated that all questions are welcomed and should be referred to chairmen. There being no further business, Co-Chairman Avila adjourned the meeting at 3 p.m.

Respectfully submitted,

  
Representative Marilyn Avila  
Presiding Co-Chairman

  
Dina K. Long  
Committee Assistant

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE  
AND  
2011-2012 SESSION**

You are hereby notified that the Committee on **Appropriations Subcommittee on Health and Human Services** will meet as follows:

**DAY & DATE:** Wednesday, May 16, 2012

**TIME:** 1:00 p.m.

**LOCATION:** 643 LOB

**COMMENTS:** Presentation of the Governor's Proposed Budget  
for Department of Health and Human Services

Respectfully,  
Representative Avila, Chair  
Representative Burr, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at  
**5 PM o'clock on May 14, 2011.**

- ☐ Principal Clerk
- ☐ Reading Clerk – House Chamber

**Dina Long** (Committee Assistant)



## HOUSE APPROPRIATIONS SUBCOMMITTEE HEALTH AND HUMAN SERVICES

### AGENDA

May 16, 2012; 10:00AM

Legislative Office Building – Room 643

#### House

*Rep. Justin Burr, Co-chair*  
*Rep. Marilyn Avila, Co-chair*

*Rep. William Brisson, Vice Chair*  
*Rep. Mark Hollo, Vice Chair*  
*Rep. Tom Murry, Vice Chair*

*Rep. William Current*  
*Rep. Beverly Earle*  
*Rep. Jean Farmer-Butterfield*  
*Rep. Verla Insko*  
*Rep. Bert Jones*  
*Rep. Diane Parfitt*

*Rep. Marilyn Avila, Presiding*

Chairs' Comments

Presentation of Governor's Proposed Budget for  
Department of Health and Human Services

*Albert A. Delia, Acting Secretary*  
*Department of Health and Human Services*

Committee Discussion

# SFY 12-13 Budget Expansi is Proposed by the Governor

16/2012

Div.	Title	Reduction Description	Requirements	Receipts	Appropriations	RNR	FTE	Gov. Pg.#
<b>#1 - Invest in Early Childhood Education</b>								
DCD	Restore Funding for NC Pre-Kindergarten	This recommendation restores funding for the NC Pre-Kindergarten program, which the General Assembly reduced by 20 percent. These funds will be used by local communities across the state to increase the capacity of the state's early childhood education system.	\$ 25,000,000		\$ 25,000,000	R	5.00	96
DCD	Restore Funding for Smart Start	This recommendation restores funding for the Smart Start program, which the General Assembly reduced by 20 percent. These funds will be used by the North Carolina Partnership for Children to increase the capacity of the state's early childhood education system.	\$ 18,184,601		\$ 18,184,601	R		96
<b>Total</b>			<b>\$ 43,184,601</b>	<b>\$ -</b>	<b>\$ 43,184,601</b>		<b>5.00</b>	
<b>#2 - Fully Fund Medicaid</b>								
DMA	Medicaid Rebase Adjustment	This item rebases the Medicaid budget to adjust for changes in the number of recipients, utilization or consumption of services, changes in reimbursement for services where CMS sets the rate or reimbursement policy (i.e. Medicare Part A, B and D), Federally Qualified Health Centers and Hospice, and changes in the Federal Medicaid Assistance Percentage (FMAP).	\$ 109,435,319		\$ 109,435,319	R		103
DMA	Repayment of 2009 Federal Overdraw	The Governor recommends non-recurring funding to pay the remaining debt from the State's overdraw of federal Medicaid funds from the period October 1, 2008 through June 2009. This amount includes principal and interest for the final three payments due.	\$ 30,427,389		\$ 30,427,389	NR		107
DMA	Medicaid 1915 (i) Options - modifications of PCS Eligibility Policies	To maximize choice and ensure that citizens get quality care in the most appropriate setting, it is recommended that funding be provided to implement the Medicaid 1915(i) Option for Personal Care Services (PCS). Comparable services will be provided to individuals regardless of living arrangement. The provision of PCS will be based on diagnosis code and Activity of Daily Living (ADL) needs to ensure the most appropriate amounts of services are provided to individuals eligible for PCS.	\$ 44,706,782	\$ 29,260,589	\$ 15,446,193	R		107
<b>Total</b>			<b>\$ 184,569,490</b>	<b>\$ 29,260,589</b>	<b>\$ 155,308,901</b>		<b>0.00</b>	
<b>#3 - Build Local Mental Health Capacity</b>								
DMH	Increase Local In-Patient Bed Capacity	The Governor has a long standing commitment to building community mental health capacity so people can access services near their homes. Through the purchase of local in-patient beds, clients will be able to access services in their home community and receive better integration and continuity of care. In addition, local in-patient bed capacity will reduce the demand on state psychiatric facilities.	\$ 10,000,000		\$ 10,000,000	R		99
DMH	Enhance the Crisis Service System by Expanding the START Program	The Governor recommends funding to enhance the statewide crisis service system by expanding coverage of the START program, a specialized crisis intervention for individuals with intellectual/developmental disabilities that includes respite services. Funding will improve response times, avoid over-utilization of state facilities and reduce length of stay in hospital emergency rooms.	\$ 2,400,000	\$ 552,000	\$ 1,848,000	R		115
<b>Total</b>			<b>\$ 12,400,000</b>	<b>\$ 552,000</b>	<b>\$ 11,848,000</b>		<b>0.00</b>	
<b>#4 - Support Senior Citizens</b>								
DAAS	Provide Permanent Funding for Project Care (Caregiver Alternatives to Running on Empty) in 40 Counties	Project CARE is a nationally recognized best practice that supports families caring for persons with Alzheimer's and dementia. The Governor recommends recurring funds to sustain Project CARE for approximately 800 families in 40 counties. Services include counseling, training and educational resources and respite services. It is a cost effective alternative to institutional care.	\$ 555,555	\$ 55,555	\$ 500,000	R		94
DAAS	Pilot a New System for Adult Protective Services	Many North Carolinians 60 and older have been or are at-risk of abuse, neglect and exploitation. The Governor recommends funding to support a three year pilot of the Vulnerable Adult Protective Services System. The system will expand the target population identified in G.S. 108A. Further, the system will provide a broader array of services and preventative role of local Division of Social Services offices. The system will be piloted by 6 counties selected through a request for proposal (RFP) process. The request includes 1 FTE to revise administrative rules and develop competency based training, community education programs and a data collection system.	\$ 2,375,649		\$ 2,375,649	R	1.00	94
DAAS	Reduce (1,500) the Waiting List for Home and Community Care Block Grant	One of the Governor's top priorities is helping seniors to delay or avoid institutional care and live independently in their communities. That is why the Governor recommends funding for the Home and Community Care Block Grant. Services are authorized by the county commissioners and typically include nutrition and in-home care. The funds will reduce the estimated wait list of 18,000 by 1,500.	\$ 2,222,222	\$ 222,222	\$ 2,000,000	R		95
<b>Total</b>			<b>\$ 5,153,426</b>	<b>\$ 277,777</b>	<b>\$ 4,875,649</b>		<b>1.00</b>	

Attachment 1

# SFY 12-13 Budget Expansion as Proposed by the Governor

5/16/2012

Div.	Title	Reduction Description	Requirements	Receipts	Appropriations	RWR	FTE	Gov. Pg.#
<b>#5 - Continue Health and Wellness Initiatives</b>								
DPH	Tobacco Prevention and Cessation	This recommendation provides funding to continue tobacco prevention and cessation efforts that were previously supported by the Health and Wellness Trust Fund, including the TRU media campaign, community-based TRUgrants and Quitline. Funding to support these efforts for state fiscal year 2011-12 was provided on a one-time basis.	\$ 10,000,000		\$ 10,000,000	R	4.00	115
ORH	Medication Assistance Program	This recommendation provides funding to continue Medication Assistance Program (MAP) grants to 59 sites across the state. Funding to support MAP for state fiscal year 2011-12 was provided on a one-time basis from the former Health and Wellness Trust Fund allocation.	\$ 1,704,033		\$ 1,704,033	R		92
ORH	CheckMeds NC	This recommendation provides funding to continue the CheckMeds NC program. Funding to support CheckMeds for state fiscal year 2011-12 was provided on a one-time basis from the former Health and Wellness Trust Fund allocation.	\$ 1,695,379		\$ 1,695,379	R	1.00	92
<b>Total</b>			<b>\$ 13,399,412</b>	<b>\$ -</b>	<b>\$ 13,399,412</b>		<b>5.00</b>	
<b>#6 - Support Critical State Infrastructure</b>								
DMH	New Cherry Hospital	Authorized by Session Law 2006-66, the new Cherry Hospital in Goldsboro will provide psychiatric care for residents of the state's 38 eastern counties beginning April 1, 2013. This request will fully staff the hospital's expanded bed capacity, which will increase by 124 to 314 beds. The annualized costs will be \$13.1 million (state appropriation).	\$ 6,249,637	\$ 2,953,578	\$ 3,296,059		373.10	115
			\$ 335,410	\$ 158,515	\$ 176,895	NR		
DPH	New State Public Health Lab and Office of Chief Medical Examiner	This recommendation provided operating funds and positions for the new State Public Health Lab and Office of Chief Medical Examiner facility. Ten months is budgeted for state fiscal year 2012-13 because the facility will not be fully operational until September 2012.	\$ 1,155,666		\$ 1,155,666	R	12.00	99
DPH	Restore Regional Offices (GA Justification Review)	This recommendation restores funds to Environmental Health regional offices on a recurring basis. This program was subject to justification review by General Assembly's Fiscal Research Division in FY 2011-12.	\$ 221,109		\$ 221,109	R	3.00	99
DIRM	Restore Division of Information Resource Management Contracts (GA)	This recommendation restores funds for the Division of Information Resource's contracts on a recurring basis. This program was subject to continuation review by the department per the direction of the General Assembly.	\$ 5,599,390		\$ 5,599,390	R		92
DHSR	Replace Receipts for Nursing Home Licensure and Certification	This recommendation provides funds to replace lost receipts from civil fines and penalties assessed against nursing homes. New federal regulations and guidance no longer allow these funds to be used for state positions. As the receipts were being utilized on a non-recurring basis, the replacement funding is on a non-recurring basis.		\$ (1,792,559)	\$ 1,792,559	NR		117
<b>Total</b>			<b>\$ 13,561,212</b>	<b>\$ 1,319,534</b>	<b>\$ 12,241,678</b>		<b>388.10</b>	
<b>#7 - Other</b>								
CMS	Support Non-Profit Organizations	This recommendation provides non-recurring funding for the non-profit organizations that were previously supported through federal funds. Due to a reduction in federal block grant availability, federal support is no longer available. The following organizations will receive funding: Boys and Girls Club - \$2,500,000, Maternity Homes - \$943,002, Children's Advocacy Centers - \$375,000, ALS Association Jim "Catfish" Hunter Chapter - \$400,000, Easter Seal Society/UCP NC - \$188,263, Prevent Blindness - \$150,000, NC Inter-Agency Council for Coordinating Homeless Programs - \$250,000 and Food Banks - \$3,773,001.	\$ 8,579,266		\$ 8,579,266	NR		92
DPH	High Risk Pregnancy Program at East Carolina School of Medicine	This recommendation provides funding to support the operation of a high-risk maternity clinic to improve the birth outcomes of women in eastern North Carolina.	\$ 350,000		\$ 350,000	R		99
DHSR	Study to Analyze/Develop Transparency in Hospital Billing	The Governor, recognizing the complexity of the current hospital billing, recommends that the North Carolina Institute of Medicine (NCIOM) study, analyze, and develop recommendations for greater transparency in hospital billing that will lead to better patient understanding of health care costs.	\$ 100,000		\$ 100,000	NR		117
<b>Total</b>			<b>\$ 9,029,266</b>	<b>\$ -</b>	<b>\$ 9,029,266</b>		<b>0.00</b>	
<b>DHHS Expansion Totals</b>								
<b>Net Adjustments</b>			<b>\$ 281,297,407</b>	<b>\$ 31,409,900</b>	<b>\$ 249,887,507</b>		<b>399.10</b>	
<b>Recurring</b>			<b>\$ 241,855,342</b>	<b>\$ 33,043,944</b>	<b>\$ 208,811,398</b>			
<b>Non-recurr</b>			<b>\$ 39,442,065</b>	<b>\$ (1,634,044)</b>	<b>\$ 41,076,109</b>			

# SFY 12-13 Budget Reductions as Proposed by the Governor

1/16/2012

Div.	Title	Reduction Description	Requirements	Receipts	Appropriations	RNR	FTE	Gov. Pg.#
<b>#1 - Continue Efforts to Cut Down on Waste Fraud and Abuse in the Medicaid Program</b>								
DMA	Provider Fraud, Waste and Abuse Detection and Prevention	As part of the Governor's aggressive efforts to crack down on fraud, waste and abuse, savings are achieved through continued and enhanced Program Integrity activities that will identify providers who fraudulently provide or bill for Medicaid services. Stricter federal guidelines for enrollment of providers, along with additional screening of initial applications for enrollment, will avoid costs. Providers who meet certain criteria will undergo prepayment reviews prior to submitting claims, resulting in less fraudulent and erroneous claims.	\$ (7,385,075)	\$ (4,833,531)	\$ (2,551,544)	R		104
DMA	Recipient Fraud, Waste and Abuse Detection and Prevention	As part of the Governor's aggressive efforts to crack down on fraud, waste and abuse, savings are achieved through continued and enhanced Program Integrity activities including new enrollment procedures that electronically verify financial information from bank, credit unions and other financial institutions where the recipient has or may have accounts.	\$ (3,991,011)	\$ (2,766,617)	\$ (1,224,394)	R		104
DMA	SmartCard Technology	As part of the Governor's aggressive efforts to crack down on fraud, waste and abuse, it is recommended that paper Medicaid cards be replaced with SmartCards that include photographs and other enabling technology to ensure that only individuals eligible for Medicaid receive Medicaid services. The Smartcard will allow authentication that the person presenting the Medicaid card is the recipient, while ensuring secure communications and data storage throughout the authentication process.	\$ (14,471,780)	\$ (9,471,780)	\$ (5,000,000)	R		104
DMA	VA Benefits Verification	Savings will be achieved by ensuring that individuals who are eligible for VA benefits receive them from the Veteran's Administration. Medicaid will continue to cover appropriate medical services that the VA does not cover.	\$ (2,894,356)	\$ (1,894,356)	\$ (1,000,000)	R		104
<b>Total</b>			<b>\$ (28,742,222)</b>	<b>\$ (18,966,284)</b>	<b>\$ (9,775,938)</b>		-	
<b>#2 - Medicaid Cost Containment Initiatives</b>								
DMA	Change Payments for Certain Services from a Fee for Service to a All Inclusive or Fixed Rate	In order to modernize how providers are paid and improve care for recipients, fee for service payment rates for several services will be converted to all inclusive or fixed rates for episodes of care. Payments will be for a period of time or a diagnosis rather than fee for service payments.	\$ (5,644,935)	\$ (3,668,299)	\$ (1,976,636)	R		105
DMA-HC			\$ (90,366)	\$ (68,407)	\$ (21,959)	R		110
DMA	Modify Private Duty Nursing Rate to Differentiate Between RPNs and LPNs	The Private Duty Nursing payment rates will be adjusted to reflect a different rate for Registered Nurses and Licensed Practical Nurses.	\$ (3,413,861)	\$ (2,208,061)	\$ (1,205,800)	R		105
DMA-HC			\$ (414,288)	\$ (313,616)	\$ (100,672)	R		110
DMA	Expand Capitation of High Tech Imaging	This recommendation expands the capitation program for high tech imaging and ultra sounds to include outpatient cardiac imaging services in order to avoid unnecessary utilization of these services.	\$ (4,795,140)	\$ (3,138,419)	\$ (1,656,721)	R		105
DMA	Maintain 2012 Effective Rate Reduction (2.67%)	This recommendation maintains the current rate reduction that was implemented in the fall of SFY 11-12 in order to achieve the targeted savings equal to a 2% rate reduction for the entire state fiscal year.	\$ (38,463,923)	\$ (25,174,638)	\$ (13,289,285)	R		106
DMA-HC			\$ (2,855,782)	\$ (2,161,827)	\$ (693,955)	R		110
DMA	Pharmacy Improvements (expand Participation in 340B and add specialty pharmacy for hemophilia drugs).	Savings will be achieved through the implementation of a specialty pharmacy for hemophilia drugs. Additional savings will come from increased use by facilities of a federal drug pricing program known as the 340B pricing program that allows clinics and other facilities to purchase prescription drugs at a reduced cost.	\$ (3,975,046)	\$ (2,583,140)	\$ (1,391,906)	R		105
DMA-HC			\$ (73,811)	\$ (55,875)	\$ (17,936)	R		110
DMA	Adjust for Anticipated Federal CHIPRA Bonus (NR)	In SFY 2011-12, the state earned a bonus from the Center of Medicare and Medicaid Services (CMS) for its efforts to keep children healthy by providing continued coverage for children in Health Choice and Medicaid as a result of implementing measures that reduce the administrative burden on families enrolling children in these programs. The Governor fully expects the Division of medical Assistance to receive this bonus again. The amount is contingent on enrollment growth and the number of states that qualify for the bonus.		\$ 14,000,000	\$ (14,000,000)	NR		106
<b>Total</b>			<b>\$ (59,727,152)</b>	<b>\$ (25,372,282)</b>	<b>\$ (34,354,870)</b>		-	
<b>#3 - Medicaid Improved Patient Care</b>								
DMA	CCNC Initiative to Manage Home Health Services	Continuing the Governor's emphasis on the medical home model for improved care, CCNC will implement in their networks an initiative to manage home health services that ensures the provision of medically appropriate services, thereby resulting in better care for recipients and cost savings.	\$ (12,895,680)	\$ (8,440,223)	\$ (4,455,457)	R		106
DMA-HC			\$ (196,835)	\$ (149,004)	\$ (47,831)	R		110
<b>Total</b>			<b>\$ (13,092,515)</b>	<b>\$ (8,589,227)</b>	<b>\$ (4,503,288)</b>		-	

# SFY 12-13 Budget Reductions as Proposed by the Governor

5/16/2012

Div.	Title	Reduction Description	Requirements	Receipts	Appropriations	RNR	FTE	Gov. Pg.#
<b>#4 - Administrative Efficiencies</b>								
CMS	ITS Rate Reduction	This recommendation reduces funds for ITS services due to a rate reduction for computer data processing charges.	\$ (1,886,862)	\$ (839,113)	\$ (1,047,749)	R		91
DHHS	Department Wide Administrative Efficiencies (Consolidation, Reorganization, Elimination of Vacant Positions, etc.)	This recommendation reduces the Department of Health and Human Services budget due to consolidation of DHHS offices, expired contracts, elimination of seat management funds, elimination of positions that have been vacant for two years or more and reorganizations. This reduction reserve will be established within the Division of Central Management and Support, but the efficiencies apply to all divisions of the Department.	\$ (2,765,795)		\$ (2,765,795)	R	(27.84)	91
DPH	Reduce Contract Funds Based Upon Historical Spending Levels	This recommendation reduces contractual funds that have been unobligated or unspent within the Division of Public Health.	\$ (600,000)		\$ (600,000)	R		98
DMH	Local Management Entities Administrative Savings Due to Transition to Managed Care Organizations	The transition of Local Managed Entities (LME) to Managed Care Organizations (MCO) will be accompanied by a change in methodology in determining a LME/MCO's administrative budget. The administrative budget will no longer be based on population, but rather a percentage of the LME/MCO's community services dollars and will include a risk reserve. The change in methodology will produce an administrative savings. The recommendation will not reduce service availability.	\$ (14,908,658)	\$ (6,410,723)	\$ (8,497,935)	R		114
DPH	Eliminate Funding for Local Health Department Accreditation in Lieu of Federal Model	This recommendation eliminates a contract with the University of North Carolina's Institute for Public Health. State-based accreditation efforts duplicate a national program that is available for local health departments to pursue accreditation.	\$ (300,000)		\$ (300,000)	R		98
<b>Total</b>			<b>\$ (20,461,315)</b>	<b>\$ (7,249,836)</b>	<b>\$ (13,211,479)</b>		<b>(27.84)</b>	
<b>#5 - Refinance Services to Receipts</b>								
CMS	Increase in Federal Participation for the Office of Public Affairs	This recommendation replaces state appropriation due to the implementation of a cost-allocation plan for the Office of Public Affairs. These offices currently have no cost allocation plan in place.		\$ 544,000	\$ (544,000)	R		91
DHH	Increase Telecommunications Relay Trust Fund Participation for Deaf and Hard of Hearing Administration	The Division for the Deaf and Hard of Hearing (DHH) and its 7 regional resource centers provide services to promote effective communication of deaf, hard of hearing and deaf-blind clients. The division's programs and services and most of its administrative costs are funded through the Telecommunications Relay Trust Fund. This recommendation would fully fund administration through the trust fund.		\$ 168,336	\$ (168,336)	R		112
<b>Total</b>			<b>\$ -</b>	<b>\$ 712,336</b>	<b>\$ (712,336)</b>		<b>-</b>	
<b>#6 - Technical Adjustments</b>								
DSS	Adjust Adoption Vendor Payment Funding to Reflect Impact of Policy Changes	Savings are achieved through changes in policy and better oversight of the vendor payment program, which ensures that appropriate non-medical, non-Medicaid reimbursable goods or services, such as special camps and tutoring, are provided for special needs adoptive children. This reduction does not result in any reduction to appropriate services for special needs adoptive children.	\$ (2,700,866)	\$ (675,217)	\$ (2,025,649)	R		101
DSS	Adjust Foster Care Funding to Reflect Projected Caseloads	Recently implemented changes in the Foster Care Program emphasizing in-home services and reunification with families and relatives have resulted in a reduction in the foster care caseload. In addition, changes in the placement cost for high need foster care children has resulted in budget savings. All children who need foster care will be served.	\$ (10,771,469)	\$ (4,097,117)	\$ (6,674,352)	R		101
DSS	Increase in Federal Participation for IV-E Child Welfare Services	Savings are achieved through the change in Federal Medical Assistance Percentage from 65.28% to 65.51%, effective October 1, 2012.		\$ 379,116	\$ (379,116)	R		101
DMA-HC	Health Choice Rebase and Increase in Federal Participation	This recommendation rebases the Health Choice budget to adjust for changes in the number of recipients, the utilization or consumption of services, and changes in the Federal Medicaid Assistance Percentage (FMAP). The policy of open enrollment will continue in FY 12-13, with the expectation that all eligible children will be served, and it is projected that enrollment will increase approximately 5.5% to approximately 153,000 children.	\$ (11,107,695)	\$ (9,187,991)	\$ (1,919,704)	R		109
<b>Total</b>			<b>\$ (24,580,030)</b>	<b>\$ (13,581,209)</b>	<b>\$ (10,998,821)</b>		<b>-</b>	
<b>DHHS Total Reductions</b>								
<b>Net Adjustments</b>			<b>\$ (146,603,234)</b>	<b>\$ (73,046,502)</b>	<b>\$ (73,556,732)</b>		<b>(27.84)</b>	
<b>Recurring</b>			<b>\$ (146,603,234)</b>	<b>\$ (87,046,502)</b>	<b>\$ (59,556,732)</b>			
<b>Non-recurring</b>			<b>\$ -</b>	<b>\$ 14,000,000</b>	<b>\$ (14,000,000)</b>			
<b>DHHS Total Adjustments (Expansion and Reductions)</b>								
<b>Net Adjustments</b>			<b>\$ 134,694,173</b>	<b>\$ (41,636,603)</b>	<b>\$ 176,330,776</b>		<b>371.26</b>	
<b>Recurring</b>			<b>\$ 95,252,108</b>	<b>\$ (54,002,558)</b>	<b>\$ 149,254,666</b>			
<b>Non-recurring</b>			<b>\$ 39,442,065</b>	<b>\$ 12,365,956</b>	<b>\$ 27,076,110</b>			

SFY 12-13 Plan for the TANF, SSBG and CCDF Block Grants

DHHS Administration  
Child Welfare Collaborative  
Division of Social Services  
Office of the Secretary  
NC FAST

Transfer to SSBG - Child Welfare Training  
in Counties  
Adult Care Licensure Program  
Mental Health Licensure and Certification  
Program  
Division of Aging and Adult Services  
Office of the Secretary\Controllor's Office  
Office of the Secretary\DIRM  
Division of Child Development  
Division of Mental Health, DD, SAS  
Division of Health Services Regulation

DHHS Administration Totals

Teen Pregnancy Initiatives  
Teen Pregnancy Prevention Initiatives  
Teen Pregnancy Initiatives  
Teen Pregnancy Prevention Initiative  
To

Adoption Services – Special Children's  
Adoption Fund

Funding to Non-Profits

Work First - Boys and Girls Club  
Maternity Homes  
Children's Advocacy Centers  
ALS Association Jim "Catfish" Hunter  
Chapter  
Voc. Rehab. Services - Easter Seal  
Society/UCP NC  
Food Banks  
Prevent Blindness  
NC Inter-Agency Council for Coord.  
Homeless Programs

Funding to Non-Profit Totals

HIVSTD Prevention

Child Care Quality Activities

Subsidized Employment

Totals

TANFTANF Contingency			SSBG			CCDF		
Item #	SFY 12-13 Proposed Funding	Change in Funding from SFY 11-12	Item #	SFY 12-13 Proposed Funding	Change in Funding from SFY 11-12	Item #	SFY 12-13 Proposed Funding	Change in Funding from SFY 11-12
6	\$632,416							
9	\$2,482,260		17	\$892,624				
11	\$34,042		23	\$48,053				
		(\$630,683)						
13	\$1,300,000		8					
			14	\$411,897				
			15	\$205,668				
			16	\$688,436				
			18	\$138,058				
			19	\$87,483		7	\$774,317	
			20	\$15,000		6	\$6,539,277	
			21	\$29,665				
			22	\$235,625				
	\$4,448,718	(\$630,683)		\$2,752,509			\$7,313,594	
7	\$2,096,550	(\$403,450)						
8	\$377,379	(\$72,621)						
	\$2,473,929	(\$476,071)						
4	\$2,026,877	(\$1,582,478)						
		(\$2,500,000)						
		(\$943,002)						
					(\$375,000)			
					(\$400,000)			
					(\$150,000)			
					(\$3,773,001)			
					(\$188,263)			
					(\$250,000)			
		(\$3,443,002)			(\$5,136,264)			
			24	\$145,819				
						4	\$26,484,816	\$536,382
		(\$6,114,959)						
	\$321,596,275	(\$37,576,986)		\$57,769,173	\$441,360		\$206,853,499	(\$4,221,421)

Totals				Notes
SFY 12-13 Proposed Funding	% of Total Funding	Change in Funding from SFY 11-12	Change in Funding (%)	
\$632,416				
\$3,374,884				
\$82,095				
		(\$630,683)		Reduced to amount needed due to revised Cost Allocation Plan within NC Fast
\$1,300,000				
\$411,897				
\$205,668				
\$688,436				
\$138,058				
\$861,800				
\$6,554,277				
\$29,665				
\$235,625				
\$14,514,821	2.5%	(\$630,683)	-4.2%	
\$2,096,550		(\$403,450)		Non-Core to work participation rates. Service levels would be reduced.
\$377,379		(\$72,621)		
\$2,473,929	0.4%	(\$476,071)	-16.1%	
\$2,026,877	0.3%	(\$1,582,478)	-43.8%	Reduced by non-recurring funding within the adoption incentive fund. The amount of this reduction was moved to the WF County Block Grant.
		(\$2,500,000)		Funding for non-profit activities is eliminated. While non-profit agencies provide valuable services, funding reductions in TANF will limit our ability to fund non-core activities (i.e. activities which do not directly support work participation rates). Failure to meet work participation rates may result in future reductions to TANF funding awards. The Governor proposes funding these with State Appropriations for SFY 12-13.
		(\$943,002)		
		(\$375,000)		
		(\$400,000)		
		(\$150,000)		
		(\$3,773,001)		
		(\$188,263)		
		(\$250,000)		
		(\$8,579,266)	-100.0%	
\$145,819	0.0%			
\$26,484,816	4.5%	\$536,382	2.1%	Increase in available funding due to an increase carry forward funding.
		(\$6,114,959)	-100.0%	Program has ended.
\$586,218,947	100.0%	(\$41,357,047)	-6.6%	

## SFY 12-13 Plan for the TANF, SSBG and CCDF Block Grants

## TANF Funding Availability - SFY 12-13

12-13 TANF Funding	\$302,239,600
Carry Forward (SFY 10-11 Dept. Availability)	\$ 5,319,349
Carry Forward (SFY 11-12 CC Subsidy)	\$ 9,000,000
TANF Contingency (FFY 12)	\$ 5,037,326
<b>New Total</b>	<b>\$321,596,275</b>

## Special Considerations:

- 1) Funding for cash assistance is maintained at SFY 11-12 projected spending levels.  
 2) 76% of TANF funding received by counties through the Work First County Block Grant supports Child Welfare\Protective Services social workers. In addition, 21% of these funds support work activities in order to meet the federally required participation rates for TANF.  
 3) While non-profit agencies previously funded with TANF and SSBG provide valuable services, reductions in TANF may limit our ability to fund these non-core activities going forward. **The Governor has proposed state expansion funding to support these activities in her SFY 12-13 budget.**

	TANF/TANF Contingency			SSBG			CCDF			Totals				Notes
	Item #	SFY 12-13 Proposed Funding	Change in Funding from SFY 11-12	Item #	SFY 12-13 Proposed Funding	Change in Funding from SFY 11-12	Item #	SFY 12-13 Proposed Funding	Change in Funding from SFY 11-12	SFY 12-13 Proposed Funding	% of Total Funding	Change in Funding from SFY 11-12	Change in Funding (%)	
<b>Client Benefits - Cash Assistance</b>	1	\$66,708,623	(\$1,067,777)							\$66,708,623	11.4%	(\$1,067,777)	-1.6%	Includes \$5,037,326 in TANF Contingency funding.
<b>Client Benefits - Subsidized Child Care</b>														
Subsidized Child Care Program	8	\$60,014,626	(\$7,425,095)				1	\$156,179,888	(\$1,825,072)	\$216,194,514		(\$9,250,167)		Includes \$8.6M reduction in subsidized child care services funding due to reductions in TANF and CCDF funding availability. Based upon current spending levels for children currently in care (excluding children being served with one-time vouchers), this reduction will not impact services to children who are currently being served.
Transfer to the CCDF	12	\$79,437,674					3			\$79,437,674				
Electronic Tracking System							2	\$4,000,000	\$663,655	\$4,000,000		\$663,655		
<b>Subsidized Child Care Totals</b>		<b>\$139,452,300</b>	<b>(\$7,425,095)</b>					<b>\$160,179,888</b>	<b>(\$1,161,417)</b>	<b>\$299,632,188</b>	<b>51.1%</b>	<b>(\$8,586,512)</b>	<b>-2.8%</b>	
<b>Client Benefits - Foster Care Services</b>			(\$650,829)			(\$2,147,967)						(\$2,798,796)	-100.0%	Based upon current and anticipated service levels for SFY 12-13, this reduction can be taken with no impact to services.
<b>Client Benefits - Home and Community Block Grant</b>				9	\$1,834,077					\$1,834,077	0.3%			
<b>Client Benefits - MH/DD/SAS</b>				10	\$4,356,604	(\$4,300,000)				\$4,356,604	0.7%	(\$4,300,000)		Guardianship responsibility transfer from LME's to County OSS's.
<b>Client Benefits - Services for the Blind</b>														
Independent Living Program				12	\$3,633,077					\$3,633,077				
Accessible Electronic Info. for Blind and Disabled Persons				13	\$75,000					\$75,000				
<b>Client Benefits - Services for the Blind Totals</b>					<b>\$3,708,077</b>					<b>\$3,708,077</b>	<b>0.6%</b>			
<b>Local DSS Funding</b>														
Work First County Block Grants	2	\$83,386,330	(\$11,066,985)							\$83,386,330		(\$11,066,985)		The actual reduction to DSS funding is \$11M, however this reduction is mitigated by the transfer of funds from Mental Health to the local DSS's to fund the shift in guardianship responsibilities. This also reflected in the reduction percentage. TANF - Reduced due to fund availability. SSBG - Funds have increased to compensate for the loss of TANF to SSBG Children's services, In addition, funding has been increased due to transfer of guardianship responsibilities from LME's to county DSS's. CCDF - Child care county administration funding is being realigned to the TANF county block grant in order to increase flexibility in their use of available county administration funds. The share of subsidized child care funding available for services support is reduced from 4% to 3% of allocated funding.
Work First Electing Counties	3	\$2,378,213								\$2,378,213				
Child Protective Services	5	\$11,533,284	(\$2,919,107)							\$11,533,284		(\$2,919,107)		
Transfer to SSBG for Child Protective	14	\$5,040,000		2						\$5,040,000				
Transfer to SSBG for County Departments	15	\$4,148,001								\$4,148,001				
County Departments of Social Services				1	\$38,012,251	\$11,871,469	5	\$12,875,201	(\$3,596,386)	\$50,887,452		\$8,275,083		
Adult Protective Services				3	\$1,346,047	\$154,122				\$1,346,047		\$154,122		
State In-Home Services Fund				4	\$2,101,113					\$2,101,113				
State Adult Day Care Fund				5	\$2,155,301					\$2,155,301				
Child Protective Services /CPS				6	\$609,455					\$609,455				
Special Assistance Adoption Fund				7	\$500,000					\$500,000				
UNC-CARES Training Contract				11	\$247,920					\$247,920				
Family Violence Prevention			(\$2,200,000)									(\$2,200,000)		
<b>Local DSS Totals</b>		<b>\$106,485,828</b>	<b>(\$16,186,092)</b>		<b>\$44,972,087</b>	<b>\$12,025,591</b>		<b>\$12,875,201</b>	<b>(\$3,596,386)</b>	<b>\$164,333,116</b>	<b>28.0%</b>	<b>(\$7,756,887)</b>	<b>-7.0%</b>	



**DHHS Key Special Provisions for Discussion  
May 16, 2012**

**AIDS DRUG ASSISTANCE PROGRAM PILOT**

**SECTION 10.3.** The Department of Health and Human Services shall establish a pilot with Inclusive Health, the state and federal Pre-existing Conditions Insurance Program (PCIP) contract holder in North Carolina, to: (1) determine cost savings to the AIDS Drug Assistance Program (ADAP) through the enrollment of ADAP clients in a PCIP; and (2) inform the Department of best practices to guide its efforts when transitioning clients to Medicaid as they become eligible.

The Department shall establish policy for the pilot. The pilot may include up to three HIV/AIDS Care provider agencies serving the highest number of ADAP enrolled clients and the pilot shall not exceed 10% of the total ADAP enrolled clients. The pilot is effective January 1, 2013 through December 31, 2013. The Department shall obtain actuarial services to ensure the cost neutrality of enrolling ADAP clients prior to the pilot start date. The Department shall only enroll clients to the point where the pilot will be cost-neutral or cost savings will be achieved. If cost neutrality or savings are not projected, the pilot shall not commence. No additional state funding is appropriated to support the pilot project and in implementing it, the Division of Public Health must manage the pilot population along with the ADAP clients to ensure program expenditures do not exceed appropriated funding.

The Department may contract with an outside vendor to evaluate the pilot, and report no later than April 1, 2014 to the Joint Legislative Oversight Committee on Health and Human Services on the results of the pilot. The report shall include:

- (1) Number of ADAP enrolled clients participating in the pilot;
- (2) Cost analysis for the pilot program (cost of clients receiving PCIP services compared to cost of these clients continuing to receive ADAP only services);
- (3) Feedback from pilot participants;
- (4) Best practices identified; and
- (5) Improved health outcomes.

**MEDICAID PERSONAL ASSISTANCE SERVICES WAIVER FOR ASSISTED LIVING**

**SECTION 10.7.(a)** To achieve comparability of services across settings, the Department of Health and Human Services, Division of Medical Assistance (Division), shall develop, seek CMS approval and implement a home- and community-based services program under Medicaid State Plan 1915(i) authority in order to continue Medicaid funding of personal care assistance services to individuals living in adult care homes. Providers who do not accept reimbursement for residents' personal care assistance services through Medicaid or do not accept reimbursement through the State-County Special Assistance

program shall not be subject to the provisions, requirements, or conditions of the Medicaid waiver pursuant to this section.

**SECTION 10.7.(b)** The Division shall implement the program upon approval of the application by the Centers for Medicare and Medicaid Services, with an implementation date of January 1, 2013.

**SECTION 10.7.(c)** ~~On or before April 1, 2012, the Division shall provide a report on the status of approval and implementation of the program to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.~~

**SECTION 10.7.(d)** Notwithstanding any other provision of this act or other State law or rule to the contrary:

(1) Personal assistance services (PAS) shall be defined as assistance with activities of daily living (ADLs) and instrumental activities of daily living (IADLs).

- a. ADLs are defined as bathing, dressing, mobility, toileting, and eating.
- b. IADLs are defined as meal preparation and medication management. Home management IADLs may be provided that directly relate to the individual's qualifying ADLs.
- c. Essential errands that are critical to maintaining the health and welfare of the recipient may be approved on a case-by-case basis through independent assessment when there is no family member, other individual, program or service available to meet this need. Approval, including the amount of time required to perform this task, shall be documented on the recipient's assessment form and plan of care.
- d. Services shall be provided in a manner that supplements rather than supplants family roles and responsibilities.
- e. Services shall be authorized in amounts based on assessed need of each recipient, taking into account care and services provided by the family, other public and private agencies, and other informal caregivers who may be available to assist the family. All available resources shall be utilized fully, and services provided by such agencies and individuals shall be disclosed to the DMA independent assessor.
- f. Services shall be directly related to the assistance and related tasks to complete each qualifying ADL and IADL in accordance with the independent assessment and plan of care.
- g. Services shall not include household chores not directly related to the qualifying ADLs, nonmedical transportation, financial management.

(2) Personal assistance services shall be provided to three target populations:

- a. Individuals with physical disabilities:
  - i. Medicaid recipients of all ages with a documented medical condition or physical disability (diagnosis) that a physician

- attests limits the person's ability to independently perform ADLs.
- b. Adults with a diagnosis of mental illness (MI), mental retardation/developmental disability (MR/DD), or cognitive impairment:
    - i. Medicaid recipients age 18 or older with a documented MI, MR/DD or dementia diagnosis that a physician attests limits a person's ability to independently perform ADLs.
    - ii. Must require 24-hour caregiver availability as attested by a physician.
  - c. Elderly individuals with functional disabilities:
    - i. Medicaid recipients 65 years of age or older with physician-documented limitations in functional abilities and risk of falls, malnutrition, skin breakdown, or complications from medication non-compliance.
  - d. The recipient shall be seen by his or her primary or attending physician, who shall provide written authorization for referral for the service and written attestation to the medical necessity for the service.
  - e. All assessments for personal assistance services, continuation of service, and change of status reviews shall be performed by DMA's independent assessment entity (IAE). The IAE may not be an owner of a provider business or provider of personal assistance services of any type.
    - i. The amount of service provided shall be based upon an independent assessment conducted by an IAE to determine the individual's ability to perform ADLs and IADLs.
      - 1. Ability shall be rated as totally independent, requiring cueing or supervision, requiring limited assistance, requiring extensive assistance, or totally dependent.
  - f. Adults receiving personal assistance services shall be subject to a maximum of eighty (80) hours of service per month.
  - g. Adults qualifying for personal assistance services with unmet need for hands-on assistance with one (1) or zero (0) ADLs shall be subject to a maximum of one (1) hour of service per day of unmet need for assistance.
- (3) To become eligible for personal assistance services, a Medicaid recipient shall meet the criteria for one of the target populations and its unmet need criteria based upon an individual assessment conducted by an independent assessment entity:
- a. Individuals with physical disabilities
    - i. Unmet need for hands-on assistance with three (3) ADLs,  
or
    - ii. Unmet need for hands-on assistance with two (2) ADLs,  
one of which requires extensive or greater assistance, or

- iii. Unmet need for hands-on assistance with two (2) ADLs and assistance with meal preparation or medication management.
  - b. Adults with MI, MR/DD, or cognitive impairment
    - i. Unmet need for hands-on assistance with two (2) ADLs; or
    - ii. Unmet need for hands-on assistance with one (1) ADL and set-up/supervision assistance with two (2) additional ADLs or assistance with meal preparation or medication management; or
    - iii. Unmet need for set-up/supervision assistance with two (2) ADLs and assistance with meal preparation or medication management.
  - c. Elderly individuals with functional disabilities
    - i. Unmet need for hands-on assistance with two (2) ADLs, or
    - ii. Unmet need for hands-on assistance with one (1) ADL and assistance with meal preparation or medication management.
- (4) Personal assistance services shall be provided in the following settings:
  - a. A private living arrangement;
  - b. A residential facility licensed by the State of North Carolina as an adult care home, a family care home, or a supervised living facility for adults with MR/DD or MI; and
  - c. Personal assistance services shall not be provided in hospitals, nursing facilities or secured facilities considered special care units within adult care homes.
- (5) Personal assistance services shall be provided by enrolled Medicaid providers who meet the following qualifications:
  - a. Home care agencies:
    - i. Licensed under 10A NCAC 13J; and
    - ii. Conduct criminal background and NC Health Care Registry checks before hiring, for all staff.
  - b. Adult care homes:
    - i. Licensed in accordance with G.S. 131 D and 10A NCAC 13F and 13G;
    - ii. Meet the Centers for Medicare and Medicaid Services' (CMS) home and community based services characteristics;
    - iii. Conduct criminal background and NC Health Care Registry checks before hiring, for all staff.
    - iv. Not determined an institution of mental disease (IMD) per federal regulation;
    - v. Shall provide service through ACH staff or qualified staff under contract to provide service; and
    - vi. Direct care and medication aide staff shall meet training, competency and other requirements as outlined in licensure.
  - c. Supervised living:

- i. Licensed in accordance with G.S. 122-C and 10A NCAC 27G.5600. Supervised Living Facilities designated as type A and C homes;
  - ii. Meet CMS' home and community based services characteristics;
  - iii. Conduct criminal background and NC Health Care Registry checks before hiring, for all staff;
  - iv. Staff shall:
    - 1. meet requirements for paraprofessionals in 10A NCAC 27G.0204;
    - 2. have a high school diploma or GED;
    - 3. meet participant specific competencies as identified by the participant's person-centered planning team and documented in the Person Centered Plan; and
    - 4. successfully complete First Aid, CPR and DMH/DD/SAS Core Competencies and required refresher training.
  - v. Paraprofessionals providing this service shall be supervised by a Qualified Professional according to 10A NCAC 27G.0204 and licensure or certification requirements of appropriate disciplines.
- (6) Personal assistance services provided in residential facility settings shall meet home and community based services (HCBS) characteristics as defined by the federal Centers for Medicare and Medicaid Services (CMS).
- a. HCBS standards must be applied to all residents in the facility except where such activities or abilities are contraindicated specifically in an individual's person centered plan and applicable due process has been executed to restrict any of the standards or rights. Residents must be respectful to others in their community and the facility has the authority to restrict activities when those activities are disruptive or in violation of the rights of others living in the community.
  - b. HCBS standards are defined as:
    - i. Telephone Access:
      - 1. Available 24 hours a day, 7 days a week, 365 days a year;
      - 2. Available operation assistance if necessary;
      - 3. Private;
      - 4. Permitted personal phones in individual rooms.
    - ii. Visitors:
      - 1. Allowed 24 hours a day, 7 days a week, 365 days a year;
      - 2. No facility approval required (although facility may require visitors to sign in or notify the facility administrator once in the facility); and

3. No conduct requirements beyond respectful behavior toward other residents.
- iii. Living Space:
  1. No more than two (2) residents to a room;
    - a. If 2 individuals share a room, allowed choice as to whom roommate is;
    - b. Not required to share a room with someone found objectionable;
  2. Ability to work with the facility to achieve the closest optimal roommate situations;
  3. Ability to lock rooms;
  4. Allowed to decorate and keep personal items in rooms;
  5. Ability to come and go at any hour ;
  6. Availability of an individual personal lockable storage space available at any time;
  7. Ability to file anonymous complaints; and
  8. Allowed personal appliances and devices in rooms.
- iv. Service Customization:
  1. Provides maximum privacy in the delivery of services;
  2. Provides choice(s) in the structure of service delivery (services and supports, and from where and whom);
  3. Includes the individual in care planning process as well as people chosen by the individual to attend care plan meetings;
  4. Provides the appropriate support(s) to ensure that the individual has an active role in directing the process;
  5. Provides convenient location and times for person centered planning process for the individuals to attend; and
  6. Provides opportunities for the person centered plan to be updated on a continuous basis.
- v. Kitchen
  1. Accessible at any time 24 hours a day, 7 days a week, 365 days a year;
  2. Accessible appliances;
  3. Allowed input on food options provided; and
  4. Allowed to choose with whom to eat meals with including the ability to eat alone if desired.
- vi. Group Activities:
  1. Choice of participating in facility's recreational activities; and

2. Choice of with whom to participate in recreational activities.
- vii. Community Activities:
  1. Choice of participation in community activities;
  2. Encouragement to remain active in their community;
  3. Not be restricted from participating in community activities of their choosing
- viii. Community Integration:
  1. Facility viewed as part of the community.

## **CONSOLIDATION ALL PUBLIC GUARDIANSHIP**

SECTION 10.21(1) GS 35A-1202 reads as rewritten:

35A-1202 Definitions

(4) "Disinterested public agent" means:

- a. The director or assistant director of a county department of social services ~~local human services agency, or~~
- b. ~~An adult officer, agent, or employee of a State human services agency.~~

The fact that a disinterested public agent is ~~employed by a State or local human services agency that~~ provides financial assistance, services, or treatment to a ward does not disqualify that person from being appointed as guardian.

SECTION 10.12(2) GS 35A-1213 reads as rewritten:

35A-1213. Qualifications of guardians.

- (c) A corporation may be appointed as guardian only if it is authorized by its charter to serve as a guardian or in similar fiduciary capacities. A corporation must meet the requirements outlined in NC Chapter 55-North Carolina Corporation Business Act and NC Chapter 55D- Filings, Names, and Registered Agents for Corporations, Nonprofit Corporations, and Partnerships. A corporation will provide a written copy of its charter to the Clerk of Superior Court. A corporation contracting with a public agency to serve as guardian is required to attend guardianship training provided by the Department of Health and Human Services and provide verification of attendance to the contracting agency.

SECTION 10.12(3) 35A-1292. Resignation

- (a) Any guardian who wishes to resign must file a motion with the clerk ~~may apply in writing to the clerk,~~ setting forth the circumstances of the case. If a general guardian or guardian of the estate, at the time of making the application, also exhibits his final account for settlement, and if the clerk is satisfied that the guardian has fully accounted, the clerk may accept the resignation of the guardian and discharge him and appoint a successor guardian, ~~but~~ the guardian so discharged and his sureties are still liable in relation to all matters connected with the guardianship before the discharge and must continue to ensure that the ward's needs are met until the clerk officially appoints a successor. The guardian must attend the hearing to modify guardianship, if physically able.

## **DISCLOSURE OF ESC DATA**

**SECTION 10.15** G.S. § 96-4(x)(1) reads as rewritten:

(x) Confidentiality of Records, Reports, and Information Obtained from Claimants, Employers, and Units of Government.

- (1) Confidentiality of Information Contained in Records and Reports. – (i) Except as hereinafter otherwise provided, it shall be unlawful for any person to obtain, disclose, or use, or to authorize or permit the use of any information which is obtained from any employing unit, individual, or unit of government pursuant to the administration of this Chapter or G.S. 108A-29. (ii) Any claimant or employer or their legal representatives shall be supplied with information from the records of the Division to the extent necessary for the proper presentation of claims or defenses in any proceeding under this Chapter. Notwithstanding any other provision of law, any claimant may be supplied, subject to restrictions as the Division may by regulation prescribe, with any information contained in his payment record or on his most recent monetary determination, and any individual, as well as any interested employer, may be supplied with information as to the individual's potential benefit rights from claim records. (iii) Subject to restrictions as the Secretary may by regulation provide, information from the records of the Division may be made available to any agency or public official for any purpose for which disclosure is required by statute or regulation. (iv) The Division may, in its sole discretion, permit the use of information in its possession by public officials in the performance of their public duties. (v) The Division may, in its sole discretion, permit the use of information in its possession to an agent or contractor of a public official to whom disclosure is permissible under section (iv). ~~(v)~~ (vi) The Division shall release the payment and the amount of unemployment compensation benefits upon receipt of a subpoena in a proceeding involving child support. ~~(vi)~~ (vii) The Division shall furnish to the State Controller any information the State Controller needs to prepare and publish a comprehensive annual financial report of the State or to track debtors of the State.

## **FALSE CLAIMS ACT**

**SECTION 10.16(a)** G.S. 1-606 reads as rewritten:

**"§ 1-606. Definitions.**

The following words and phrases when used in this act have the following meanings, unless the context clearly indicates otherwise:

- (7) ~~Public employee," "public official," and "public employment" includes federal, State, and local employees and officials.~~

**SECTION 10.16(b)** G.S. 1-608 reads as rewritten:

**“§ 1-608. Civil actions for false claims.**

(b) Actions by Private Persons. – A person may bring a civil action for a violation of

G.S. 1-607 ~~or under G.S. 108A-70.12~~ for the person and for the State, as follows:

~~(5) When a person brings an action under this subsection, the federal False Claims Act, 31 U.S.C §3729 et seq., or any similar provision of law in any other state, no person other than the State may intervene or bring a related action based on the facts underlying the pending action; provided, however, that nothing in this subdivision prohibits a person from amending a pending action in another jurisdiction to allege a claim under this subsection.~~

**SECTION 10.16(c)** G.S. 1-611 reads as rewritten:

**“§1-611. Certain actions barred.**

2 (c) — ~~No civil action may be brought under this Article by a person who is or was a public employee or public official if the allegations of such action are based substantially upon either of the following:~~

- ~~(1) — Allegations of wrongdoing or misconduct which such person had a duty or obligation to report or investigate within the scope of his or her public employment or office.~~
- ~~(2) — Information or records to which the person had access as a result of his or her public employment or office.~~

~~—— (d) — No court shall have jurisdiction over an action under G.S. 108A-70.12 based upon the public disclosure of allegations or transactions (i) in a criminal, civil, or administrative hearing at the State or federal level, (ii) in a congressional, legislative, administrative, General Accounting Office, or State Auditor's report, hearing, audit, or investigation, or (iii) from the news media, unless the action is brought by the Attorney General, or the person bringing the action is an original source of the information. For purposes of this section, “original source” means an individual who has direct and independent knowledge of the information on which the allegations are based and has voluntarily provided the information to the State before filing an action under G.S. 108A-70.12 that is based on the information.~~

(c)

- (1) The court shall dismiss an action or claim under this Article, unless opposed by the State, if substantially the same allegations or transactions as alleged in the action or claim were publicly disclosed -
  - a. in a State criminal, civil, or administrative hearing in which the State or its agent is a party;

- b. in a State legislative, N.C. Office of the State Auditor, or other State report, hearing, audit or investigation; or
- c. from the news media.

unless the action is brought by the Attorney General or the person bringing the action is an original source of the information.

(2) For purposes of this section, "original source" means an individual who

either -

- a. prior to a public disclosure under subsection (c)(1), has voluntarily disclosed to the State the information on which allegations or transactions in a claim are based, or
- b. who has knowledge that is independent of and materially adds to the publicly disclosed allegations or transactions, and who has voluntarily provided the information to the State before filing an action under this Article.

**SECTION 10.16(d)** G.S. 1-611 reads as rewritten:

**"§1-613. Private action for retaliation action**

Any employee, contractor, or agent who is discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of employment because of lawful acts done by the employee, contractor, or agent on behalf of the employee, contractor, or agent or associated others in furtherance of an action under this Article, or in furtherance of other efforts to stop one or more violations of G.S. 1-607 agent or associated others in furtherance of an action under this Article or other efforts to stop one or more violations of G.S. 1-607, including investigation for, initiation of, testimony for, or assistance in an action filed or to be filed under this Article, shall be entitled to all relief necessary to make the employee whole. Such relief shall include reinstatement with the same seniority status the employee, contractor, or agent would have had but for the discrimination, two times the amount of back pay, interest on the back pay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorneys' fees. An employee, contractor, or agent may bring an action in superior court for the relief provided in this section. A civil action under this section may not be brought more than three years after the date when the retaliation occurred.

## **HOSPITAL NOTIFICATION OF ELIGIBILITY AND AVAILABILITY OF CHARITY CARE**

**SECTION 10.18** Hospitals are required to post notice in conspicuous places throughout the hospital, including the billing office, that describe their financial assistance policies and state how to apply for free and reduced-cost care. A hospital shall include on every patient bill, information which: describes the hospital's financial assistance policy, including eligibility requirements and how to apply for financial assistance. The information will also include contact information for appropriate hospital staff available to help the patient understand how they can apply for free and reduced-cost care.

## **STUDY TO ANALYZE/DEVELOP TRANSPARENCY IN HOSPITAL BILLING**

**SECTION 10.19** The sum of one hundred thousand dollars (\$100,000) is appropriated to the Department of Health and Human Services for the 2012-2013 State Fiscal Year for a study by the North Carolina Institute of Medicine (NCIOM). NCIOM shall study, analyze and develop recommendations for greater transparency in hospital billing that will lead to better patient understanding of their health care costs. NCIOM will submit a final report by February 15, 2013 to the Governor and the General Assembly.

## **MENTAL HEALTH CHANGES**

**SECTION 10.20(a)** For the purpose of mitigating cash flow problems that many nonsingle-stream local management entities (LMEs) experience at the beginning of each fiscal year, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the timing and method by which allocations of service dollars are distributed to each nonsingle-stream LME. To this end, the allocations shall be adjusted such that at the beginning of the fiscal year the Department shall distribute not less than one-twelfth of the LME's continuation allocation and subtract the amount of the adjusted distribution from the LME's total reimbursements for the fiscal year.

**SECTION 10.20(b)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, ~~the sum of twenty nine million one hundred twenty one thousand six hundred forty four dollars (\$29,121,644) for the 2011-2012 fiscal year and the sum of twenty thirty-nine million one hundred twenty-one thousand six hundred forty-four dollars (\$29,121,644) for the 2012-2013 fiscal year shall be allocated for the purchase of local inpatient psychiatric beds or bed days. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LMEs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. In~~

addition, at the discretion of the Secretary of Health and Human Services may use up to ten percent (10%) of these funds to support indigent local psychiatric beds or bed days in hospitals with the highest psychiatric care rates that are not currently participating in the Three Way Bed Contract Initiative. The Secretary of the Department of Health and Human Services shall designate the hospitals and the amount each hospital may receive. These beds or bed days shall be distributed across the State in LME catchment areas and according to need as determined by the Department. The Department shall enter into contracts with the LMEs and community hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. Local inpatient psychiatric beds or bed days shall be managed and controlled by the LME, including the determination of which local or State hospital the individual should be admitted to pursuant to an involuntary commitment order. Funds shall not be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment to the Division within 15 working days of receipt of a clean claim from the hospital and shall pay the hospital within 30 working days of receipt of payment from the Division. If the Department determines (i) that an LME is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the LME has failed to comply with the prompt payment provisions of this subsection, the Department may contract with another LME to manage the beds or bed days, or, notwithstanding any other provision of law to the contrary, may pay the hospital directly. The Department shall develop reporting requirements for LMEs regarding the utilization of the beds or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric beds or bed days shall be used to purchase additional beds or bed days not currently funded by or through LMEs and shall not be used to supplant other funds available or otherwise appropriated for the purchase of psychiatric inpatient services under contract with community hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds appropriated in S.L. 2007-323. Not later than March 1, 2012, 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, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) purchased using funds appropriated under this subsection.

**SECTION 10.20©** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for mobile crisis teams, the sum of five million seven hundred thousand dollars (\$5,700,000) shall be distributed to LMEs to support 30 mobile crisis teams. The new mobile crisis units shall be distributed over the State according to need as determined by the Department.

**SECTION 10.20(d)** The Department of Health and Human Services may

create a midyear process by which it can reallocate State service dollars away from LMEs that do not appear to be on track to spend the LMEs' full appropriation and toward LMEs that appear able to spend the additional funds.

### **ADULT PROTECTIVE SERVICES PILOT**

**SECTION 10.21 (a)** The Department of Health and Human Services, Division of Aging and Adult Services, in conjunction with county departments of social services, shall implement the findings and recommendations from the Department's Adult Protective Services Task Force. These findings and recommendations described as the North Carolina Vulnerable Adult Protection System (VAPS) shall be implemented in up to six pilot sites across the State and will be used when responding to allegations of abuse, neglect, exploitation or substantial risk of vulnerable and elder adults not previously covered by Article 6 of G.S. 108A-. The Division of Aging and Adult Services shall consider geographic balance and county population in implementing the pilot and shall use a Request for Proposal process to select pilot counties.

G.S. 1A-1, Rule 4, Rules of Civil Procedure and G.S. 7A-451(a)(11) and G.S. 7A-450 and

G.S. 7A-4519a)(11) shall apply in the pilot counties.

**SECTION 10.21(b)** The Division of Aging and Adult Services shall develop data collection processes and conduct an evaluation of the pilot sites to enable the General Assembly to assess the impact on the following:

- (1) vulnerable and elder adult safety;
- (2) identification and protection of unserved and underserved vulnerable and elder adults alleged to be abused, neglected, or exploited and those vulnerable and elder adults at substantial risk of abuse, neglect, or exploitation;
- (3) effectiveness of the three components of the Vulnerable Adult Protection System to strengthen the State's response to allegations of abuse, neglect, and exploitation or substantial risk of vulnerable and elder adults;
- (4) coordination among local human service providers and other community partners;
- (5) cost effectiveness of the Vulnerable Adult Protection System; and
- (6) improved capacity to provide protective services utilizing policies and procedures developed by the Division of Aging and Adult Services for the delivery of Adult Protective Services in the pilot counties.

**SECTION 10.21(c)** The sum of two million three hundred seventy five thousand six hundred forty nine dollars (\$2,375,649) appropriated to the Department of Health and Human Services, Division of Aging and Adult Services for SFY 2012-13 shall be used to carry out the requirements in Section 1(a) and (b). The Department may use up to \$160,000 to support one 1FTE and an independent evaluator for the pilot initiative. Of the remaining funds county departments of social services may use up to \$1,577,322 to hire staff to support this pilot and \$641,023 to support essential services when other funded services are not available.

**SECTION 10.21(d)** It is the intent of the General Assembly the pilot will

operate for three year. The Department shall report to the Chairs of the House of Representatives Committee on Appropriations and the House of Representatives Subcommittee on Health and Human Services, the Chairs of the Senate Committee on Appropriations and the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division no later than October 1, 2015,

Committee Sergeants at Arms

NAME OF COMMITTEE

App Health & Human Services

DATE:

5/16/12

Room:

1643

House Sgt-At Arms:

1. Name:

Jessie Hayes

2. Name:

Joe Crook

3. Name:

Bob Rossi

4. Name:

Martha Madison

5. Name:

Page

Senate Sgt-At Arms:

1. Name:

Justice Kirkland

2. Name:

Josh Peterson

3. Name:

Barry  
Greg Martin

4. Name:

Eason kishna ~~Kishna~~ Krishna Eason

5. Name:

Jonathan Walker

Corey Reid  
Royce Garza

## VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Health and Human Services - May 16, 2012

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

John Tucker	Moore & Van Allen
TRACY COLVARD	AHHE
John Peeklos	DHHS - DPH
Lon Turner	DHHS - DPH - EPIDEMIOLOGY
Mike Kaufman	DHHS - DPH - EPI - State Lab
Louise Fisher	Volunteer Advocate for M. Ill
Leah Elliott	CIS NC
Jay Kim	UNC-CH
Maribeth Wooten	Div of PHealth
Jennifer Mahan	ASNC
Marta Fisher	NC MTH/SD/SAS

## VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Health and Human Services - May 16, 2012

Name of Committee

Date

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

NAME

FIRM OR AGENCY AND ADDRESS

Jimmy Bronghton	Womble Carlyle
Stephen Karcher	compass nc
Stephane Joyner	Smart Start
Wade Plawon	Children's Home Society NC
Kevin Ryan	DHHS/DPH
RUTH PETERSEN	DHHS /DPH
Carey Pope	NARAL NC
Melissa Reed	PPHS
Erin O'Quinn	PPCNC
Paisa Johnson	PPCNC
Whitney Christensen	NCRLA

## VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Health and Human Services - May 16, 2012

Name of Committee

Date

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

NAME	FIRM OR AGENCY AND ADDRESS
Kay Paksoy	NASW-NC
Laurel Sisler	NASW-NC
Mary Bethe	AARP-NC
Anne Irest bolton	DRNC
Matt Gross	NCPL
Pam Bowdye	WCSS
Annette Ethridge	NCCCC
Dick Corbin	MAJALM
Pam Kelpatnick	OSBM
Wayne Williams	OSBM
Deborah Landry	OSBM

## VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Health and Human Services - May 16, 2012

Name of Committee

Date

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

NAME

FIRM OR AGENCY AND ADDRESS

Heather Banett	Williams Muller
David H	THK
Jerry Yalbot	Prevent Blindness
Lisathergin	NC AIDS Action Network
Maren Gordon	GSK
Kara Weishaar	Smith Anderson
DAVID BARNES	PS
Terri H. H. H.	new/veer
Alan Briggs	NC Food Banks
Matt Wolfe	PPAB
Julia Adams	The Arc of NC

## VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Health and Human Services - May 16, 2012

Name of Committee

Date

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

NAME

FIRM OR AGENCY AND ADDRESS

Kumchais	UNC HC
Kathy Penberg	MWC
Moe Baxby	NC Fast & ANKOR
Christine Weason	American Cancer Society
Ashleigh Thornton	MWE
Ann Rodriguez	NC Council of Community Programs
Jani Kozlowski	DHHS
Janice Fair	DHHS/DCDEE
Lori Ann Harris	LATA
Teresa Cwars-Hunter	NC Assoc. of County Directors of Social Services
Colleen Kachanek	KLG

## VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Health and Human Services - May 16, 2012

Name of Committee

Date

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

NAME

FIRM OR AGENCY AND ADDRESS

JANE Cole	Forsyth County, NC
Mike O'Connor	New Hope Treatment Center
Gene Rodgers	FPS-NC
Weldon Jones	Jordan, Price
BIL RUSTEN	ACT
Chip Killian	Nelson Mullin
Robert Monteiro, MD	NCMS
Amy Whitte	NCMS
Karen Bestman	TSS
Elise Quick	Treatment Services
Angie Harris	Williams Muller

## VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Health and Human Services - May 16, 2012

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Breeder Blackwell	Cape Fear Valley Health
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BJ Miller	Cape Fear Health
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Joe Langer	NELSON MULLINS
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Sandy Sals	Wm
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# VISITOR REGISTRATION SHEET

App Subcommittee on HHS  
(Committee Name)

5/16/12  
Date

**VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK**

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Allison Waller	Nelson Mullin
T. Peters	JP Associates
A. Shuill	MM Hospitals
L. Kite	NCALTA
Chas. B. B. B.	NCMS
JOEL M. M. M.	SEM & ASSOC
<del>Dong L. L.</del>	NCSTA
Janet N. J.	C. F. SA
M. Hoss	BODH
Rob. L. L.	TLA
Doug. M. M.	PSG
Barbar. C. C.	BKOR
Jeani. A. A.	BEGINNINGS
Elizabeth Robinson	MCRMA
S. Taylor	NCBIO
Michelle Frazier	MFS
John Bode	BCS



**Minutes**  
**House Appropriations Subcommittee on Health and Human Services**  
**May 24, 2012**

The House Appropriations Subcommittee on Health and Human Services met in Room 643 of the Legislative Office Building on May 24, 2012. Co-Chairman Representative Justin Burr presided and called the meeting to order at 8:45 a.m.

The following members of the committee were present: Representatives Burr, Avila, Murry, Current, Earle, Farmer-Butterfield, Insko, Parfitt and Jones.

Chairman Burr introduced the Sergeants at Arms, Pages and staff. (See attached.)

Lisa Hollowell went over Rules for the Sub-committee Procedures. (Attachment #1)

The proposed Fiscal Year 2012-13 Budget Proposal Money Report was distributed. (Attachment #2) Lisa Hollowell explained the items under Budget Changes, Division of Medical Assistance, NC Health Choice. Donnie Charleston explained the items listed as Division of Health Services Regulation, Division of Social Services and Division of Aging and Adult Services and Denise Thomas outlined Division of Mental Health, Developmental Disability and Substance Abuse Services, Division of Public Health.

Questions about the report were asked by members and answered by legislative staff and staff from Health and Human Services.

Chairman Burr asked that Fiscal Year 2012-13 Budget Proposal Special Provisions be passed out to members and visitors. (Attachment #3) Legislative staff members Lisa Hollowell, Denise Thomas and Donnie Charleston went over the report.

Chairmen Burr asked that members start working on amendments as more questions were asked about the Special Provisions. Chairmen Burr called a 15-minute recess so that members could draw up amendments.

Seven amendments were introduced.

Amendment 1- presented by Representative Insko passed by a voice vote.

Amendment 2- presented by Representative Insko failed by a 5-6 show of hands.

Amendment 3- presented by Representative Avila passed by a voice vote.

Amendment 4- presented by Representative Murry passed by a voice vote.

Amendment 5- presented by Representative Parfitt passed by a voice vote.  
Amendment 6- presented by Representative Burr passed by a voice vote.  
Amendment 7- presented by Representative Parfitt failed by 4-7 show of hands.

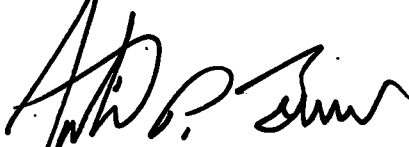
(A copy of all Attachments and Amendments are attached and made a part of the minutes.)

The budget will now move to the Full Appropriation Committee.

Representative Hollo moved that the committee adopt the proposed report as amended and authorize the staff to make the technical corrections and changes from the amendments. The motion passed by a voice vote.

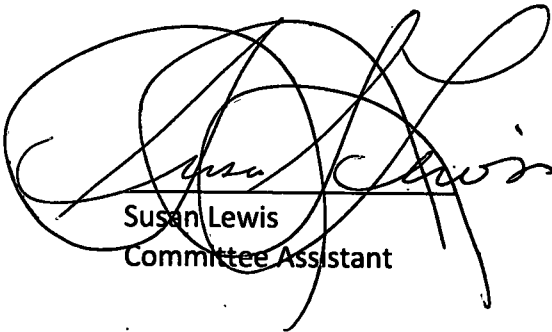
Chairman Burr adjourned the meeting at 11:40 a.m.

Respectfully submitted,



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Representative Justin P. Burr  
Presiding Chairman



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Susan Lewis  
Committee Assistant

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE  
AND  
2011-2012 SESSION**

You are hereby notified that the Committee on Appropriations Subcommittee on Health and Human Services will meet as follows:

**DAY & DATE:** Thursday, May 24, 2012

**TIME:** 8:30 am

**LOCATION:** 643 LOB

**COMMENTS:** MEETING TO BE CONTINUED 30 MINUTES AFTER SESSION

Respectfully,  
Representative Avila, Chair  
Representative Burr, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 11 AM o'clock on May 23, 2011.

- ☐ Principal Clerk
- ☐ Reading Clerk – House Chamber

**Dina Long** (Committee Assistant)

## **Cancelled Notice**

### **CANCELATION OF MEETING TO BE CONTINUED 30 MINUTES AFTER SESSION**

#### **NORTH CAROLINA HOUSE OF REPRESENTATIVES COMMITTEE MEETING NOTICE AND 2011-2012 SESSION**

You are hereby notified that the Committee on **Appropriations Subcommittee on Health and Human Services** will meet as follows:

**DAY & DATE:** Thursday, May 24, 2012

**TIME:** 8:30 am

**LOCATION:** 643 LOB

**COMMENTS:** MEETING TO BE CONTINUED 30 MINUTES AFTER SESSION

Respectfully,  
Representative Avila, Chair  
Representative Burr, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at  
**12 PM o'clock on May 24, 2011.**

- ☐ Principal Clerk
- ☐ Reading Clerk – House Chamber

**Dina Long** (Committee Assistant)



## HOUSE APPROPRIATIONS SUBCOMMITTEE HEALTH AND HUMAN SERVICES

### House

*Rep. Justin Burr, Co-chair*  
*Rep. Marilyn Avila, Co-chair*

*Rep. William Brisson, Vice Chair*  
*Rep. Mark Hollo, Vice Chair*  
*Rep. Tom Murry, Vice Chair*

*Rep. William Current*  
*Rep. Beverly Earle*  
*Rep. Jean Farmer-Butterfield*  
*Rep. Verla Insko*  
*Rep. Bert Jones*  
*Rep. Diane Parfitt*

### AGENDA

May 24, 2012; 8:30AM  
Legislative Office Building – Room 643

*Rep. Justin Burr, Presiding*

Chairs' Comments

Proposed Money Report  
Proposed Special Provisions

FRD Staff

**North Carolina House of Representatives  
Appropriations Committee**

**RULES FOR SUBCOMMITTEE PROCEDURE**

May 24, 2012

The following rules govern the eligibility of amendments to proposed subcommittee reports:

1. Amendments must be offered by formal amendments.
2. Amendments cannot increase total spending within the proposed subcommittee report.
3. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the subcommittee and may not cause a change in another subcommittee's appropriations.
4. Amendments cannot spend reversions or include "shall not revert" or "carry forward" language.
5. Amendments cannot use nonrecurring reductions to fund recurring items.
6. Amendments cannot change the recurring and nonrecurring designation of funds.
7. Amendments cannot change substantive policy or law.
8. Amendments may not fund items with "management flexibility reductions."
9. Amendments may not affect agency or program transfers to other subcommittees.
10. Amendments may not include fees or other Finance-related matters.

**House Appropriations Subcommittee on  
Health and Human Services**

**May 24, 2012**

**Department of Health and Human  
Services**

**Fiscal Year 2012-13 Budget Proposal  
Money Report**

## Health and Human Services

GENERAL FUND

Total Budget Approved 2011 Session

FY 12-13  
\$4,455,162,933

### Budget Changes

#### ( 1.0) Division of Child Development

##### 1 Block Grant Funding

Replaces state Smart Start funds with federal Block Grant funds. This continues a partial replacement of funds that Office of State Budget and Management conducted during FY 2011-12 in which \$4 million of Smart Start funds were replaced by \$4 million of Block Grant funds.

(\$4,000,000) NR

##### 2 NC Pre-K Program

Increases funds for NC Pre-K program. These additional funds will fund an additional 1,765 students within the program for 10 months for FY 2012-13. These funds and the lottery funds provide a total of 143,147,360 available for the NC Pre-K program.

\$15,000,000 R

##### 3 Literacy Pilot, Development Consultants, and Rural Partnership Assistance

Provides funding for early literacy initiatives to be administered by North Carolina Partnership for Children. These initiatives include: the Reach Out and Read program, Raising a Reader, parenting programs and lending libraries. Funds shall be used to enhance technical assistance to local partnerships in the areas of grant writing and fund-raising activities. Funding shall also be used to enhance local rural partnerships' funds.

\$3,500,000 NR

#### ( 2.0) Division of Medical Assistance

##### 4 Medicaid Rebase

Provides additional funds for the Medicaid program based upon projected growth in number of people eligible for Medicaid and growth in consumption.

\$168,676,461 R

##### 5 Medicaid Liabilities

Provides funds for repayment of the FY 2009 federal overdraw and repayment to the federal government resulting from a policy change on drug rebates.

\$55,033,537 NR

<b>6 DHHS Savings Through CCNC</b>	<b>(\$59,241,142)</b>	<b>R</b>
Reduces funds based upon projected savings to be achieved by Community Care North Carolina (CCNC) and its networks in the management of health care for Medicaid recipients.		
<b>7 Behavioral Health Medicaid 1915 b/c Waiver</b>	<b>(\$630,000)</b>	<b>R</b>
Increases the savings anticipated as a result of the state-wide expansion of the 1915 b/c waiver sites. This additional savings is based upon the schedule provided by the Division of Medical Assistance.		
<b>8 Fraud, Waste, and Abuse Detection and Prevention</b>	<b>(\$3,807,519)</b>	<b>R</b>
Reduces funding available in the Medicaid program in anticipation of savings through the efforts of detecting fraud and waste among Medicaid providers and recipients. There are two information technology efforts underway to combat fraud, waste, and abuse through the Division's Fraud and Abuse Management System.		
<b>9 Restructure Fee for Service Payments</b>	<b>(\$1,976,636)</b>	<b>R</b>
Revises payment structures for various services provided within the Medicaid program. These changes will result in bundling of payments for services based upon a period of time or a diagnosis instead of fee-for-service.		
<b>10 Pharmacy Improvements</b>	<b>(\$6,671,507)</b>	<b>R</b>
Creates savings through increased usage by facilities who utilize the 340B pricing program for the purchase of hemophilia drugs. In addition, the Department shall increase the use of prior authorization and lower dispensing fees to achieve savings within the Medicaid program.		
<b>11 High Tech Imaging Savings</b>	<b>(\$1,656,721)</b>	<b>R</b>
Reduces funds in anticipation of savings through better management of outpatient cardiac imaging services to avoid unnecessary utilization of these services.		
<b>12 CHIPRA Bonus</b>	<b>(\$14,000,000)</b>	<b>NR</b>
Reduces Medicaid funding to budget anticipated federal Children's Health Insurance Program Reauthorization Act (CHIPRA) bonus for Health Choice enrollment growth.		

<b>13 CCNC Home Health Initiatives</b>	(\$4,455,457)	R
Budgets savings anticipated from the implementation of a CCNC initiative that will manage home health care to ensure the provision of medically appropriate services.		
<b>14 Non-Emergency Medical Transportation</b>	(\$1,000,000)	R
Reduces state funds in anticipation of savings to be realized through improved management and oversight of Medicaid non-emergency medical transportation services.		
<b>( 3.0) NC Health Choice</b>		
<b>15 Health Choice Costs</b>	(\$1,919,704)	R
Adjusts Health Choice budget to expected expenditure level for FY 2012-13. This adjustment is based upon the projected rate of consumption and mix of services. This adjustment should not impact the open-enrollment policy for the program. There are approximately 148,000 children enrolled in Health Choice.		
<b>16 Fee for Service Payments</b>	(\$21,959)	R
Reduces Health Choice budget to reflect expected savings that will result from fee for service payments which will be converted to all-inclusive or fixed rates for selected services.		
<b>17 Pharmacy Improvements</b>	(\$17,936)	R
Reduces the Health Choice budget to reflect savings that will be achieved through the implementation of a specialty pharmacy for hemophilia drugs.		
<b>18 CCNC Home Health Services Initiative</b>	(\$47,831)	R
Budgets savings anticipated from the implementation of a CCNC initiative that will manage home health care to ensure the provision of medically appropriate services.		
<b>( 4.0) Division of Health Service Regulation</b>		
<b>19 Nursing Home Licensure and Certification</b>	\$1,792,559	NR
Provides funds to replace lost receipts from civil fines and penalties assessed against nursing homes. Funds will be used for DHSR Nursing Home licensure staff positions.		

**( 5.0) Division of Central Management and Support****20 Administrative Efficiencies**

(\$1,000,000) R

Reduces DHHS budget due to elimination of seat management funds, the elimination of positions vacant two years or more, reorganizations, and expired contracts.

**21 Budget DOA Cost Allocation Receipts**

(\$544,000) R

Replaces state funds due to the implication of a cost allocation plan for the Office of Property Construction and the Office of Public Affairs.

**22 DIRM Contracts**

\$5,599,390 R

Restores recurring State General Fund Appropriations for the Division of Information Resources Management (DIRM) for various contracts for Department-wide IT services.

**23 ITS Refunds**

(\$1,047,749) R

Reduces State General Fund Appropriation in anticipation of a reduction in costs for Information Technology Services (ITS). This reduction is based upon current year's charges to DHHS by ITS.

**24 Vacant Positions**

(\$1,500,000) R

Eliminates 50 vacant positions department-wide and, to the extent possible, minimizes the elimination of positions within the Division of State-Operated Healthcare Facilities. There are currently approximately 650 positions vacant within DHHS.

-50.00

**25 Non-State Entity Pass-Through Funds**

(\$8,826,367) L  
\$8,826,367 NR

Replaces \$8,826,367 in recurring special appropriation (pass-through) funds for the following non-state entities with non-recurring funds:

North Carolina Senior Games, Inc. - \$121,481

ARC of North Carolina - \$305,598

ARC of North Carolina – Wilmington - \$51,048

Autism Society of North Carolina - \$2,941,818

The Mariposa School for Children with Autism - \$339,879

Easter Seals UCP of North Carolina - \$76,792

Easter Seals UCP of North Carolina and Virginia - \$1,542,647

ABC of North Carolina Child Development Center - \$366,703

Residential Services, Inc. - \$ 246,424

Oxford House, Inc. - \$200,000

Brain Injury Association of North Carolina - \$225,223

Food Bank of Central and Eastern North Carolina, Inc. - \$333,334

Food Bank of the Albemarle - \$333,334

Manna Food Bank - \$333,334

Second Harvest Food Bank of Metrolina, Inc - \$333,334

Second Harvest Food Bank of Northwest North Carolina, Inc. - \$333,332

Prevent Blindness NC - \$308,163

**( 6.0) Division of Social Services****26 Adoption Vendor Payments**

(\$2,025,649) ~

Reduces funds for adoption vendor services through efficiencies gained by better program oversight by the Division of Social Services.

**27 FMAP IV-E Child Welfare Services**

(\$379,116) R

Increases State General Funds due to changes in the Federal Medical Assistance Percentage (FMAP). The change from 65.28% to 65.51% goes into effect in October of 2012.

**28 Foster Care Efficiencies**

(\$6,674,351) R

Reduces funds for the Foster Care Program due to a change in the case mix of foster care children in the care of the Division of Social Services.

**( 7.0) Division of Aging and Adult Services****29 Home and Community Care Block Grant**

\$1,500,000 NR

Increases funding for the Home and Community Care Block Grant (HCBG). This grant funds programs designed to allow seniors to live independently in their communities. Funding will provide services for 1,100 persons.

**( 8.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing****30 Budget Increased Telecommunications Receipts**

(\$168,336) R

Replaces state funds for the administration of the Division of Services for the Deaf and Hard of Hearing with receipts from the Telecommunications Relay Fund.

**(10.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services****31 Community Services Funding**

(\$10,000,000) NR

Continues non-recurring reduction to local management entities' (LME) community services funding for FY 2012-13. Approximately \$355 million in State general funds remain in the budget for LMEs to purchase community-based services

**32 Federal Block Grant Funding**

(\$227,000) NR

Replaces State General Fund Appropriations with federal Substance Abuse Prevention and Treatment Block Grant funds for Division of Mental Health administrative costs.

**33 NCHSAA**

(\$369,435) R

Eliminates a grant-in-aid for the NC High School Athletic Association (NCHSAA).

**34 Three-way Contracts**

\$18,150,000 R

Provides funding to increase the number of community hospital beds available to LMEs under the State-administered three-way contract from 141 to 232.

**35 Local Management Entities (LME)**

(\$8,497,935) R

Reduces the administrative budget for LMEs in anticipation of the savings to be achieved from the transition to managed care organizations (MCO). LME administrative funds will be provided as part of the capitation contract rather than on a per capita basis.

**36 Cherry Hospital**

\$3,472,954 R

Provides funding to support the increased bed capacity at the new Cherry Hospital, which is scheduled to begin operating in April 2013.

373.10

House Subcommittee on Health and Human Services

**FY 12-13**

<b>37 Broughton Hospital</b> Provides funding for 19 additional psychiatric care beds at Broughton Hospital.	\$3,513,000	..
	58.00	
<b>38 Drug Treatment Courts</b> Eliminates pass-through funding provided for drug treatment courts. S.L. 2011-145 eliminated funds budgeted to the Judicial Department for these courts.	(\$2,258,000)	R
<b>39 Mental Health Association, Inc.</b> Eliminates pass-through funding provided in 2008 for the Mental Health Association, Inc. This organization lost its accreditation in 2010 and no longer operates.	(\$200,000)	R
<b>(11.0) Division of Public Health</b>		
<b>40 Tobacco Cessation and Prevention</b> Provides funding for tobacco cessation and prevention initiatives targeting children in grades K - 12.	\$5,455,956	NR
<b>41 CheckMeds</b> Provides funds to continue support for the CheckMeds Program which provides counseling on the correct use of prescription drugs.	\$1,695,379	NR
<b>42 Medication Assistance Program</b> Provides funds to continue support of the Medication Assistance Program which provides free prescription drugs to low-income, uninsured persons.	\$1,704,033	NR
<b>43 Roanoke-Chowan Telehealth Network</b> Provides funds to continue support for the Roanoke Chowan Telehealth Network. The Network delivers remote monitoring and chronic disease care management services to persons living in a medically underserved region of the State.	\$300,000	NR

**44 County Health Departments**

Provides funding to county health departments to start or continue community health and wellness initiatives that promote healthy behaviors, e.g. smoking cessation, nutrition, physical activities, disease prevention, school nurse positions, etc. This funding cannot be used to supplant existing funds being used for this purpose.

\$8,471,734 NR

**45 Environmental Health Section**

Provides for a technical correction reflecting the Type I transfer of the Division of Environmental Health from the Department of Natural and Economic Resources to the Department of Health and Human Services, Division of Public Health. This transfer was enacted during the 2011 Legislative Session via SL 2011-145.

\$4,053,329 R

105.50

S.L. 2011-145, Sec. 13.3

**46 Maternity Homes**

Increases State General Fund Appropriations to replace the loss of federal funds formerly provided for maternity homes.

\$375,000 NR

**47 Early Intervention**

Adjusts the budget for early intervention services based upon actual expenditures.

(\$2,500,000) R

**48 Services for Rape Victims**

Replaces lost federal block grant funding with State General Fund Appropriations for services to rape victims.

\$197,112 NR

**49 High Risk Maternity Clinic**

Provides funds for the East Carolina University High Risk Maternity Clinic.

\$375,000 NR

**50 Health Department Accreditation**

Eliminates funding for the UNC Institute for Public Health contract to provide state-based accreditation. This contract duplicates a national program available to county health departments for this purpose.

(\$300,000) R

**51 State Public Health Lab and Office of Chief Medical Examiner**

Provides funds for new positions and operating costs for the new State Public Health Laboratory and the Chief Medical Examiner's Office.

\$1,155,666 R

12.00

**52 Environmental Health Regional Office Positions****\$221,109**

Restores funding for transferred positions formerly located in DENR regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2011-12 transfer of the Division of Environmental Health to the Division of Public Health in the Department of Health & Human Services (DHHS), the restored salaries and benefits of positions formerly located in DENR regional offices are transferred from DENR to DHHS as follows:

3.00

60034273	Env Health Reg Spec	\$69,922
60034303	Env Health Reg Spec	\$67,812
60034278	Soil Scientist	\$83,375

S.L. 2011-145, Sec. 6.69(b)

**53 Healthy Start Foundation****(\$433,923)** R

Eliminates pass-through funding provided to the Healthy Start Foundation. These funds are not used to provide direct services.

**Budget Changes****\$101,670,636** R**\$60,999,677** NR**Total Position Changes**

501.60

**Revised Total Budget****\$4,617,833,246**

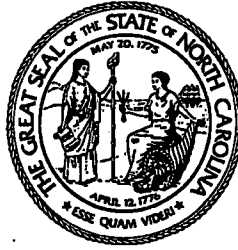
**House Appropriations Subcommittee on  
Health and Human Services**

**May 24, 2012**

**Department of Health and Human  
Services**

**Fiscal Year 2012-13 Budget Proposal  
Special Provisions**

GENERAL ASSEMBLY OF NORTH CAROLINA



SPECIAL PROVISIONS  
APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES  
REPORT

MAY 23, 2012

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2012-DHHS-H8-P.....	3
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2012-DHHS-H16-P.....	4
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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H5A-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **NC PRE-K**

2 **SECTION #.(a)** The Division of Child Development and Early Education shall  
3 require the NC Pre-K contractor to issue multiple-year contracts for licensed private child care  
4 centers providing NC Pre-K classrooms.

5 **SECTION #.(b)** The Division of Child Development and Early Education  
6 (Division) shall create a pilot program that provides funding for NC Pre-K classrooms on a per  
7 classroom basis. The pilot program shall include three different NC Pre-K contractual regions  
8 that are geographically diverse. The local NC Pre-K administrator shall contract with the  
9 provider for operation of a classroom established pursuant to the pilot program. The Division  
10 shall report to the House of Representatives Appropriations Subcommittee on Health and  
11 Human Services, the Senate Appropriations/Base Budget Committee on Health and Human  
12 Services, and the Fiscal Research Division on the pilot program no later than January 31, 2013.

13 The report shall include the following:

- 14 (1) The number of students served.
- 15 (2) The amount of funds paid for each classroom.
- 16 (3) The amount of funds paid per student.
- 17 (4) The attendance information on students in the pilot program as compared to  
18 those students in a classroom having a traditional funding structure.
- 19 (5) Information on the number of students and students' families using the  
20 Subsidized Early Education for Kids (SEEK) system.
- 21 (6) A cost comparison of the classroom pilots to the average cost per student  
22 through the per student funding methodology.

23 **SECTION #.(c)** The Division of Child Development and Early Education  
24 (DCDEE) shall continue the implementation of the NC Pre-K program. The NC Pre-K shall  
25 serve children who reach the age of four on or before August 31 of that school year and who  
26 meet eligibility criteria.

27 **SECTION #.(d)** Other than developmental disabilities or other chronic health  
28 issues, the Division of Child Development and Early Education shall not consider the health of  
29 a child as a factor in determining eligibility for participation in the NC Pre-K program.

30 **SECTION #.(e)** All entities operating NC Pre-K classrooms shall adhere to all of  
31 the policies prescribed by the Division of Child Development and Early Education regarding  
32 programmatic standards and classroom requirements.

33 **SECTION #.(f)** The Division of Child Development and Early Education shall  
34 establish a standard decision-making process to be used by local NC Pre-K committees in  
35 awarding NC Pre-K classroom slots and student selection.

36 **SECTION #.(g)** The Division of Child Development and Early Education shall  
37 submit an annual report no later than March 15 of each year to the Joint Legislative  
38 Commission on Governmental Operations, the Joint Legislative Oversight Committee on  
39 Health and Human Services, the Senate Appropriations Committee on Health and Human

- 1 Services, the House of Representatives Appropriations Subcommittee on Health and Human  
2 Services, the Office of State Budget and Management, and the Fiscal Research Division. The  
3 report shall include the following:
- 4 (1) The number of children participating in the NC Pre-K program.
  - 5 (2) The number of children participating in the NC Pre-K program who have  
6 never been served in other early education programs, such as child care,  
7 public or private preschool, Head Start, Early Head Start, or early  
8 intervention programs.
  - 9 (3) The expected NC Pre-K expenditures for the programs and the source of the  
10 local contributions.
  - 11 (4) The results of an annual evaluation of the NC Pre-K program.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H8-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **REVISE CHILD CARE SUBSIDY RATES PROVISION**

2 SECTION #. Section 10.1 of S.L. 2011-145 is amended by adding the following  
3 new subsection to read:

4 "SECTION 10.1.(g1) The Department of Health and Human Services, Division of Child  
5 Development and Early Education, shall require all county departments of social services to  
6 include on any forms used to determine eligibility for child care subsidy whether the family  
7 waiting for subsidy is receiving assistance through the NC Pre-K program or Head Start."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H16-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES  
ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT  
ADJUSTMENTS**

SECTION #.(a) Section 10.5(c) of S.L. 2011-145 is repealed.

SECTION #.(b) Section 10.5 of S.L. 2011-145 is amended by adding the following new subsection to read:

"SECTION 10.5.(c1) The North Carolina Partnership for Children, Inc., shall develop and implement a salary schedule for the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of local partnerships. The salary schedule shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. In establishing a salary schedule, the North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

(1) The population of the area serviced by a local partnership.

(2) The amount of State funds administered by the North Carolina Partnership for Children, Inc.

(3) The amount of total funds administered by the North Carolina Partnership for Children, Inc.

(4) The professional experience of the individual to be compensated.

(5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

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

SECTION #.(c) Section 10.5(e) of S.L. 2011-145, as amended by Section 21A of S.L. 2011-391, reads as rewritten:

**"SECTION 10.5.(e) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall equal to at least ~~seven percent (7%)~~ten percent (10%) and in-kind donated resources equal to no more than three percent (3%) for a total match requirement of ~~ten percent (10%)~~thirteen percent (13%) 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**

1 fair market value of those services. All other volunteer service hours shall be valued at the  
2 statewide average wage rate as calculated from data compiled by the Employment Security  
3 Commission in the Employment and Wages in North Carolina Annual Report for the most  
4 recent period for which data are available. Expenses, including both those paid by cash and  
5 in-kind contributions, incurred by other participating non-State entities contracting with the  
6 North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered  
7 resources available to meet the required private match. In order to qualify to meet the required  
8 private match, the expenses shall:

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

23 Failure to obtain a ~~ten percent (10%)~~ thirteen percent (13%) match by June 30 of each fiscal  
24 year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a  
25 subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible  
26 for compiling information on the private cash and in-kind contributions into a report that is  
27 submitted to the Joint Legislative Commission on Governmental Operations in a format that  
28 allows verification by the Department of Revenue. The same match requirements shall apply to  
29 any expansion funds appropriated by the General Assembly."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H25-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**"READ NC" EARLY LITERACY INITIATIVE/DEVELOPMENT  
OFFICERS/ASSISTANCE TO RURAL PARTNERSHIPS**

**SECTION #.(a)** Of the funds appropriated to the Department of Health and Human Services, Division of Child Development and Early Education, for the North Carolina Partnership for Children, Inc., the sum of three million five hundred thousand dollars (\$3,500,000) for the 2012-2013 fiscal year shall be used by the North Carolina Partnership for Children, Inc., to develop and administer an early literacy initiative pilot program, to be known as "Read NC," hire four North Carolina Partnership for Children, Inc., development officers, and provide additional funds for rural partnerships. "Read NC" will focus on increasing the early literacy skills of children who are most at risk for reading below grade level. The pilot program shall be distributed geographically to ensure adequate representation of the diverse areas of the State.

**SECTION #.(b)** The focus of the pilot program will be to actively engage parents, child care teachers, and communities to help young children build a firm foundation for language acquisition and literacy skills. To that end, the pilot program shall do the following:

- (1) Educate parents in essential early literacy practices.
- (2) Increase the quality of early literacy programming in child care.
- (3) Increase early literacy opportunities for young children and families in community settings by incorporating the following programs:
  - a. "Reach Out and Read," a program that supports doctors in their efforts to "prescribe" reading to young children and families during well-child visits through early literacy guidance and book sharing, free books for children to keep, and literacy-rich waiting rooms.
  - b. "Raising a Reader" (RAR), a program that rotates bright red bags filled with award-winning books into children's homes on a weekly basis, exposing children on average to over 100 books per rotation cycle, and pairs this book rotation with parent training and information on how to effectively share books to promote family literacy habits, language and literacy skills, and a love of learning.
  - c. "Motherread/Fatheread," a program that combines the teaching of literacy skills with child development and family empowerment issues.
  - d. "Dolly Parton Imagination Library," a program that provides a free, age-appropriate book each month to children ages birth to five years.

**SECTION #.(c)** The Division of Child Development and Early Education and the North Carolina Partnership for Children, Inc., shall report by April 1, 2013, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Committee on Health and Human Services, the Senate Appropriations/Base Budget Committee on Health and

1 Human Services, and the House of Representatives Appropriations Subcommittee on Health  
2 and Human Services on the progress in complying with this section.

3 **SECTION #.(d)** The North Carolina Partnership for Children, Inc., shall include in  
4 its assistance to local partnerships, training and assistance with fund-raising activities. Of the  
5 funds designated under subsection (a) of this section, the North Carolina Partnership for  
6 Children, Inc., shall hire a staff of four individuals who are qualified in the areas of grant  
7 writing and fund-raising to assist local partnerships in raising the amount of non-State funds  
8 required by law. The staff hired pursuant to this subsection shall be located regionally and be  
9 accessible to participate in the various local partnerships' activities.

10 **SECTION #.(e)** Of the funds designated under subsection (a) of this section, the  
11 North Carolina Partnership for Children, Inc., shall provide assistance to local partnerships  
12 located in rural areas of the State.

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2011**

**DRAFT  
SPECIAL PROVISION**



**2012-DHHS-H4A-P**

**Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services**

**Requested by: Representative**

- 1 ***MEDICAID THERAPIES LIMIT REVISED***
- 2 **SECTION #. Section 10.37(a)(2) of S.L. 2011-145 is repealed.**

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H13B-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **MEDICAID ELIGIBILITY/COLA DISREGARD**

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

4 **"§ 108A-54.4 Income disregard for federal cost-of-living adjustments.**

5 An increase in a Medical Assistance Program recipient's income due solely to a  
6 cost-of-living adjustment to federal Social Security and Railroad Retirement payments shall be  
7 disregarded when determining income eligibility for the Medical Assistance Program. This  
8 section shall not be deemed to render a recipient eligible for the Medical Assistance Program if  
9 all other eligibility requirements are not met."

10 SECTION #.(b) The Department of Health and Human Services shall apply to the  
11 Center for Medicare and Medicaid Services for any necessary approvals to implement the  
12 income disregard required in subsection (a) of this section.

13 SECTION #.(c) Subsection (a) of this section is effective January 1, 2013. The  
14 remainder of this section is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H28-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**MEDICAID NONEMERGENCY MEDICAL TRANSPORTATION SERVICES**

**SECTION #.(a)** The Department of Health and Human Services, Division of Medical Assistance, in consultation with the Department of Transportation, Public Transportation Division, shall develop and issue a Request for Proposal (RFP) for the management of nonemergency medical transportation (NEMT) services for Medicaid recipients.

**SECTION #.(b)** The following information shall be considered when developing the RFP required by subsection (a) of this section:

- (1) An analysis of nonemergency transportation brokerage services implemented in other states that examines:
  - a. State-level governance and program performance evaluation.
  - b. Assignment of geographic regions for operating and monitoring purposes.
  - c. Quality of transportation service delivery and recipient access.
  - d. Accuracy of eligibility determinations.
  - e. Pricing models.
  - f. Contract structure, including terms and conditions.
  - g. Cost of service.
- (2) Assessment of the current coordination of human services transportation within North Carolina and the potential impact of brokerage services on transit system funding and operations.
- (3) A cost-benefit analysis of implementing a statewide NEMT brokerage model for Medicaid recipients.

**SECTION #.(c)** The Division of Medical Assistance shall submit a written report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Transportation on the status of the RFP by September 15, 2012.

**SECTION #.(d)** The Division of Medical Assistance shall consider the selection of a vendor or vendors generating a savings to the overall Medicaid transportation budget.

**SECTION #.(e)** The Department of Health and Human Services shall apply to the Centers for Medicare and Medicaid Services for any approvals necessary to implement the requirements of this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H29A-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**MODIFY AND IMPROVE PHARMACY SERVICES**

SECTION #, Section 10.48 of S.L. 2011-145 reads as rewritten:

"SECTION 10.48.(a) The Department of Health and Human Services shall revise its pharmacy dispensing fees under the Medicaid Program in order to encourage a greater proportion of prescriptions dispensed to be generic prescriptions and thereby achieve savings of fifteen million dollars (\$15,000,000) in the 2011-2012 fiscal year and twenty four million dollars (\$24,000,000) in the 2012-2013 fiscal year.

"SECTION 10.48.(a1) For the 2012-2013 fiscal year, the Department shall modify and improve pharmacy services under the Medicaid Program in a manner that achieves savings of thirty million six hundred seventy-one thousand five hundred seven dollars (\$30,671,507) through the implementation of a special pharmacy for hemophilia drugs and the expansion of prior authorization requirements. In addition, the Department shall lower pharmacy dispensing fees to achieve additional savings within the Medicaid Program.

"SECTION 10.48.(b) The Department shall report its progress in achieving the savings required by subsection (a) of this section on November 1, 2011, January 1, 2012, and quarterly thereafter to the House and Senate Appropriations Subcommittees on Health and Human Services and to the Fiscal Research Division. If any report required by this subsection reveals that those savings are not being achieved, the Department shall reduce prescription drug rates by an amount sufficient to achieve the savings.

"SECTION 10.48.(b1) The Department shall report its progress in achieving the savings required by subsection (a1) of this section on November 1, 2012, January 1, 2013, and quarterly thereafter to the House 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 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H30-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**SMART CARD PILOT PROGRAM**

SECTION #.(a) S.L. 2011-117 is repealed.

SECTION #.(b) The Department of Health and Human Services shall implement a smart card pilot program that involves enrollment, distribution, and use of smart cards by designated vendors and recipients as replacements for currently used Medicaid assistance cards. The Provider and Recipient Services Unit of the Division of Medical Assistance (DMA) shall administer the pilot program. The Department may contract with a third-party vendor or vendors to develop and execute the pilot program. If the Department elects to use a third-party vendor or vendors to develop and execute the pilot program, the Department shall select the vendor or vendors through a Request for Proposal process, conducted prior to implementation of the pilot program. In developing and implementing the pilot program, the Department shall comply with all applicable information technology procurement requirements. The smart card pilot program shall not expand beyond the areas described in subsection (c) of this section unless the expansion is approved by an act of the General Assembly.

SECTION #.(c) The purpose of the pilot program is to evaluate the feasibility of the smart card program in different geographical regions of the State. DMA shall select a region of the State to participate in the pilot program that is served by Community Care of North Carolina and meets all other requirements set forth in this section. The pilot program shall be conducted in two urban areas and two rural areas with a representative group of Medicaid recipients from each area.

SECTION #.(d) The pilot program shall include and evaluate the use of at least two different types of available technology that are designed to do all of the following:

- (1) Authenticate recipients at the onset and completion of each point of transaction in order to prevent card sharing and other forms of fraud.
- (2) Deny ineligible persons at the point of transaction.
- (3) Authenticate providers at the point of transaction to prevent phantom billing and other forms of provider fraud.
- (4) Secure and protect the personal identity and information of recipients.
- (5) Reduce the total amount of medical assistance expenditures by reducing the average cost per recipient.

SECTION #.(e) The pilot program may include all of the following:

- (1) A secure Web-based information system for recording and reporting authenticated transactions.
- (2) A secure Web-based information system that interfaces with the appropriate State databases to determine eligibility of recipients.
- (3) A system that gathers analytical information to be provided to business intelligence companies in order to assist in business intelligence processes.
- (4) A smart card with the ability to store multiple recipients' information on one card.

1 (5) An image of the recipient stored on both the smart card and database.  
2 **SECTION #.(f)** The pilot program shall not include a requirement for  
3 preenrollment of recipients.  
4 **SECTION #.(g)** In conducting the pilot program, the Department may do the  
5 following:  
6 (1) Incorporate additional or alternative methods of authentication of recipients.  
7 (2) Enter and store billing codes, deductible amounts, and bill confirmations.  
8 (3) Allow electronic prescribing services and prescription database integration  
9 and tracking in order to prevent medical error through information sharing  
10 and to reduce pharmaceutical abuse and lower health care costs.  
11 (4) Implement quick-pay incentives for providers who use electronic prescribing  
12 services, electronic health records, electronic patient records, or  
13 computerized patient records that automatically synchronize with recipients'  
14 smart cards and electronically submit a claim.  
15 (5) Adapt smart cards, fingerprint scanners, and card readers, for use by other  
16 State programs administered by the Department in order to reduce costs  
17 associated with the necessity of multiple cards per recipient.  
18 **SECTION #.(h)** During the pilot program, the Department shall evaluate the  
19 feasibility of expanding the pilot program, including the need to develop rules and policies  
20 related to the following:  
21 (1) Lost, forgotten, or stolen cards.  
22 (2) Enrollment of all recipients, regardless of age, for participation in the  
23 program.  
24 (3) Distribution and activation of smart cards for designated recipients.  
25 **SECTION #.(i)** The Department shall work with the Division of Motor Vehicles to  
26 ensure that State data, such as drivers license photos and other identification data, is leveraged  
27 to reduce program cost.  
28 **SECTION #.(j)** By no later than March 1, 2013, the Department shall submit a  
29 detailed written report to the Joint Legislative Oversight Committee on Health and Human  
30 Services, the Joint Legislative Oversight Committee on Information Technology, the Senate  
31 Committee on Health and Human Services, the House Appropriations Subcommittee on Health  
32 and Human Services, and the Fiscal Research Division. The report shall include (i) detailed  
33 results of the pilot in the four different geographic regions of the State, including cost-savings  
34 achieved in each region; (ii) costs associated with implementation of the pilot program,  
35 including payments to vendors; and (iii) an evaluation of the feasibility of, and issues  
36 associated with, implementing the smart card program statewide.  
37 **SECTION #.(k)** Of the funds appropriated from the General Fund to the  
38 Department of Health and Human Services for the 2012-2013 fiscal year, the sum of up to one  
39 million dollars (\$1,000,000) may be used to implement the smart card pilot program authorized  
40 by this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H22A-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

SECTION #. Section 10.8(b) of S.L. 2011-145 reads as rewritten:

"SECTION 10.8.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of twenty-nine million one hundred twenty-one thousand six hundred forty-four dollars (\$29,121,644) for the 2011-2012 fiscal year and the sum of ~~twenty-nine million one hundred twenty-one thousand six hundred forty-four dollars (\$29,121,644)~~ forty-seven million two hundred seventy-one thousand six hundred forty-four dollars (\$47,271,644) for the 2012-2013 fiscal year shall be allocated for the purchase of local inpatient psychiatric beds or bed days. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LMEs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. These beds or bed days shall be distributed across the State in LME catchment ~~areas~~ including any catchment areas served by managed care organizations, and according to need as determined by the Department. The Department shall enter into contracts with the LMEs and community hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. Local inpatient psychiatric beds or bed days shall be managed and controlled by the LME, including the determination of which local or State hospital the individual should be admitted to pursuant to an involuntary commitment order. Funds shall not be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment to the Division within 15 working days of receipt of a clean claim from the hospital and shall pay the hospital within 30 working days of receipt of payment from the Division. If the Department determines (i) that an LME is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the LME has failed to comply with the prompt payment provisions of this subsection, the Department may contract with another LME to manage the beds or bed days, or, notwithstanding any other provision of law to the contrary, may pay the hospital directly. The Department shall develop reporting requirements for LMEs regarding the utilization of the beds or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric beds or bed days shall be used to purchase additional beds or bed days not currently funded by or through LMEs and shall not be used to supplant other funds available or otherwise appropriated for the purchase of psychiatric inpatient services under contract with community hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds appropriated in S.L. 2007-323. Not later than March 1, 2012, the Department shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the

1 Senate Appropriations Committee on Health and Human Services, the Joint Legislative  
2 Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse  
3 Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased  
4 (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization  
5 Pilot, and (iv) purchased using funds appropriated under this subsection."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H31-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**EXAMINATION OF THE STATE'S DELIVERY OF MENTAL HEALTH SERVICES**

**SECTION #.(a)** The Joint Legislative Oversight Committee on Health and Human Services shall appoint a subcommittee to examine the State's delivery of mental health services. As part of its examination, the subcommittee shall review all of the following:

- (1) The State's progress in reforming the mental health system to deliver mental health services to individuals in the most integrated setting appropriate, without unnecessary institutionalization.
- (2) The State's capacity to meet its growing mental health needs with community-based supports.
- (3) The process for determining the catchment areas served by the State's psychiatric hospitals, with consideration of both of the following:
  - a. Factors used in assigning the geographic groupings of local management areas and managed care organizations into catchment areas.
  - b. Alternatives to the current process for determining the catchment areas served by the State's psychiatric hospitals, including a determination of whether there is a more efficient and equitable manner of assigning hospital catchment areas.

**SECTION #.(b)** The subcommittee shall report its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services on or before January 15, 2013, at which time it shall terminate.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H1A-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

***FUNDS FOR FAMILY PLANNING SERVICES BY LOCAL HEALTH DEPARTMENTS***

SECTION #. Of the funds appropriated in this act to the Department of Health and Human Services for the 2012-2013 fiscal year, none shall be allocated to renewing, extending, or entering into new contracts for the provision of family planning services and pregnancy prevention activities with providers other than local health departments. Upon the expiration of any contracts in effect during the 2011-2012 fiscal year between the Division of Public Health and private providers of family planning services and pregnancy prevention activities, the Department shall reallocate three hundred forty-three thousand dollars (\$343,000) of these contract funds to local health departments. Local health departments receiving funds under this section shall not contract with outside vendors for the provision of family planning services or pregnancy prevention activities. These services shall be provided directly by local health department recipients. This section does not apply to contracts administered by the Department pursuant to G.S. 130A-131.15A.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H36A-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 ***REPEAL MANDATORY LOCAL HEALTH DEPARTMENT ACCREDITATION.***

2 SECTION #.(a) Article 2 of Chapter 130A of the General Statutes is amended by  
3 adding a new section to read:

4 **"§ 130A-34.1A. National accreditation of local health departments encouraged.**

5 **All local health departments are encouraged to obtain and maintain accreditation from a**  
6 **national accrediting organization."**

7 SECTION #.(b) Section 130A-34.1 is repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H17-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**COMMUNITY HEALTH GRANT FUNDING**

**SECTION #.(a)** By no later than January 1, 2013, the Department of Health and Human Services shall enter into contracts obligating the entire amount of funds appropriated in this act for the 2012-2013 fiscal year for community health centers. These funds shall be used only for community health grants to nonprofit or public health care safety nets that provide primary and preventive medical services to uninsured or medically indigent patients, including free clinics, community health care centers, rural health centers, school-based health centers, and local health departments. The Department shall not use these funds to supplant any reduction in funding prescribed by the General Assembly for the 2012-2013 fiscal year.

**SECTION #.(b)** By no later than March 1, 2013, the Department of Health and Human Services shall submit a written report on community health grants awarded during the 2012-2013 fiscal year to the Joint Legislative Oversight Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The report shall include the identity and a brief description of the community health activities performed by each grantee, the amount of funding awarded to each grantee, and the number of persons served by each grantee.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H9-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**FUNDS FOR COMMUNITY-BASED HEALTH AND WELLNESS INITIATIVES**

**SECTION #.(a)** Funds appropriated in this act to the Department of Health and Human Services for the 2012-2013 fiscal year for community-based health and wellness programs and initiatives shall be used only for the following:

- (1) Programs to prevent and reduce tobacco use by students in grades kindergarten through 12. The Department shall not spend any funds allocated to these programs for statewide marketing and media campaigns for tobacco cessation and prevention. This subdivision shall not be construed to prohibit the use of these funds for (i) local or community-based tobacco cessation and prevention campaigns or (ii) tobacco cessation and prevention campaigns conducted on the premises of North Carolina elementary schools, middle schools, and high schools.
- (2) ChecKmeds.
- (3) Medication Assistance Program.
- (4) Roanoke Chowan Telehealth Network.
- (5) County health department initiatives. County health departments shall use these funds only for county community health and wellness initiatives to promote healthy behaviors, including, but not limited to, tobacco cessation, improved nutrition, increased physical activity, disease prevention, and school nurse positions. Funds received by county health departments pursuant to this section shall not supplant existing funds for health and wellness programs or initiatives.

**SECTION #.(b)** By December 1, 2013, the Department shall submit a written report to the Joint Legislative Oversight Committee on Health and Human Services, 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 use of these funds. The report shall include the identity and a brief description of each grantee and each program or initiative offered by the grantee; the amount of funding awarded to each grantee; and the number of persons served by each grantee, broken down by program or initiative.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H11-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 ***DELAY LOCAL RECEIPT OF LARGER PORTION OF FOOD & LODGING FEES***

2 SECTION #. Section 31.11A(c) of S.L. 2011-145, as amended by Section 61A of  
3 S.L. 2011-391, reads as rewritten:

4 "SECTION 31.11A.(c) Subsection (a) of this section becomes effective ~~July 1, 2012.~~ July  
5 1, 2013."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H34-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**AIDS DRUG ASSISTANCE PROGRAM PILOT**

**SECTION #.(a)** The Department of Health and Human Services, Division of Public Health, shall develop and implement a pilot program to begin on January 1, 2013, and terminate on December 31, 2013, to enroll individuals receiving services under the Aids Drug Assistance Program (ADAP) in Inclusive Health North Carolina. The purposes of the pilot are (i) to determine cost savings to ADAP through enrollment of ADAP recipients in a preexisting conditions insurance program (PCIP) and (ii) to inform the Department of best practices in transitioning ADAP recipients to Medicaid as they become eligible. The Department shall select up to three HIV/AIDS care provider agencies with the highest number of ADAP recipients to participate in the pilot. The Department shall ensure that the total number of ADAP recipients participating in the pilot meets all of the following requirements:

- (1) Participation does not exceed ten percent (10%) of the total number of ADAP recipients receiving services at the selected HIV/AIDS care provider agencies.
- (2) ADAP recipients shall be enrolled only in Inclusive Health North Carolina up to the point that enrollment remains cost-neutral or achieves cost savings to ADAP, as determined by an actuary. The Department shall obtain actuarial services to ensure the cost neutrality or cost savings of enrolling ADAP recipients in Inclusive Health North Carolina prior to implementing the pilot program. The Department shall not implement the pilot program if the actuary determines implementation will not be cost-neutral or achieve savings.

**SECTION #.(b)** The Department may contract with an outside vendor to evaluate the results of the pilot program. By no later than April 1, 2014, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services on the results of the pilot program. The report shall include all of the following:

- (1) The number of pilot program participants.
- (2) A cost analysis for the pilot program, including a cost comparison between ADAP recipients who received services through Inclusive Health North Carolina and ADAP recipients who received services only through ADAP.
- (3) Feedback from pilot program participants.
- (4) Best practices identified by the Department for transitioning ADAP recipients to Medicaid as they become eligible.
- (5) Improved health outcomes.

**SECTION #.(c)** The Department shall use funds appropriated to it to develop and implement the pilot program authorized by this section. The Division of Public Health shall manage the number of ADAP recipients enrolled in Inclusive Health North Carolina as part of

- 1 the pilot program and the number of ADAP recipients receiving services only through ADAP
- 2 in order to ensure that pilot program expenditures do not exceed available funds.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H20-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**POSITION ELIMINATIONS FOR FISCAL YEAR 2012-2013**

**SECTION #.** For fiscal year 2012-2013, the Department of Health and Human Services shall eliminate an additional 50 full-time equivalent positions that have been continuously vacant since July 1, 2010. To the extent possible, the Secretary shall not eliminate positions assigned to the Division of State Operated Healthcare Facilities. This section shall not be construed to give the Department flexibility in achieving the savings attributed to these 50 position eliminations by any other means. By October 1, 2012, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the position eliminations required by this section. The report shall include at least all of the following information about each eliminated position:

- (1) Division assignment.
- (2) Title.
- (3) Salary.
- (4) Fringe benefits.
- (5) The percentage and identity of any non-State funding sources.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H10A-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

***REDUCE FUNDING FOR NONPROFIT ORGANIZATIONS***

SECTION #.(a) Section 10.18 of S.L. 2011-145 is repealed.

SECTION #.(b) For fiscal year 2012-2013, the Department of Health and Human Services shall reduce the amount of funds allocated to nonprofit organizations by five million dollars (\$5,000,000) on a recurring basis. The Department shall not, under any circumstances, use any funds, including State funds, federal funds, special revenue funds, or departmental receipts, to supplement the reduced amount of funding to be allocated to nonprofit organizations pursuant to this subsection. In achieving the reductions required by this subsection, the Department (i) shall minimize reductions to funds allocated to nonprofit organizations for the provision of direct services and (ii) shall not reduce funds allocated to nonprofit organizations to pay for direct services to individuals with developmental disabilities.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H18-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT STATE  
APPROPRIATIONS**

**SECTION #.(a)** The Department of Health and Human Services shall require the following non-State entities to match ten percent (10%) of the total amount of State appropriations received each fiscal year. In addition, the Department shall direct these entities to submit a written report annually, beginning December 1, 2012, of all activities funded by State appropriations to the Joint Legislative Oversight Committee on Health and Human 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:

- (1) North Carolina Senior Games, Inc.
- (2) ARC of North Carolina.
- (3) ARC of North Carolina – Wilmington.
- (4) Autism Society of North Carolina.
- (5) The Mariposa School for Children with Autism.
- (6) Easter Seals UCP of North Carolina.
- (7) Easter Seals UCP of North Carolina and Virginia.
- (8) ABC of North Carolina Child Development Center.
- (9) Residential Services, Inc.
- (10) Oxford House, Inc.
- (11) Brain Injury Association of North Carolina.
- (12) Food Bank of Central and Eastern North Carolina, Inc.
- (13) Food Bank of the Albemarle.
- (14) Manna Food Bank.
- (15) Second Harvest Food Bank of Metrolina, Inc.
- (16) Second Harvest Food Bank of Northwest North Carolina, Inc.
- (17) Prevent Blindness NC.

**SECTION #.(b)** The report required by subsection (a) of this section shall include the following information about the fiscal year preceding the year in which the report is due:

- (1) The entity's mission, purpose, and governance structure.
- (2) A description of the types of programs, services, and activities funded by State appropriations.
- (3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
- (4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
- (5) A detailed program budget and list of expenditures, including all positions funded and funding sources.

1

(6) The source and amount of any matching funds received by the entity.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H32-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**REPORT ON LAPSED SALARY FUNDS**

SECTION #. Beginning no later than November 1, 2012, the Department of Health and Human Services shall submit quarterly reports to the Joint Legislative Oversight Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the use of lapsed salary funds by each Division within the Department. For each Division, the report shall include the following information about the preceding calendar quarter:

- (1) The total amount of lapsed salary funds.
- (2) The number of full-time equivalent positions comprising the lapsed salary funds.
- (3) The Fund Code for each full-time equivalent position included in the number reported pursuant to subdivision (2) of this section.
- (4) The purposes for which the Department expended lapsed salary funds.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H21-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**PREVENTIVE HEALTH INVENTORY AND CONSOLIDATION PLAN**

**SECTION #.(a)** The Department of Health and Human Services shall complete an inventory of its preventive health services and activities, including those provided under the North Carolina Partnership for Children, Inc. The inventory shall identify (i) services and activities provided directly by the Department and (ii) services and activities provided by grantees and outside vendors.

**SECTION #.(b)** The Department shall conduct a comprehensive assessment of all services and activities included in the inventory prepared pursuant to subsection (a) of this section. The comprehensive assessment shall include at least all of the following for each identified service or activity:

- (1) A program name and a description of the services or activities.
- (2) The number of persons served, if applicable.
- (3) A breakdown of all funding sources.

**SECTION #.(c)** By October 1, 2012, the Department shall report on the information required by this section to the Joint Legislative Oversight Committee on Health and Human 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.

**SECTION #.(d)** The Department shall develop a plan to consolidate all preventive health services and activities. By no later than March 1, 2013, the Department shall submit this plan to the Joint Legislative Oversight Committee on Health and Human 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. The Department shall not implement this plan without approval by the General Assembly.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H37-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**REVISE DATES/TANF BENEFIT IMPLEMENTATION**

SECTION #. Section 10.55 of S.L. 2011-145 reads as rewritten:

"SECTION 10.55.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY ~~2010-2012~~, "2012-2014," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, ~~2010-2012~~, through September 30, ~~2012-2014~~. 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 2011 General Assembly.

"SECTION 10.55.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY ~~2010-2012~~, 2012-2014, as approved by this section are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

"SECTION 10.55.(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 year ~~2011-2012~~ through ~~2012-2014~~, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, ~~2009-2012~~. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, ~~2012-2014~~.

"SECTION 10.55.(d) For the ~~2011-2012~~ 2012-2014 fiscal year, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the ~~2010-2011~~ 2012-2014 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

"SECTION 10.55.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the ~~2011-2012~~ 2012-2014 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Commission 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."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H19-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**REMOVE CAP ON SPECIAL ASSISTANCE IN-HOME PAYMENT RECIPIENTS**

SECTION #. G.S. 108A-47.1 reads as rewritten:

"§ 108A-47.1. Special Assistance in-home payments.

The Department of Health and Human Services may use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in in-home living arrangements. ~~These payments may be made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~

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. 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."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H40-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**TELECOMMUNICATIONS RELAY SERVICE**

SECTION #.(a) G.S. 62-157(d1) reads as rewritten:

"(d1) The Department of Health and Human Services shall utilize revenues from the wireless surcharge collected under subsection (i) of this section to ~~fund the Regional Resource Centers within~~ support the Division of Services for the Deaf and the Hard of Hearing, in accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the General Statutes."

SECTION #.(b) G.S. 62-157(e) reads as rewritten:

"(e) Administration of Service. – The Department of Health and Human Services shall administer the statewide telecommunications relay service program, including its establishment, operation, and promotion. The Department may contract out the provision of this service for four-year periods to one or more service providers, using the provisions of G.S. 143-129. The Department shall administer all programs and services, including the Regional Resource Centers within the Division of Services for the Deaf and the Hard of Hearing in accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the General Statutes."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

DRAFT  
SPECIAL PROVISION



2012-DHHS-H14A-P

Department of Health and Human Services  
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

**DHHS BLOCK GRANTS**

**SECTION #.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2013, according to the following schedule:

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) FUNDS**

Local Program Expenditures

Division of Social Services

01.	Work First Family Assistance	\$ 61,671,297
02.	Work First County Block Grants	83,386,330
03.	Work First Electing Counties	2,378,213
04.	Adoption Services – Special Children's Adoption Fund	2,026,877
05.	Family Violence Prevention	2,200,000
06.	Child Protective Services – Child Welfare Workers for Local DSS	15,893,996
07.	Child Welfare Collaborative	754,115

Division of Child Development

08.	Subsidized Child Care Program	59,645,662
09.	Swap Child Care Subsidy	6,352,644

Division of Public Health

10.	Teen Pregnancy Initiatives	2,500,000
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DHHS Administration

11.	Division of Social Services	2,482,260
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1			
2	12.	Office of the Secretary	34,042
3			
4		Transfers to Other Block Grants	
5			
6		Division of Child Development	
7			
8	13.	Transfer to the Child Care and Development Fund	
9		(Smart Start Quality Initiative \$2,700,000)	75,773,001
10			
11	14.	Transfer to Social Services Block Grant for Child	
12		Protective Services – Child Welfare Training in	
13		Counties	1,300,000
14			
15	15.	Transfer to Social Services Block Grant for Child	
16		Protective Services	5,040,000
17			
18	16.	Transfer to Social Services Block Grant for County	
19		Departments of Social Services	4,148,001
20			
21		<b>TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES</b>	
22		<b>(TANF) FUNDS</b>	<b>\$ 325,586,438</b>
23			
24		<b>TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)</b>	
25		<b>EMERGENCY CONTINGENCY FUNDS</b>	
26			
27		Local Program Expenditures	
28			
29		Division of Social Services	
30			
31	01..	Work First County Block Grants	\$ 11,066,985
32			
33		<b>TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)</b>	
34		<b>EMERGENCY CONTINGENCY FUNDS</b>	<b>\$ 11,066,985</b>
35			
36		<b>SOCIAL SERVICES BLOCK GRANT</b>	
37			
38		Local Program Expenditures	
39			
40		Divisions of Social Services and Aging and Adult Services	
41			
42	01.	County Departments of Social Services	\$ 35,211,798
43		(Transfer from TANF \$4,148,001)	
44			
45	02.	Child Protective Services (Transfer from TANF)	5,040,000
46			
47	03.	State In-Home Services Fund	2,101,113
48			
49	04.	State Adult Day Care Fund	2,155,301
50			

1	05.	Child Protective Services/CPS Investigative	
2		Services-Child Medical Evaluation Program	609,455
3			
4	06.	Foster Care Services	1,497,138
5			
6	07.	Special Children Adoption Incentive Fund	500,000
7			
8	08.	Child Protective Services-Child Welfare Training	
9		for Counties (Transfer from TANF)	1,300,000
10			
11	09.	Home and Community Care Block Grant (HCCBG)	1,834,077
12			
13	10.	Maternity Homes	925,085
14			
15	11.	Child Advocacy Centers	375,000
16			
17	12.	Work First – Boys and Girls Clubs	2,452,500
18			
19	13.	Food Banks	1,000,000
20			
21	14.	Child Care Subsidy	2,452,500
22			
23	15.	Developmental Disabilities Services Program	4,356,604
24			
25		Division of Public Health	
26			
27	16.	HIV/STD Prevention and Community Planning	145,819
28			
29	17.	Prevent Blindness	150,000
30			
31		Division of Vocational Rehabilitation	
32			
33	18.	Vocational Rehabilitation Services – Easter Seal Society/UCP	
34		Community Health Program	188,263
35			
36		DHHS Program Expenditures	
37			
38		Division of Services for the Blind	
39			
40	19.	Independent Living Program	3,633,077
41			
42	20.	Accessible Electronic Information for Blind and Disabled Persons	75,000
43			
44		Division of Health Service Regulation	
45			
46	21.	Adult Care Licensure Program	411,897
47			
48	22.	Mental Health Licensure and Certification Program	205,668
49			
50		DHHS Administration	

1			
2	23.	Division of Aging and Adult Services	624,454
3			
4	24.	Division of Social Services	701,140
5			
6	25.	Office of the Secretary/Controller's Office	138,058
7			
8	26.	Division of Child Development	15,000
9			
10	27.	Division of Mental Health, Developmental	
11		Disabilities, and Substance Abuse Services	29,665
12			
13	28.	Division of Health Service Regulation	128,562
14			
15	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 68,257,174
16			
17	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
18			
19	Local Program Expenditures		
20			
21	Division of Social Services		
22			
23	01.	Low-Income Energy Assistance Program (LIEAP)	\$ 15,000,000
24			
25	02.	Crisis Intervention Program (CIP)	33,255,130
26			
27	Local Administration		
28			
29	Division of Social Services		
30			
31	03.	County DSS Administration	4,444,717
32			
33	DHHS Administration		
34			
35	04.	Office of the Secretary/DIRM	219,490
36			
37	05.	Office of the Secretary/Controller's Office	9,779
38			
39	Transfers to Other State Agencies		
40			
41	Department of Commerce		
42			
43	06.	Weatherization Program	8,464,517
44			
45	07.	Heating Air Repair and Replacement	
46		Program (HARRP)	3,762,265
47			
48	08.	Local Residential Energy Efficiency Service	
49		Providers – Weatherization	19,825
50			

1	09.	Local Residential Energy Efficiency Service	
2		Providers – HARRP	180,041
3			
4	10.	Department of Commerce Administration –	
5		Weatherization	19,825
6			
7	11.	Department of Commerce Administration –	
8		HARRP	180,041
9			
10		Department of Administration	
11			
12	12.	N.C. Commission on Indian Affairs	87,736
13			
14	TOTAL LOW-INCOME HOME ENERGY ASSISTANCE		
15	BLOCK GRANT		\$ 65,643,366
16			
17	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
18			
19	Local Program Expenditures		
20			
21	Division of Child Development		
22			
23	01.	Subsidized Child Care Services (CCDF)	\$ 158,004,959
24			
25	02.	Electronic Tracking System	3,336,345
26			
27	03.	Subsidized Child Care Services	
28		(Transfer from TANF)	73,000,000
29			
30	04.	Quality and Availability Initiatives	
31		(TEACH Program \$3,800,000; Smart Start \$4,000,000)	25,948,434
32			
33	Division of Social Services		
34			
35	05.	Local Subsidized Child Care Services Support	16,471,587
36		(4% Administrative Allowance)	
37			
38	DHHS Administration		
39			
40	Division of Child Development		
41			
42	06.	DCD Administrative Expenses	6,539,277
43			
44	Division of Central Administration		
45			
46	07.	DHHS Central Administration – DIRM	
47		Technical Services	774,317
48			
49	TOTAL CHILD CARE AND DEVELOPMENT FUND		
50	BLOCK GRANT		\$ 284,074,919

1			
2	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
3			
4	Local Program Expenditures		
5			
6	01. Mental Health Services – Adult	\$ 8,870,595	
7			
8	02. Mental Health Services – Child	5,121,991	
9			
10	03. Administration	100,000	
11			
12	<b>TOTAL MENTAL HEALTH SERVICES BLOCK GRANT</b>	<b>\$ 14,092,586</b>	
13			
14	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
15			
16	Local Program Expenditures		
17			
18	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
19			
20	01. Substance Abuse Services – Adult	\$ 15,328,802	
21			
22	02. Substance Abuse Treatment Alternative for Women	6,050,300	
23			
24	03. Substance Abuse – HIV and IV Drug	3,919,723	
25			
26	04. Substance Abuse Prevention – Child	7,186,857	
27			
28	05. Substance Abuse Services – Child	4,940,500	
29			
30	06. Administration	454,000	
31			
32	Division of Public Health		
33			
34	07. Risk Reduction Projects	575,654	
35			
36	08. Aid-to-Counties	190,295	
37			
38	<b>TOTAL SUBSTANCE ABUSE PREVENTION</b>		
39	<b>AND TREATMENT BLOCK GRANT</b>	<b>\$ 38,646,131</b>	
40			
41	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
42			
43	Local Program Expenditures		
44			
45	Division of Public Health		
46			
47	01. Children's Health Services		
48	(Nurse-Family Partnership \$375,000)	\$ 8,528,156	
49			
50	02. Women's Health		

1	(March of Dimes \$350,000; Teen Pregnancy Prevention	
2	Initiatives \$650,000; Perinatal Quality Collaborative \$250,000)	8,510,783
3		
4	03. Oral Health	42,268
5		
6	DHHS Program Expenditures	
7		
8	Division of Public Health	
9		
10	04. Children's Health Services	1,417,087
11		
12	05. Women's Health	136,628
13		
14	06. State Center for Health Statistics	164,318
15		
16	07. Quality Improvement in Public Health	1,636
17		
18	08. Health Promotion	89,374
19		
20	DHHS Administration	
21		
22	Division of Public Health	
23		
24	09. Division of Public Health Administration	558,831
25		
26	TOTAL MATERNAL AND CHILD	
27	HEALTH BLOCK GRANT	\$ 19,449,081
28		
29	<b>COMMUNITY SERVICES BLOCK GRANT</b>	
30		
31	Local Program Expenditures	
32		
33	Office of Economic Opportunity	
34		
35	01. Community Action Agencies	\$ 18,075,488
36		
37	02. Limited Purpose Agencies	1,004,194
38		
39	DHHS Administration	
40		
41	03. Office of Economic Opportunity	1,004,194
42		
43	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 20,083,876
44		
45	<b>GENERAL PROVISIONS</b>	
46	SECTION #.(b) Information to Be Included in Block Grant Plans. – The	
47	Department of Health and Human Services shall submit a separate plan for each Block Grant	
48	received and administered by the Department, and each plan shall include the following:	
49	(1) A delineation of the proposed allocations by program or activity, including	
50	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 #.(c) Changes in Federal Fund Availability.** – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall develop a plan to adjust the block grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for the 2012-2013 fiscal year, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for four-year-old children.

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 Commission 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 #.(d)** Appropriations from federal Block Grant funds are made for the fiscal year ending June 30, 2013, according to the schedule enacted for State fiscal year 2012-2013 or until a new schedule is enacted by the General Assembly.

**SECTION #.(e)** All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and the Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. The report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

**SECTION #.(f)** If the Preventive Health Services Block Grant is funded at the federal level and the State receives a block grant for Preventive Health Services, the 2011-2012 allocation plan shall remain in effect for the 2012-2013 fiscal year.

1  
2 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

3 **SECTION #.(g)** The sum of eighty-three million three hundred eighty-six thousand  
4 three hundred thirty dollars (\$83,386,330) appropriated in this section in TANF funds to the  
5 Department of Health and Human Services, Division of Social Services, for the 2012-2013  
6 fiscal year shall be used for Work First County Block Grants. The Division shall certify these  
7 funds in the appropriate State-level services based on prior year actual expenditures. The  
8 Division has the authority to realign the authorized budget for these funds among the  
9 State-level services based on current year actual expenditures.

10 **SECTION #.(h)** The sum of two million four hundred eighty-two thousand two  
11 hundred sixty dollars (\$2,482,260) appropriated in this section in TANF funds to the  
12 Department of Health and Human Services, Division of Social Services, for the 2012-2013  
13 fiscal year shall be used to support administration of TANF-funded programs.

14 **SECTION #.(i)** The sum of two million two hundred thousand dollars  
15 (\$2,200,000) appropriated under this section in TANF funds to the Department of Health and  
16 Human Services, Division of Social Services, for the 2012-2013 fiscal year shall be used to  
17 provide domestic violence services to Work First recipients. These funds shall be used to  
18 provide domestic violence counseling, support, and other direct services to clients. These funds  
19 shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts.  
20 The Division of Social Services may use up to seventy-five thousand dollars (\$75,000) in  
21 TANF funds to support one administrative position within the Division of Social Services to  
22 implement this subsection.

23 Each county department of social services and the local domestic violence shelter  
24 program serving the county shall develop jointly a plan for utilizing these funds. The plan shall  
25 include the services to be provided and the manner in which the services shall be delivered. The  
26 county plan shall be signed by the county social services director or the director's designee and  
27 the domestic violence program director or the director's designee and submitted to the Division  
28 of Social Services by December 1, 2012. The Division of Social Services, in consultation with  
29 the Council for Women, shall review the county plans and shall provide consultation and  
30 technical assistance to the departments of social services and local domestic violence shelter  
31 programs, if needed.

32 The Division of Social Services shall allocate these funds to county departments of  
33 social services according to the following formula: (i) each county shall receive a base  
34 allocation of five thousand dollars (\$5,000) and (ii) each county shall receive an allocation of  
35 the remaining funds based on the county's proportion of the statewide total of the Work First  
36 caseload as of July 1, 2012, and the county's proportion of the statewide total of the individuals  
37 receiving domestic violence services from programs funded by the Council for Women as of  
38 July 1, 2012. The Division of Social Services may reallocate unspent funds to counties that  
39 submit a written request for additional funds.

40 **SECTION #.(j)** The sum of fifteen million eight hundred ninety-three thousand  
41 nine hundred ninety-six dollars (\$15,893,996) appropriated in this section to the Department of  
42 Health and Human Services, Division of Social Services, in TANF funds for the 2012-2013  
43 fiscal year for child welfare improvements shall be allocated to the county departments of  
44 social services for hiring or contracting staff to investigate and provide services in Child  
45 Protective Services cases; to provide foster care and support services; to recruit, train, license,  
46 and support prospective foster and adoptive families; and to provide interstate and  
47 post-adoption services for eligible families.

48 Counties shall maintain their level of expenditures in local funds for Child  
49 Protective Services' workers. Of the block grant funds appropriated for Child Protective  
50 Services' workers, the total expenditures from State and local funds for the 2012-2013 fiscal

1 year shall not be less than the total expended from State and local funds for the 2011-2012  
2 fiscal year.

3 **SECTION #.(k)** The sum of two million twenty-six thousand eight hundred  
4 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the  
5 Department of Health and Human Services, Special Children Adoption Fund, for the  
6 2012-2013 fiscal year shall be used in accordance with G.S. 108A-50.2, as enacted in Section  
7 10.48 of S.L. 2009-451. The Division of Social Services, in consultation with the North  
8 Carolina Association of County Directors of Social Services and representatives of licensed  
9 private adoption agencies, shall develop guidelines for the awarding of funds to licensed public  
10 and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in  
11 foster care. Payments received from the Special Children Adoption Fund by participating  
12 agencies shall be used exclusively to enhance the adoption services program. No local match  
13 shall be required as a condition for receipt of these funds.

14 **SECTION #.(l)** The sum of seven hundred fifty-four thousand one hundred fifteen  
15 dollars (\$754,115) appropriated in this section to the Department of Health and Human  
16 Services in TANF funds for the 2012-2013 fiscal year shall be used to continue support for the  
17 Child Welfare Collaborative.

## 18 19 **SOCIAL SERVICES BLOCK GRANT**

20 **SECTION #.(m)** The sum of thirty-five million two hundred eleven thousand  
21 seven hundred ninety-eight dollars (\$35,211,798) appropriated in this section in the Social  
22 Services Block Grant to the Department of Health and Human Services, Division of Social  
23 Services, for the 2012-2013 fiscal year shall be used for County Block Grants. The Division  
24 shall certify these funds in the appropriate State level services based on prior year actual  
25 expenditures. The Division has the authority to realign the authorized budget for these funds  
26 among the State-level services based on current year actual expenditures.

27 **SECTION #.(n)** The sum of one million three hundred thousand dollars  
28 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department  
29 of Health and Human Services, Division of Social Services, for the 2012-2013 fiscal year shall  
30 be used to support various child welfare training projects as follows:

- 31 (1) Provide a regional training center in southeastern North Carolina.
- 32 (2) Provide training for residential child caring facilities.
- 33 (3) Provide for various other child welfare training initiatives.

34 **SECTION #.(o)** The sum of one million four hundred ninety-seven thousand one  
35 hundred thirty-eight dollars (\$1,497,138) appropriated in this section in the Social Services  
36 Block Grant for child caring agencies for the 2012-2013 fiscal year shall be allocated in support  
37 of State foster home children.

38 **SECTION #.(p)** The Department of Health and Human Services is authorized,  
39 subject to the approval of the Office of State Budget and Management, to transfer Social  
40 Services Block Grant funding allocated for departmental administration between divisions that  
41 have received administrative allocations from the Social Services Block Grant.

42 **SECTION #.(q)** Social Services Block Grant funds appropriated for the Special  
43 Children's Adoption Incentive Fund will require a fifty percent (50%) local match.

44 **SECTION #.(r)** The sum of five million forty thousand dollars (\$5,040,000)  
45 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year  
46 shall be allocated to the Department of Health and Human Services, Division of Social  
47 Services. The Division shall allocate these funds to local departments of social services to  
48 replace the loss of Child Protective Services State funds that are currently used by county  
49 government to pay for Child Protective Services staff at the local level. These funds shall be  
50 used to maintain the number of Child Protective Services workers throughout the State. These

1 Social Services Block Grant funds shall be used to pay for salaries and related expenses only  
2 and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent  
3 (25%).

4 **SECTION #.(s)** The sum of two million four hundred fifty-two thousand five  
5 hundred dollars (\$2,452,500) appropriated in this section to the Department of Social Services,  
6 Division of Social Services, in the Social Services Block Grant for Boys and Girls Clubs for the  
7 2012-2013 fiscal year shall be used to make grants for approved programs. The Department of  
8 Health and Human Services, in accordance with federal regulations for the use of Social  
9 Services Block Grant funds, shall administer a grant program to award funds to the Boys and  
10 Girls Clubs across the State in order to implement programs that improve the motivation,  
11 performance, and self-esteem of youths and to implement other initiatives that would be  
12 expected to reduce gang participation, school dropout, and teen pregnancy rates. The  
13 Department shall facilitate collaboration between the Boys and Girls Clubs and Support Our  
14 Students, Communities in Schools, and similar programs and encourage them to submit joint  
15 applications for the funds if appropriate. These funds are exempt from the provisions of 10A  
16 NCAC 71R .0201(3).

17 **SECTION #.(t)** The sum of nine hundred twenty-five thousand eighty-five dollars  
18 (\$925,085) appropriated in this section in the Social Services Block Grant for the 2012-2013  
19 fiscal year to the Department of Health and Human Services, Division of Services for the  
20 Blind, shall be used for maternity homes. These funds are exempt from the provisions of 10A  
21 NCAC 71R .0201(3).

22 **SECTION #.(u)** The sum of one hundred fifty thousand dollars (\$150,000)  
23 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year to  
24 the Department of Health and Human Services, Division of Public Health, shall be allocated to  
25 Prevent Blindness North Carolina to be used for direct service programs. These funds are  
26 exempt from the provisions of 10A NCAC 71R .0201(3).

27 **SECTION #.(v)** The sum of seventy-five thousand dollars (\$75,000) appropriated  
28 in this section in the Social Services Block Grant for the 2012-2013 fiscal year to the  
29 Department of Health and Human Services, Division of Services for the Blind, shall be used to  
30 provide accessible electronic information for blind and disabled persons. These funds are  
31 exempt from the provisions of 10A NCAC 71R .0201(3).

32 **SECTION #.(w)** The sum of three hundred seventy-five thousand dollars  
33 (\$375,000) appropriated in this section in the Social Services Block Grant for the 2012-2013  
34 fiscal year to the Department of Health and Human Services, Division of Social Services, shall  
35 be used to continue support for the Child Advocacy Centers and are exempt from the  
36 provisions of 10A NCAC 71R .0201(3).

37 **SECTION #.(x)** Social Services Block Grant funds allocated for the 2012-2013  
38 fiscal year for child medical evaluations are exempt from the provisions of 10A NCAC 71R  
39 .0201(3).

40 **SECTION #.(y)** The sum of one million dollars (\$1,000,000) appropriated in this  
41 section in the Social Services Block Grant for the 2012-2013 fiscal year to the Department of  
42 Health and Human Services, Division of Social Services, shall be allocated to North Carolina  
43 Food Bank agencies to be used to purchase and distribute food staples for emergency food  
44 assistance. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

#### 45 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

46 **SECTION #.(z)** Additional emergency contingency funds received may be  
47 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior  
48 consultation with the Joint Legislative Commission on Governmental Operations. Additional  
49 funds received shall be reported to the Joint Legislative Commission on Governmental  
50

1 Operations and the Fiscal Research Division upon notification of the award. The Department of  
2 Health and Human Services shall not allocate funds for any activities, including increasing  
3 administration, other than assistance payments, without prior consultation with the Joint  
4 Legislative Commission on Governmental Operations.

5 **SECTION #.(aa)** The sum of fifteen million dollars (\$15,000,000) appropriated in  
6 this section in the Low-Income Home Energy Assistance Block Grant for the 2012-2013 fiscal  
7 year to the Department of Health and Human Services, Division of Social Services, shall be  
8 used for energy assistance payments for the households of (i) elderly persons age 60 and above  
9 with income up to one hundred thirty percent (130%) of the federal poverty level and (ii)  
10 disabled persons eligible for services funded through the Division of Aging and Adult Services.  
11 County departments of social services shall submit to the Division of Social Services an  
12 outreach plan for targeting households with 60-year-old household members no later than  
13 August 1 of each year.

#### 14 15 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

16 **SECTION #.(bb)** Payment for subsidized child care services provided with federal  
17 TANF funds shall comply with all regulations and policies issued by the Division of Child  
18 Development for the subsidized child care program.

19 **SECTION #.(cc)** If funds appropriated through the Child Care and Development  
20 Fund Block Grant for any program cannot be obligated or spent in that program within the  
21 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
22 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in  
23 order to use the federal funds fully.

#### 24 25 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

26 **SECTION 10.60.(dd)** If federal funds are received under the Maternal and Child  
27 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193  
28 (42 U.S.C. § 710), for the 2012-2013 fiscal year, then those funds shall be transferred to the  
29 State Board of Education to be administered by the Department of Public Instruction. The  
30 Department of Public Instruction shall use the funds to establish an abstinence until marriage  
31 education program and shall delegate to one or more persons the responsibility of  
32 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public  
33 Instruction shall carefully and strictly follow federal guidelines in implementing and  
34 administering the abstinence education grant funds.

35 **SECTION 10.60.(ee)** The Department of Health and Human Services shall ensure  
36 that there will be follow-up testing in the Newborn Screening Program.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

1

EDITION No. \_\_\_\_\_

H. B. No. \_\_\_\_\_

DATE \_\_\_\_\_

S. B. No. \_\_\_\_\_

Amendment No. \_\_\_\_\_

(to be filled in by  
Principal Clerk)

COMMITTEE SUBSTITUTE

Rep. )

Sen. )

Insko + Eall

G-5 of money report

1 moves to amend the bill on page \_\_\_\_\_, line \_\_\_\_\_

2 ( ) WHICH CHANGES THE TITLE

3 by

4 Item 29 by reducing the amount by

5 \$250,000 NR

6

7 and adding a new item 29A to read

8

9 "29A, Project CARE. Supports

10 families who are caring for

11 persons with Alzheimer's. \$250,000 NR

12

13

14

15

16

17

18

19

SIGNED

Uella Insko

ADOPTED

X

FAILED

TABLED



**NORTH CAROLINA GENERAL ASSEMBLY**  
**AMENDMENT**  
House Bill 950

AMENDMENT NO. 2  
(to be filled in by  
Principal Clerk)

H950-AMG-52 [v.4]

Page 1 of 1

Comm. Sub. [NO]  
Amends Title [NO]  
H950-CSLU-14

Date MAY 24, 2012

Representative Insko

1 Moves to amend the Money Report on page G-8, Item 44, by decreasing the amount by  
2 \$100,000 NR; and  
3

4 Moves to amend the Money Report on page G-3 by adding a new Item G19a to read:

5 "19a. NCIOM Hospital Billing Study \$100,000 NR

6 Provides funds to the North Carolina Institute of Medicine to conduct a study to develop  
7 greater understanding and transparency in hospital billing; and  
8

9 Moves to amend the House Appropriations Subcommittee on Health and Human Services  
10 Special Provisions Report dated May 24, 2012, on page 16, by inserting at the end of the line a  
11 new special provision to read:

12 **"NCIOM STUDY TO ANALYZE AND DEVELOP TRANSPARENCY IN HOSPITAL**  
13 **BILLING**

14 **SECTION #.** The North Carolina Institute of Medicine (NCIOM) <sup>shall</sup> ~~to~~ conduct a  
15 study to analyze and develop recommendations for greater transparency in hospital billing that  
16 will lead to better understanding by patients of their health care costs and the charity care  
17 available through hospitals. By no later than February 15, 2013, the NCIOM shall submit a  
18 written report of its findings, recommendations, and any proposed legislation to the Governor,  
19 the Joint Legislative Oversight Committee on Health and Human Services, the Senate  
20 Appropriations Committee on Health and Human Services, the House Appropriations  
21 Subcommittee on Health and Human Services, and the Fiscal Research Division."; and  
22

23 By adjusting the appropriate totals accordingly.

SIGNED

Amendment Sponsor

SIGNED

Committee Chair if Senate Committee Amendment

ADOPTED

FAILED

X

TABLED



\* H 9 5 0 - A M G - 5 2 - V - 4 \*



3

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 950

AMENDMENT NO. 3  
(to be filled in by  
Principal Clerk)

H950-AMG-54 [v.1]

Page 1 of 1

Comm. Sub. [NO]  
Amends Title [NO]  
H950-CSLU-14

Date May 24, 2012

Representative Avila

- 1 moves to amend the bill on page 18, lines 1 through 7, by striking the lines in their entirety.

SIGNED Manilyn Avila  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED X FAILED \_\_\_\_\_ TABLED \_\_\_\_\_



\* H 9 5 0 - A M G - 5 4 - V - 1 \*



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 950

AMENDMENT NO. H  
(to be filled in by  
Principal Clerk)

H950-AMG-55 [v.1]

Page 1 of 1

Comm. Sub. [NO]  
Amends Title [NO]

Date MAY 24, 2012

Representative Murry

- 1 moves to amend the HHS Special Provisions Report dated May 24, 2012, on page 39, line 2, by
- 2 inserting the following after "Perinatal Quality Collaborative \$250,000":
- 3 ", 17-P \$47,000"

SIGNED

Amendment Sponsor

SIGNED

Committee Chair if Senate Committee Amendment

ADOPTED

X

FAILED

TABLED



\* H 9 5 0 - A M G - 5 5 - V - 1 \*



**NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 950**

AMENDMENT NO. 5  
(to be filled in by  
Principal Clerk)

H950-AMG-57 [v.1]

Page 1 of 1

Comm. Sub. [NO]  
Amends Title [NO]

Date MAY 24, 2012

Representative Parfitt

- 1 moves to amend the HHS Money Report dated May 24, 2012, on page G-5, Item 25, by  
2 increasing the amount of the reduction by \$333,332 R, by increasing the amount of the  
3 expansion by \$333,332 NR, and by inserting at the end of that item:  
4 "Second Harvest Food Bank of Southeast NC \$333,332"; and  
5  
6 Moves to amend the HHS Special Provisions Report dated May 24, 2012, on page 26, on line  
7 27, by inserting after the line:  
8 "Second Harvest Food Bank of Southeast NC."; and  
9  
10 By adjusting the appropriate totals accordingly.

SIGNED

*David Parfitt*  
Amendment Sponsor

SIGNED

\_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED

*X*

FAILED

\_\_\_\_\_

TABLED

\_\_\_\_\_



\* H 9 5 0 - A M G - 5 7 - V - 1 \*



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 950

AMENDMENT NO. 6  
(to be filled in by  
Principal Clerk)

H950-AMG-56 [v.1]

Page 1 of 1

Comm. Sub. [NO]  
Amends Title [NO]  
H950-CSLU-14

Date May 24, 2012

Representative Burr

1 moves to amend the HHS Special Provisions Report dated May 24, 2012, on page 34, line 9, by  
2 striking "(Smart Start Quality Initiative \$2,700,000)"; and  
3  
4 on page 37, line 27, by striking "\$73,000,000" and substituting "\$75,773,001"; and  
5  
6 on page 37, line 28, by inserting the following after "TANF":  
7 "Smart Start \$4,000,000"; and  
8  
9 on page 37, line 31, by inserting a closing paragraph after "\$3,800,000" and striking "; Smart  
10 Start \$4,000,000"; and  
11  
12 by adjusting the appropriate totals accordingly.  
13

SIGNED

  
Amendment Sponsor

SIGNED

Committee Chair if Senate Committee Amendment

ADOPTED X

FAILED

TABLED



\* H 9 5 0 - A M G - 5 6 - V - 1 \*



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 950

AMENDMENT NO. 7  
(to be filled in by  
Principal Clerk)

H950-AMG-53 [v.1]

Page 1 of 1

Comm. Sub. [NO]  
Amends Title [NO]  
H950-CSLU-14

Date MAY 24, 2012

Representative Parfitt

- 1 Moves to amend the House Appropriations Subcommittee on Health and Human Services
- 2 Special Provisions Report, dated May 24, 2012, on page 17, lines 1 through 13, by striking the
- 3 lines in their entirety.

*Deanie Parfitt*

FAILED



\* H 9 5 0 - A M G - 5 3 - V - 1 \*

**HEALTH  
&  
HUMAN SERVICES  
Section G**



## Health and Human Services

GENERAL FUND

Total Budget Approved 2011 Session

FY 12-13  
\$4,455,162,933

### Budget Changes

#### ( 1.0) Division of Child Development

##### 1 Block Grant Funding

Replaces state Smart Start funds with federal Block Grant funds. This continues a partial replacement of funds that Office of State Budget and Management conducted during FY 2011-12 in which \$4 million of Smart Start funds were replaced by \$4 million of Block Grant funds.

(\$4,000,000) NR

##### 2 NC Pre-K Program

Increases funds for NC Pre-K program. These additional funds will fund an additional 1,765 students within the program for 10 months for FY 2012-13. These funds and the lottery funds provide a total of 143,147,360 available for the NC Pre-K program.

\$15,000,000 R

##### 3 Literacy Pilot, Development Consultants, and Rural Partnership Assistance

Provides funding for early literacy initiatives to be administered by North Carolina Partnership for Children. These initiatives include: the Reach Out and Read program, Raising a Reader, parenting programs and lending libraries. Funds shall be used to enhance technical assistance to local partnerships in the areas of grant writing and fund-raising activities. Funding shall also be used to enhance local rural partnerships' funds.

\$3,500,000 NR

#### ( 2.0) Division of Medical Assistance

##### 4 Medicaid Rebase

Provides additional funds for the Medicaid program based upon projected growth in number of people eligible for Medicaid and growth in consumption.

\$168,676,461 R

##### 5 Medicaid Liabilities

Provides funds for repayment of the FY 2009 federal overdraw and repayment to the federal government resulting from a policy change on drug rebates.

\$55,033,537 NR

<b>6 DHHS Savings Through CCNC</b>	<b>(\$59,241,142)</b>	<b>R</b>
Reduces funds based upon projected savings to be achieved by Community Care North Carolina (CCNC) and its networks in the management of health care for Medicaid recipients.		
<b>7 Behavioral Health Medicaid 1915 b/c Waiver</b>	<b>(\$630,000)</b>	<b>R</b>
Increases the savings anticipated as a result of the state-wide expansion of the 1915 b/c waiver sites. This additional savings is based upon the schedule provided by the Division of Medical Assistance.		
<b>8 Fraud, Waste, and Abuse Detection and Prevention</b>	<b>(\$3,807,519)</b>	<b>R</b>
Reduces funding available in the Medicaid program in anticipation of savings through the efforts of detecting fraud and waste among Medicaid providers and recipients. There are two information technology efforts underway to combat fraud, waste, and abuse through the Division's Fraud and Abuse Management System.		
<b>9 Restructure Fee for Service Payments</b>	<b>(\$1,976,636)</b>	<b>R</b>
Revises payment structures for various services provided within the Medicaid program. These changes will result in bundling of payments for services based upon a period of time or a diagnosis instead of fee-for-service.		
<b>10 Pharmacy Improvements</b>	<b>(\$6,671,507)</b>	<b>R</b>
Creates savings through increased usage by facilities who utilize the 340B pricing program for the purchase of hemophilia drugs. In addition, the Department shall increase the use of prior authorization and lower dispensing fees to achieve savings within the Medicaid program.		
<b>11 High Tech Imaging Savings</b>	<b>(\$1,656,721)</b>	<b>R</b>
Reduces funds in anticipation of savings through better management of outpatient cardiac imaging services to avoid unnecessary utilization of these services.		
<b>12 CHIPRA Bonus</b>	<b>(\$14,000,000)</b>	<b>NR</b>
Reduces Medicaid funding to budget anticipated federal Children's Health Insurance Program Reauthorization Act (CHIPRA) bonus for Health Choice enrollment growth.		

**13 CCNC Home Health Initiatives**

(\$4,455,457) R

Budgets savings anticipated from the implementation of a CCNC initiative that will manage home health care to ensure the provision of medically appropriate services.

**14 Non-Emergency Medical Transportation**

(\$1,000,000) R

Reduces state funds in anticipation of savings to be realized through improved management and oversight of Medicaid non-emergency medical transportation services.

**( 3.0) NC Health Choice****15 Health Choice Costs**

(\$1,919,704) R

Adjusts Health Choice budget to expected expenditure level for FY 2012-13. This adjustment is based upon the projected rate of consumption and mix of services. This adjustment should not impact the open-enrollment policy for the program. There are approximately 148,000 children enrolled in Health Choice.

**16 Fee for Service Payments**

(\$21,959) R

Reduces Health Choice budget to reflect expected savings that will result from fee for service payments which will be converted to all-inclusive or fixed rates for selected services.

**17 Pharmacy Improvements**

(\$17,936) R

Reduces the Health Choice budget to reflect savings that will be achieved through the implementation of a specialty pharmacy for hemophilia drugs.

**18 CCNC Home Health Services Initiative**

(\$47,831) R

Budgets savings anticipated from the implementation of a CCNC initiative that will manage home health care to ensure the provision of medically appropriate services.

**( 4.0) Division of Health Service Regulation****19 Nursing Home Licensure and Certification**

\$1,792,559 NR

Provides funds to replace lost receipts from civil fines and penalties assessed against nursing homes. Funds will be used for DHSR Nursing Home licensure staff positions.

**( 5.0) Division of Central Management and Support****20 Administrative Efficiencies**

(\$1,000,000) R

Reduces DHHS budget due to elimination of seat management funds, the elimination of positions vacant two years or more, reorganizations, and expired contracts.

**21 Budget DOA Cost Allocation Receipts**

(\$544,000) R

Replaces state funds due to the implication of a cost allocation plan for the Office of Property Construction and the Office of Public Affairs.

**22 DIRM Contracts**

\$5,599,390 R

Restores recurring State General Fund Appropriations for the Division of Information Resources Management (DIRM) for various contracts for Department-wide IT services.

**23 ITS Refunds**

(\$1,047,749) R

Reduces State General Fund Appropriation in anticipation of a reduction in costs for Information Technology Services (ITS). This reduction is based upon current year's charges to DHHS by ITS.

**24 Vacant Positions**

(\$1,500,000) R

Eliminates 50 vacant positions department-wide and, to the extent possible, minimizes the elimination of positions within the Division of State-Operated Healthcare Facilities. There are currently approximately 650 positions vacant within DHHS.

-50.00

**25 Non-State Entity Pass-Through Funds**

(\$9,159,699) R

Replaces \$8,826,367 in recurring special appropriation (pass-through) funds for the following non-state entities with non-recurring funds:

\$9,159,699 NR

North Carolina Senior Games, Inc. - \$121,481

ARC of North Carolina - \$305,598

ARC of North Carolina - Wilmington - \$51,048

Autism Society of North Carolina - \$2,941,818

The Mariposa School for Children with Autism - \$339,879

Easter Seals UCP of North Carolina - \$76,792

Easter Seals UCP of North Carolina and Virginia - \$1,542,647

ABC of North Carolina Child Development Center - \$366,703

Residential Services, Inc. - \$246,424

Oxford House, Inc. - \$200,000

Brain Injury Association of North Carolina - \$225,223

Food Bank of Central and Eastern North Carolina, Inc. - \$333,334

Food Bank of the Albemarle - \$333,334

Manna Food Bank - \$333,334

Second Harvest Food Bank of Metrolina, Inc. - \$333,334

Second Harvest Food Bank of Northwest North Carolina, Inc. - \$333,332

Prevent Blindness NC - \$308,163

Second Harvest Food Bank of Southeast NC \$333,332

**( 6.0) Division of Social Services****26 Adoption Vendor Payments**

(\$2,025,649) R

Reduces funds for adoption vendor services through efficiencies gained by better program oversight by the Division of Social Services.

**27 FMAP IV-E Child Welfare Services**

(\$379,116) R

Increases State General Funds due to changes in the Federal Medical Assistance Percentage (FMAP). The change from 65.28% to 65.51% goes into effect in October of 2012.

**28 Foster Care Efficiencies**

(\$6,674,351) R

Reduces funds for the Foster Care Program due to a change in the case mix of foster care children in the care of the Division of Social Services.

**( 7.0) Division of Aging and Adult Services****29 Home and Community Care Block Grant**

\$1,250,000 NR

Increases funding for the Home and Community Care Block Grant (HCBG). This grant funds programs designed to allow seniors to live independently in their communities. Funding will provide services for 1,100 persons.

**30 Project Care**

Provides funding for Project Care in the Division of Aging and Adult Services to support families caring for individuals with Alzheimers.

\$250,000 NR

**( 8.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing****31 Budget Increased Telecommunications Receipts**

Replaces state funds for the administration of the Division of Services for the Deaf and Hard of Hearing with receipts from the Telecommunications Relay Fund.

(\$168,336) R

**(10.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services****32 Community Services Funding**

Continues non-recurring reduction to local management entities' (LME) community services funding for FY 2012-13. Approximately \$355 million in State general funds remain in the budget for LMEs to purchase community-based services

(\$10,000,000) NR

**33 Federal Block Grant Funding**

Replaces State General Fund Appropriations with federal Substance Abuse Prevention and Treatment Block Grant funds for Division of Mental Health administrative costs.

(\$227,000) NR

**34 NCHSAA**

Eliminates a grant-in-aid for the NC High School Athletic Association (NCHSAA).

(\$369,435) R

**35 Three-way Contracts**

Provides funding to increase the number of community hospital beds available to LMEs under the State-administered three-way contract from 141 to 232.

\$18,150,000 R

**36 Local Management Entities (LME)**

Reduces the administrative budget for LMEs in anticipation of the savings to be achieved from the transition to managed care organizations (MCO). LME administrative funds will be provided as part of the capitation contract rather than on a per capita basis.

(\$8,497,935) R

House Subcommittee on Health and Human Services

**FY 12-13**

**37 Cherry Hospital**

Provides funding to support the increased bed capacity at the new Cherry Hospital, which is scheduled to begin operating in April 2013.

\$3,472,954 R

373.10

**38 Broughton Hospital**

Provides funding for 19 additional psychiatric care beds at Broughton Hospital.

\$3,513,000 R

58.00

**39 Drug Treatment Courts**

Eliminates pass-through funding provided for drug treatment courts. S.L. 2011-145 eliminated funds budgeted to the Judicial Department for these courts.

(\$2,258,000) R

**40 Mental Health Association, Inc.**

Eliminates pass-through funding provided in 2008 for the Mental Health Association, Inc. This organization lost its accreditation in 2010 and no longer operates.

(\$200,000) R

**(11.0) Division of Public Health**

**41 Tobacco Cessation and Prevention**

Provides funding for tobacco cessation and prevention initiatives targeting children in grades K - 12.

\$5,455,956 NR

**42 CheckMeds**

Provides funds to continue support for the CheckMeds Program which provides counseling on the correct use of prescription drugs.

\$1,695,379 NR

**43 Medication Assistance Program**

Provides funds to continue support of the Medication Assistance Program which provides free prescription drugs to low-income, uninsured persons.

\$1,704,033 NR

**44 Roanoke-Chowan Telehealth Network**

Provides funds to continue support for the Roanoke Chowan Telehealth Network. The Network delivers remote monitoring and chronic disease care management services to persons living in a medically underserved region of the State.

\$300,000 NR

**45 County Health Departments**

Provides funding to county health departments to start or continue community health and wellness initiatives that promote healthy behaviors, e.g. smoking cessation, nutrition, physical activities, disease prevention, school nurse positions, etc. This funding cannot be used to supplant existing funds being used for this purpose.

\$8,471,734 NR

**46 Environmental Health Section**

Provides for a technical correction reflecting the Type I transfer of the Division of Environmental Health from the Department of Natural and Economic Resources to the Department of Health and Human Services, Division of Public Health. This transfer was enacted during the 2011 Legislative Session via SL 2011-145.

\$4,053,329 R

105.50

S.L. 2011-145, Sec. 13.3

**47 Maternity Homes**

Increases State General Fund Appropriations to replace the loss of federal funds formerly provided for maternity homes.

\$375,000 NR

**48 Early Intervention**

Adjusts the budget for early intervention services based upon actual expenditures.

(\$2,500,000) R

**49 Services for Rape Victims**

Replaces lost federal block grant funding with State General Fund Appropriations for services to rape victims.

\$197,112 NR

**50 High Risk Maternity Clinic**

Provides funds for the East Carolina University High Risk Maternity Clinic.

\$375,000 NR

**51 Health Department Accreditation**

Eliminates funding for the UNC Institute for Public Health contract to provide state-based accreditation. This contract duplicates a national program available to county health departments for this purpose.

(\$300,000) R

**52 State Public Health Lab and Office of Chief Medical Examiner**

Provides funds for new positions and operating costs for the new State Public Health Laboratory and the Chief Medical Examiner's Office.

\$1,155,666 R

12.00

**53 Environmental Health Regional Office Positions****\$221,109 R**

Restores funding for transferred positions formerly located in DENR regional offices. This funding was made non-recurring in FY 2011-12 pending a Justification Review. Due to the FY 2011-12 transfer of the Division of Environmental Health to the Division of Public Health in the Department of Health & Human Services (DHHS), the restored salaries and benefits of positions formerly located in DENR regional offices are transferred from DENR to DHHS as follows:

3.00

60034273	Env Health Reg Spec	\$69,922
60034303	Env Health Reg Spec	\$67,812
60034278	Soil Scientist	\$83,375

S.L. 2011-145, Sec. 6.69(b)

**54 Healthy Start Foundation****(\$433,923) R**

Eliminates pass-through funding provided to the Healthy Start Foundation. These funds are not used to provide direct services.

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**Budget Changes****\$101,337,304 R****\$61,333,009 NR****Total Position Changes**

501.60

**Revised Total Budget****\$4,617,833,246**

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GENERAL ASSEMBLY OF NORTH CAROLINA



SPECIAL PROVISIONS  
APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES  
PACKAGE

MAY 24, 2012

2012-DHHS-H5A-P [V5], LU, MODIFIED 5/22/12 3:52 PM .....	1
NC PRE-K	
2012-DHHS-H8-P [V7], LU, MODIFIED 5/14/12 4:47 PM .....	2
REVISE CHILD CARE SUBSIDY RATES PROVISION	
2012-DHHS-H16-P [V13], LU, MODIFIED 5/22/12 3:33 PM .....	2
EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT ADJUSTMENTS	
2012-DHHS-H25-P [V13], LU, MODIFIED 5/22/12 3:44 PM .....	3
"READ NC" EARLY LITERACY INITIATIVE/DEVELOPMENT OFFICERS/ASSISTANCE TO RURAL PARTNERSHIPS	
2012-DHHS-H4A-P [V3], MK, MODIFIED 5/14/12 11:48 AM .....	4
MEDICAID THERAPIES LIMIT REVISED	
2012-DHHS-H13B-P [V7], MK, MODIFIED 5/23/12 1:24 PM .....	4
MEDICAID ELIGIBILITY/COLA DISREGARD	
2012-DHHS-H28-P [V11], MK, MODIFIED 5/23/12 1:50 PM .....	5
MEDICAID NONEMERGENCY MEDICAL TRANSPORTATION SERVICES	
2012-DHHS-H29A-P [V12], MK, MODIFIED 5/24/12 1:30 PM .....	5
MODIFY AND IMPROVE PHARMACY SERVICES	
2012-DHHS-H30-P [V18], MK, MODIFIED 5/23/12 1:23 PM .....	6
SMART CARD PILOT PROGRAM	
2012-DHHS-H22A-P [V3], MK, MODIFIED 5/16/12 3:34 PM .....	8
FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS	
2012-DHHS-H31-P [V9], MG, MODIFIED 5/22/12 7:19 PM .....	9
EXAMINATION OF THE STATE'S DELIVERY OF MENTAL HEALTH SERVICES	
2012-DHHS-H1A-P [V7], MG, MODIFIED 5/11/12 3:13 PM .....	9
FUNDS FOR FAMILY PLANNING SERVICES BY LOCAL HEALTH DEPARTMENTS	
2012-DHHS-H17-P [V23], MG, MODIFIED 5/24/12 2:49 PM .....	9
COMMUNITY HEALTH GRANT FUNDING	

<b>2012-DHHS-H9-P [V22], MG, MODIFIED 5/23/12 1:24 PM.....</b>	<b>10</b>
FUNDS FOR COMMUNITY-BASED HEALTH AND WELLNESS INITIATIVES	
<b>2012-DHHS-H11-P [V9], MG, MODIFIED 5/11/12 3:14 PM.....</b>	<b>10</b>
DELAY LOCAL RECEIPT OF LARGER PORTION OF FOOD & LODGING FEES	
<b>2012-DHHS-H34-P [V10], MG, MODIFIED 5/23/12 1:24 PM.....</b>	<b>11</b>
AIDS DRUG ASSISTANCE PROGRAM PILOT	
<b>2012-DHHS-H20-P [V10], MG, MODIFIED 5/23/12 1:23 PM.....</b>	<b>12</b>
POSITION ELIMINATIONS FOR FISCAL YEAR 2012-2013	
<b>2012-DHHS-H10A-P [V4], MG, MODIFIED 5/23/12 9:30 AM .....</b>	<b>12</b>
REDUCE FUNDING FOR NONPROFIT ORGANIZATIONS	
<b>2012-DHHS-H18-P [V28], MG, MODIFIED 5/24/12 1:12 PM.....</b>	<b>12</b>
REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT STATE APPROPRIATIONS	
<b>2012-DHHS-H32-P [V7], MG, MODIFIED 5/22/12 7:07 PM.....</b>	<b>13</b>
REPORT ON LAPSED SALARY FUNDS	
<b>2012-DHHS-H21-P [V11], MG, MODIFIED 5/23/12 2:55 PM.....</b>	<b>13</b>
PREVENTIVE HEALTH INVENTORY AND CONSOLIDATION PLAN	
<b>2012-DHHS-H37-P [V6], LU, MODIFIED 5/22/12 6:05 PM.....</b>	<b>14</b>
REVISE DATES/TANF BENEFIT IMPLEMENTATION	
<b>2012-DHHS-H19-P [V5], MG, MODIFIED 5/11/12 4:12 PM.....</b>	<b>15</b>
REMOVE CAP ON SPECIAL ASSISTANCE IN-HOME PAYMENT RECIPIENTS	
<b>2012-DHHS-H40-P [V3], LU, MODIFIED 5/23/12 10:54 AM.....</b>	<b>15</b>
TELECOMMUNICATIONS RELAY SERVICE	
<b>2012-DHHS-H14A-P [V14], LU, MODIFIED 5/24/12 1:30 PM.....</b>	<b>16</b>
DHHS BLOCK GRANTS	

3 **Requested by:**            **Representative**

4 **NC PRE-K**

5            **SECTION #.(a)** The Division of Child Development and Early Education shall  
6 require the NC Pre-K contractor to issue multiple-year contracts for licensed private child care  
7 centers providing NC Pre-K classrooms.

8            **SECTION #.(b)** The Division of Child Development and Early Education  
9 (Division) shall create a pilot program that provides funding for NC Pre-K classrooms on a per  
10 classroom basis. The pilot program shall include three different NC Pre-K contractual regions  
11 that are geographically diverse. The local NC Pre-K administrator shall contract with the  
12 provider for operation of a classroom established pursuant to the pilot program. The Division  
13 shall report to the House of Representatives Appropriations Subcommittee on Health and  
14 Human Services, the Senate Appropriations/Base Budget Committee on Health and Human  
15 Services, and the Fiscal Research Division on the pilot program no later than January 31, 2013.  
16 The report shall include the following:

- 17            (1)     The number of students served.
- 18            (2)     The amount of funds paid for each classroom.
- 19            (3)     The amount of funds paid per student.
- 20            (4)     The attendance information on students in the pilot program as compared to  
21                      those students in a classroom having a traditional funding structure.
- 22            (5)     Information on the number of students and students' families using the  
23                      Subsidized Early Education for Kids (SEEK) system.
- 24            (6)     A cost comparison of the classroom pilots to the average cost per student  
25                      through the per student funding methodology.

26            **SECTION #.(c)** The Division of Child Development and Early Education  
27 (DCDEE) shall continue the implementation of the NC Pre-K program. The NC Pre-K shall  
28 serve children who reach the age of four on or before August 31 of that school year and who  
29 meet eligibility criteria.

30            **SECTION #.(d)** Other than developmental disabilities or other chronic health  
31 issues, the Division of Child Development and Early Education shall not consider the health of  
32 a child as a factor in determining eligibility for participation in the NC Pre-K program.

33            **SECTION #.(e)** All entities operating NC Pre-K classrooms shall adhere to all of  
34 the policies prescribed by the Division of Child Development and Early Education regarding  
35 programmatic standards and classroom requirements.

36            **SECTION #.(f)** The Division of Child Development and Early Education shall  
37 establish a standard decision-making process to be used by local NC Pre-K committees in  
38 awarding NC Pre-K classroom slots and student selection.

39            **SECTION #.(g)** The Division of Child Development and Early Education shall  
40 submit an annual report no later than March 15 of each year to the Joint Legislative  
41 Commission on Governmental Operations, the Joint Legislative Oversight Committee on  
42 Health and Human Services, the Senate Appropriations Committee on Health and Human  
43 Services, the House of Representatives Appropriations Subcommittee on Health and Human  
44 Services, the Office of State Budget and Management, and the Fiscal Research Division. The  
45 report shall include the following:

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

- 1 (3) The expected NC Pre-K expenditures for the programs and the source of the  
2 local contributions.  
3 (4) The results of an annual evaluation of the NC Pre-K program.  
4

5 **Special Provision 2012-DHHS-H8-P** [v7], LU, Modified 5/14/12 4:47 PM

6 **Requested by: Representative**

7 **REVISE CHILD CARE SUBSIDY RATES PROVISION**

8 **SECTION #.** Section 10.1 of S.L. 2011-145 is amended by adding the following  
9 new subsection to read:

10 "SECTION 10.1.(g1) The Department of Health and Human Services, Division of Child  
11 Development and Early Education, shall require all county departments of social services to  
12 include on any forms used to determine eligibility for child care subsidy whether the family  
13 waiting for subsidy is receiving assistance through the NC Pre-K program or Head Start."  
14

15 **Special Provision 2012-DHHS-H16-P** [v13], LU, Modified 5/22/12 3:33 PM

16 **Requested by: Representative**

17 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**  
18 **ENHANCEMENTS/SALARY SCHEDULE/MATCH REQUIREMENT**  
19 **ADJUSTMENTS**

20 **SECTION #.(a)** Section 10.5(c) of S.L. 2011-145 is repealed.

21 **SECTION #.(b)** Section 10.5 of S.L. 2011-145 is amended by adding the  
22 following new subsection to read:

23 "SECTION 10.5.(c1) The North Carolina Partnership for Children, Inc., shall develop and  
24 implement a salary schedule for the Executive Director of the North Carolina Partnership for  
25 Children, Inc., and the directors of local partnerships. The salary schedule shall set the  
26 maximum amount of State funds that may be used for the salary of the Executive Director of  
27 the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. In  
28 establishing a salary schedule, the North Carolina Partnership for Children, Inc., shall base the  
29 schedule on the following criteria:

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

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

42 **SECTION #.(c)** Section 10.5(e) of S.L. 2011-145, as amended by Section 21A of  
43 S.L. 2011-391, reads as rewritten:

44 "SECTION 10.5.(e) The North Carolina Partnership for Children, Inc., and all local  
45 partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the  
46 total amount budgeted for the program in each fiscal year of the biennium. Of the funds the  
47 North Carolina Partnership for Children, Inc., and the local partnerships are required to match,  
48 contributions of cash shall equal to at least ~~seven percent (7%)~~ten percent (10%) and in-kind  
49 donated resources equal to no more than three percent (3%) for a total match requirement of ~~ten~~  
50 ~~percent (10%)~~thirteen percent (13%) for each fiscal year. The North Carolina Partnership for

1 Children, Inc., may carry forward any amount in excess of the required match for a fiscal year  
2 in order to meet the match requirement of the succeeding fiscal year. Only in-kind  
3 contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer  
4 services may be treated as an in-kind contribution for the purpose of the match requirement of  
5 this subsection. Volunteer services that qualify as professional services shall be valued at the  
6 fair market value of those services. All other volunteer service hours shall be valued at the  
7 statewide average wage rate as calculated from data compiled by the Employment Security  
8 Commission in the Employment and Wages in North Carolina Annual Report for the most  
9 recent period for which data are available. Expenses, including both those paid by cash and  
10 in-kind contributions, incurred by other participating non-State entities contracting with the  
11 North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered  
12 resources available to meet the required private match. In order to qualify to meet the required  
13 private match, the expenses shall:

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

28 Failure to obtain a ~~ten percent (10%)~~ thirteen percent (13%) match by June 30 of each fiscal  
29 year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a  
30 subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible  
31 for compiling information on the private cash and in-kind contributions into a report that is  
32 submitted to the Joint Legislative Commission on Governmental Operations in a format that  
33 allows verification by the Department of Revenue. The same match requirements shall apply to  
34 any expansion funds appropriated by the General Assembly."

35  
36 **Special Provision 2012-DHHS-H25-P [v13], LU, Modified 5/22/12 3:44 PM**

37 **Requested by: Representative**

38 **"READ NC" EARLY LITERACY INITIATIVE/DEVELOPMENT**  
39 **OFFICERS/ASSISTANCE TO RURAL PARTNERSHIPS**

40 **SECTION #.(a)** Of the funds appropriated to the Department of Health and Human  
41 Services, Division of Child Development and Early Education, for the North Carolina  
42 Partnership for Children, Inc., the sum of three million five hundred thousand dollars  
43 (\$3,500,000) for the 2012-2013 fiscal year shall be used by the North Carolina Partnership for  
44 Children, Inc., to develop and administer an early literacy initiative pilot program, to be known  
45 as "Read NC," hire four North Carolina Partnership for Children, Inc., development officers,  
46 and provide additional funds for rural partnerships. "Read NC" will focus on increasing the  
47 early literacy skills of children who are most at risk for reading below grade level. The pilot  
48 program shall be distributed geographically to ensure adequate representation of the diverse  
49 areas of the State.

1           **SECTION #.(b)** The focus of the pilot program will be to actively engage parents,  
2 child care teachers, and communities to help young children build a firm foundation for  
3 language acquisition and literacy skills. To that end, the pilot program shall do the following:

- 4           (1) Educate parents in essential early literacy practices.
- 5           (2) Increase the quality of early literacy programming in child care.
- 6           (3) Increase early literacy opportunities for young children and families in  
7 community settings by incorporating the following programs:
  - 8           a. "Reach Out and Read," a program that supports doctors in their  
9 efforts to "prescribe" reading to young children and families during  
10 well-child visits through early literacy guidance and book sharing,  
11 free books for children to keep, and literacy-rich waiting rooms.
  - 12           b. "Raising a Reader" (RAR), a program that rotates bright red bags  
13 filled with award-winning books into children's homes on a weekly  
14 basis, exposing children on average to over 100 books per rotation  
15 cycle, and pairs this book rotation with parent training and  
16 information on how to effectively share books to promote family  
17 literacy habits, language and literacy skills, and a love of learning.
  - 18           c. "Motherhead/Fatheread," a program that combines the teaching of  
19 literacy skills with child development and family empowerment  
20 issues.
  - 21           d. "Dolly Parton Imagination Library," a program that provides a free,  
22 age-appropriate book each month to children ages birth to five years.

23           **SECTION #.(c)** The Division of Child Development and Early Education and the  
24 North Carolina Partnership for Children, Inc., shall report by April 1, 2013, to the Joint  
25 Legislative Commission on Governmental Operations, the Joint Legislative Committee on  
26 Health and Human Services, the Senate Appropriations/Base Budget Committee on Health and  
27 Human Services, and the House of Representatives Appropriations Subcommittee on Health  
28 and Human Services on the progress in complying with this section.

29           **SECTION #.(d)** The North Carolina Partnership for Children, Inc., shall include in  
30 its assistance to local partnerships, training and assistance with fund-raising activities. Of the  
31 funds designated under subsection (a) of this section, the North Carolina Partnership for  
32 Children, Inc., shall hire a staff of four individuals who are qualified in the areas of grant  
33 writing and fund-raising to assist local partnerships in raising the amount of non-State funds  
34 required by law. The staff hired pursuant to this subsection shall be located regionally and be  
35 accessible to participate in the various local partnerships' activities.

36           **SECTION #.(e)** Of the funds designated under subsection (a) of this section, the  
37 North Carolina Partnership for Children, Inc., shall provide assistance to local partnerships  
38 located in rural areas of the State.

39  
40 **Special Provision**   2012-DHHS-H4A-P [v3], MK, Modified 5/14/12 11:48 AM

41 **Requested by:**       Representative

42 **MEDICAID THERAPIES LIMIT REVISED**

43           **SECTION #.** Section 10.37(a)(2) of S.L. 2011-145 is repealed.

44  
45 **Special Provision**   2012-DHHS-H13B-P [v7], MK, Modified 5/23/12 1:24 PM

46 **Requested by:**       Representative

47 **MEDICAID ELIGIBILITY/COLA DISREGARD**

48           **SECTION #.(a)** Chapter 108A of the General Statutes is amended by adding a new  
49 section to read:

50 **"§ 108A-54.4 Income disregard for federal cost-of-living adjustments.**

1 An increase in a Medical Assistance Program recipient's income due solely to a  
2 cost-of-living adjustment to federal Social Security and Railroad Retirement payments shall be  
3 disregarded when determining income eligibility for the Medical Assistance Program. This  
4 section shall not be deemed to render a recipient eligible for the Medical Assistance Program if  
5 all other eligibility requirements are not met."

6 **SECTION #.(b)** The Department of Health and Human Services shall apply to the  
7 Center for Medicare and Medicaid Services for any necessary approvals to implement the  
8 income disregard required in subsection (a) of this section.

9 **SECTION #.(c)** Subsection (a) of this section is effective January 1, 2013. The  
10 remainder of this section is effective when it becomes law.

11  
12 **Special Provision 2012-DHHS-H28-P [v11], MK, Modified 5/23/12 1:50 PM**

13 **Requested by: Representative**

14 ***MEDICAID NONEMERGENCY MEDICAL TRANSPORTATION SERVICES***

15 **SECTION #.(a)** The Department of Health and Human Services, Division of  
16 Medical Assistance, in consultation with the Department of Transportation, Public  
17 Transportation Division, shall develop and issue a Request for Proposal (RFP) for the  
18 management of nonemergency medical transportation (NEMT) services for Medicaid  
19 recipients.

20 **SECTION #.(b)** The following information shall be considered when developing  
21 the RFP required by subsection (a) of this section:

22 (1) An analysis of nonemergency transportation brokerage services  
23 implemented in other states that examines:

- 24 a. State-level governance and program performance evaluation.
- 25 b. Assignment of geographic regions for operating and monitoring
- 26 purposes.
- 27 c. Quality of transportation service delivery and recipient access.
- 28 d. Accuracy of eligibility determinations.
- 29 e. Pricing models.
- 30 f. Contract structure, including terms and conditions.
- 31 g. Cost of service.

32 (2) Assessment of the current coordination of human services transportation  
33 within North Carolina and the potential impact of brokerage services on  
34 transit system funding and operations.

35 (3) A cost-benefit analysis of implementing a statewide NEMT brokerage model  
36 for Medicaid recipients.

37 **SECTION #.(c)** The Division of Medical Assistance shall submit a written report  
38 to the Joint Legislative Oversight Committee on Health and Human Services and the Joint  
39 Legislative Oversight Committee on Transportation on the status of the RFP by September 15,  
40 2012.

41 **SECTION #.(d)** The Division of Medical Assistance shall consider the selection of  
42 a vendor or vendors generating a savings to the overall Medicaid transportation budget.

43 **SECTION #.(e)** The Department of Health and Human Services shall apply to the  
44 Centers for Medicare and Medicaid Services for any approvals necessary to implement the  
45 requirements of this section.

46  
47 **Special Provision 2012-DHHS-H29A-P [v12], MK, Modified 5/24/12 1:30 PM**

48 **Requested by: Representative**

49 ***MODIFY AND IMPROVE PHARMACY SERVICES***

50 **SECTION #.** Section 10.48 of S.L. 2011-145 reads as rewritten:

1 "SECTION 10.48.(a) The Department of Health and Human Services shall revise its  
2 pharmacy dispensing fees under the Medicaid Program in order to encourage a greater  
3 proportion of prescriptions dispensed to be generic prescriptions and thereby achieve savings of  
4 fifteen million dollars (\$15,000,000) in the 2011-2012 fiscal year and twenty-four million  
5 dollars (\$24,000,000) in the 2012-2013 fiscal year.

6 "SECTION 10.48.(a1) For the 2012-2013 fiscal year, the Department shall modify and  
7 improve pharmacy services under the Medicaid Program in a manner that achieves savings of  
8 thirty million six hundred seventy-one thousand five hundred seven dollars (\$30,671,507)  
9 through the implementation of a special pharmacy for hemophilia drugs and the expansion of  
10 prior authorization requirements. In addition, the Department shall lower pharmacy dispensing  
11 fees to achieve additional savings within the Medicaid Program.

12 "SECTION 10.48.(b) The Department shall report its progress in achieving the savings  
13 required by subsection (a) of this section on November 1, 2011, January 1, 2012, and quarterly  
14 thereafter to the House and Senate Appropriations Subcommittees on Health and Human  
15 Services and to the Fiscal Research Division. If any report required by this subsection reveals  
16 that those savings are not being achieved, the Department shall reduce prescription drug rates  
17 by an amount sufficient to achieve the savings.

18 "SECTION 10.48.(b1) The Department shall report its progress in achieving the savings  
19 required by subsection (a1) of this section on November 1, 2012, and quarterly thereafter, to the  
20 House Appropriations Subcommittee on Health and Human Services, the Senate  
21 Appropriations Committee on Health and Human Services, and the Fiscal Research Division."

22  
23 **Special Provision 2012-DHHS-H30-P [v18], MK, Modified 5/23/12 1:23 PM**

24 **Requested by: Representative**

25 ***SMART CARD PILOT PROGRAM***

26 **SECTION #.(a)** S.L. 2011-117 is repealed.

27 **SECTION #.(b)** The Department of Health and Human Services shall implement a  
28 smart card pilot program that involves enrollment, distribution, and use of smart cards by  
29 designated vendors and recipients as replacements for currently used Medicaid assistance cards.  
30 The Provider and Recipient Services Unit of the Division of Medical Assistance (DMA) shall  
31 administer the pilot program. The Department may contract with a third-party vendor or  
32 vendors to develop and execute the pilot program. If the Department elects to use a third-party  
33 vendor or vendors to develop and execute the pilot program, the Department shall select the  
34 vendor or vendors through a Request for Proposal process conducted prior to implementation  
35 of the pilot program. In developing and implementing the pilot program, the Department shall  
36 comply with all applicable information technology procurement requirements. The smart card  
37 pilot program shall not expand beyond the areas described in subsection (c) of this section  
38 unless the expansion is approved by an act of the General Assembly.

39 **SECTION #.(c)** The purpose of the pilot program is to evaluate the feasibility of  
40 the smart card program in different geographical regions of the State. DMA shall select a  
41 region of the State to participate in the pilot program that is served by Community Care of  
42 North Carolina and meets all other requirements set forth in this section. The pilot program  
43 shall be conducted in two urban areas and two rural areas with a representative group of  
44 Medicaid recipients from each area.

45 **SECTION #.(d)** The pilot program shall include and evaluate the use of at least  
46 two different types of available technology that are designed to do all of the following:

- 47 (1) Authenticate recipients at the onset and completion of each point of  
48 transaction in order to prevent card sharing and other forms of fraud.  
49 (2) Deny ineligible persons at the point of transaction.

1 (3) Authenticate providers at the point of transaction to prevent phantom billing  
2 and other forms of provider fraud.

3 (4) Secure and protect the personal identity and information of recipients.

4 (5) Reduce the total amount of medical assistance expenditures by reducing the  
5 average cost per recipient.

6 **SECTION #.(e)** The pilot program may include all of the following:

7 (1) A secure Web-based information system for recording and reporting  
8 authenticated transactions.

9 (2) A secure Web-based information system that interfaces with the appropriate  
10 State databases to determine eligibility of recipients.

11 (3) A system that gathers analytical information to be provided to business  
12 intelligence companies in order to assist in business intelligence processes.

13 (4) A smart card with the ability to store multiple recipients' information on one  
14 card.

15 (5) An image of the recipient stored on both the smart card and database.

16 **SECTION #.(f)** The pilot program shall not include a requirement for  
17 preenrollment of recipients.

18 **SECTION #.(g)** In conducting the pilot program, the Department may do the  
19 following:

20 (1) Incorporate additional or alternative methods of authentication of recipients.

21 (2) Enter and store billing codes, deductible amounts, and bill confirmations.

22 (3) Allow electronic prescribing services and prescription database integration  
23 and tracking in order to prevent medical error through information sharing  
24 and to reduce pharmaceutical abuse and lower health care costs.

25 (4) Implement quick-pay incentives for providers who use electronic prescribing  
26 services, electronic health records, electronic patient records, or  
27 computerized patient records that automatically synchronize with recipients'  
28 smart cards and electronically submit a claim.

29 (5) Adapt smart cards, fingerprint scanners, and card readers, for use by other  
30 State programs administered by the Department in order to reduce costs  
31 associated with the necessity of multiple cards per recipient.

32 **SECTION #.(h)** During the pilot program, the Department shall evaluate the  
33 feasibility of expanding the pilot program, including the need to develop rules and policies  
34 related to the following:

35 (1) Lost, forgotten, or stolen cards.

36 (2) Enrollment of all recipients, regardless of age, for participation in the  
37 program.

38 (3) Distribution and activation of smart cards for designated recipients.

39 **SECTION #.(i)** The Department shall work with the Division of Motor Vehicles to  
40 ensure that State data, such as drivers license photos and other identification data, is leveraged  
41 to reduce program cost.

42 **SECTION #.(j)** By no later than March 1, 2013, the Department shall submit a  
43 detailed written report to the Joint Legislative Oversight Committee on Health and Human  
44 Services, the Joint Legislative Oversight Committee on Information Technology, the Senate  
45 Committee on Health and Human Services, the House Appropriations Subcommittee on Health  
46 and Human Services, and the Fiscal Research Division. The report shall include (i) detailed  
47 results of the pilot in the four different geographic regions of the State, including cost-savings  
48 achieved in each region; (ii) costs associated with implementation of the pilot program,  
49 including payments to vendors; and (iii) an evaluation of the feasibility of, and issues  
50 associated with, implementing the smart card program statewide.

1           **SECTION #.(k)** Of the funds appropriated from the General Fund to the  
2 Department of Health and Human Services for the 2012-2013 fiscal year, the sum of up to one  
3 million dollars (\$1,000,000) may be used to implement the smart card pilot program authorized  
4 by this section.

5  
6 **Special Provision**    2012-DHHS-H22A-P [v3], MK, Modified 5/16/12 3:34 PM

7 **Requested by:**       Representative

8 ***FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS***

9           **SECTION #.** Section 10.8(b) of S.L. 2011-145 reads as rewritten:

10       **"SECTION 10.8.(b)** Of the funds appropriated in this act to the Department of Health and  
11 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
12 Services, the sum of twenty-nine million one hundred twenty-one thousand six hundred  
13 forty-four dollars (\$29,121,644) for the 2011-2012 fiscal year and the sum of ~~twenty-nine~~  
14 ~~million one hundred twenty-one thousand six hundred forty-four dollars~~  
15 ~~(\$29,121,644)~~ forty-seven million two hundred seventy-one thousand six hundred forty-four  
16 dollars (\$47,271,644) for the 2012-2013 fiscal year shall be allocated for the purchase of local  
17 inpatient psychiatric beds or bed days. In addition, at the discretion of the Secretary of Health  
18 and Human Services, existing funds allocated to LMEs for community-based mental health,  
19 developmental disabilities, and substance abuse services may be used to purchase additional  
20 local inpatient psychiatric beds or bed days. These beds or bed days shall be distributed across  
21 the State in LME catchment ~~areas~~ areas, including any catchment areas served by managed care  
22 organizations, and according to need as determined by the Department. The Department shall  
23 enter into contracts with the LMEs and community hospitals for the management of these beds  
24 or bed days. The Department shall work to ensure that these contracts are awarded equitably  
25 around all regions of the State. Local inpatient psychiatric beds or bed days shall be managed  
26 and controlled by the LME, including the determination of which local or State hospital the  
27 individual should be admitted to pursuant to an involuntary commitment order. Funds shall not  
28 be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health,  
29 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by  
30 the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment  
31 to the Division within 15 working days of receipt of a clean claim from the hospital and shall  
32 pay the hospital within 30 working days of receipt of payment from the Division. If the  
33 Department determines (i) that an LME is not effectively managing the beds or bed days for  
34 which it has responsibility, as evidenced by beds or bed days in the local hospital not being  
35 utilized while demand for services at the State psychiatric hospitals has not reduced, or (ii) the  
36 LME has failed to comply with the prompt payment provisions of this subsection, the  
37 Department may contract with another LME to manage the beds or bed days, or,  
38 notwithstanding any other provision of law to the contrary, may pay the hospital directly. The  
39 Department shall develop reporting requirements for LMEs regarding the utilization of the beds  
40 or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric  
41 beds or bed days shall be used to purchase additional beds or bed days not currently funded by  
42 or through LMEs and shall not be used to supplant other funds available or otherwise  
43 appropriated for the purchase of psychiatric inpatient services under contract with community  
44 hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds  
45 appropriated in S.L. 2007-323. Not later than March 1, 2012, the Department shall report to the  
46 House of Representatives Appropriations Subcommittee on Health and Human Services, the  
47 Senate Appropriations Committee on Health and Human Services, the Joint Legislative  
48 Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse  
49 Services, and the Fiscal Research Division on a uniform system for beds or bed days purchased

1 (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization  
2 Pilot, and (iv) purchased using funds appropriated under this subsection."  
3

4 **Special Provision 2012-DHHS-H31-P [v9], MG, Modified 5/22/12 7:19 PM**

5 **Requested by: Representative**

6 ***EXAMINATION OF THE STATE'S DELIVERY OF MENTAL HEALTH SERVICES***

7 **SECTION #.(a)** The Joint Legislative Oversight Committee on Health and Human  
8 Services shall appoint a subcommittee to examine the State's delivery of mental health services.  
9 As part of its examination, the subcommittee shall review all of the following:

- 10 (1) The State's progress in reforming the mental health system to deliver mental  
11 health services to individuals in the most integrated setting appropriate,  
12 without unnecessary institutionalization.
- 13 (2) The State's capacity to meet its growing mental health needs with  
14 community-based supports.
- 15 (3) The process for determining the catchment areas served by the State's  
16 psychiatric hospitals, with consideration of both of the following:
  - 17 a. Factors used in assigning the geographic groupings of local  
18 management areas and managed care organizations into catchment  
19 areas.
  - 20 b. Alternatives to the current process for determining the catchment  
21 areas served by the State's psychiatric hospitals, including a  
22 determination of whether there is a more efficient and equitable  
23 manner of assigning hospital catchment areas.

24 **SECTION #.(b)** The subcommittee shall report its findings and recommendations  
25 to the Joint Legislative Oversight Committee on Health and Human Services on or before  
26 January 15, 2013, at which time it shall terminate.  
27

28 **Special Provision 2012-DHHS-H1A-P [v7], MG, Modified 5/11/12 3:13 PM**

29 **Requested by: Representative**

30 ***FUNDS FOR FAMILY PLANNING SERVICES BY LOCAL HEALTH DEPARTMENTS***

31 **SECTION #.** Of the funds appropriated in this act to the Department of Health and  
32 Human Services for the 2012-2013 fiscal year, none shall be allocated to renewing, extending,  
33 or entering into new contracts for the provision of family planning services and pregnancy  
34 prevention activities with providers other than local health departments. Upon the expiration of  
35 any contracts in effect during the 2011-2012 fiscal year between the Division of Public Health  
36 and private providers of family planning services and pregnancy prevention activities, the  
37 Department shall reallocate three hundred forty-three thousand dollars (\$343,000) of these  
38 contract funds to local health departments. Local health departments receiving funds under this  
39 section shall not contract with outside vendors for the provision of family planning services or  
40 pregnancy prevention activities. These services shall be provided directly by local health  
41 department recipients. This section does not apply to contracts administered by the Department  
42 pursuant to G.S. 130A-131.15A.  
43

44 **Special Provision 2012-DHHS-H17-P [v23], MG, Modified 5/24/12 2:49 PM**

45 **Requested by: Representative**

46 ***COMMUNITY HEALTH GRANT FUNDING***

47 **SECTION #.(a)** By no later than January 1, 2013, the Department of Health and  
48 Human Services shall enter into contracts obligating the entire amount of funds appropriated in  
49 this act for community health centers for the 2012-2013 fiscal year. These funds shall be used  
50 only for community health grants to nonprofit or public health care safety nets that provide

1 primary and preventive medical services to uninsured or medically indigent patients, including  
2 free clinics, community health care centers, rural health centers, school-based health centers,  
3 and local health departments. The Department shall not use these funds to supplant any  
4 reduction in funding prescribed by the General Assembly for the 2012-2013 fiscal year.

5 **SECTION #.(b)** By no later than March 1, 2013, the Department of Health and  
6 Human Services shall submit a written report on community health grants awarded during the  
7 2012-2013 fiscal year to the Joint Legislative Oversight Committee on Health and Human  
8 Services, the Senate Appropriations Committee on Health and Human Services, the House  
9 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research  
10 Division. The report shall include at least all of the following:

- 11 (1) The identity and a brief description of the community health activities  
12 performed by each grantee.
- 13 (2) The amount of funding awarded to each grantee.
- 14 (3) The number of persons served by each grantee.

15  
16 **Special Provision 2012-DHHS-H9-P [v22], MG, Modified 5/23/12 1:24 PM**

17 **Requested by: Representative**

18 ***FUNDS FOR COMMUNITY-BASED HEALTH AND WELLNESS INITIATIVES***

19 **SECTION #.(a)** Funds appropriated in this act to the Department of Health and  
20 Human Services for the 2012-2013 fiscal year for community-based health and wellness  
21 programs and initiatives shall be used only for the following:

- 22 (1) Programs to prevent and reduce tobacco use by students in grades  
23 kindergarten through 12. The Department shall not spend any funds  
24 allocated to these programs for statewide marketing and media campaigns  
25 for tobacco cessation and prevention. This subdivision shall not be construed  
26 to prohibit the use of these funds for (i) local or community-based tobacco  
27 cessation and prevention campaigns or (ii) tobacco cessation and prevention  
28 campaigns conducted on the premises of North Carolina elementary schools,  
29 middle schools, and high schools.
- 30 (2) CheckMeds.
- 31 (3) Medication Assistance Program.
- 32 (4) Roanoke Chowan Telehealth Network.
- 33 (5) County health department initiatives. County health departments shall use  
34 these funds only for county community health and wellness initiatives to  
35 promote healthy behaviors, including, but not limited to, tobacco cessation,  
36 improved nutrition, increased physical activity, disease prevention, and  
37 school nurse positions. Funds received by county health departments  
38 pursuant to this section shall not supplant existing funds for health and  
39 wellness programs or initiatives.

40 **SECTION #.(b)** By December 1, 2013, the Department shall submit a written  
41 report to the Joint Legislative Oversight Committee on Health and Human Services, the House  
42 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate  
43 Appropriations Committee on Health and Human Services, and the Fiscal Research Division on  
44 the use of these funds. The report shall include the identity and a brief description of each  
45 grantee and each program or initiative offered by the grantee; the amount of funding awarded  
46 to each grantee; and the number of persons served by each grantee, broken down by program or  
47 initiative.

48  
49 **Special Provision 2012-DHHS-H11-P [v9], MG, Modified 5/11/12 3:14 PM**

50 **Requested by: Representative**

1 **DELAY LOCAL RECEIPT OF LARGER PORTION OF FOOD & LODGING FEES**

2 **SECTION #.** Section 31.11A(c) of S.L. 2011-145, as amended by Section 61A of  
3 S.L. 2011-391, reads as rewritten:

4 **"SECTION 31.11A.(c)** Subsection (a) of this section becomes effective July 1, 2012  
5 July 1, 2013."

6  
7 **Special Provision** 2012-DHHS-H34-P [v10], MG, Modified 5/23/12 1:24 PM

8 **Requested by:** Representative

9 **AIDS DRUG ASSISTANCE PROGRAM PILOT**

10 **SECTION #.(a)** The Department of Health and Human Services, Division of  
11 Public Health, shall develop and implement a pilot program to begin on January 1, 2013, and  
12 terminate on December 31, 2013, to enroll individuals receiving services under the Aids Drug  
13 Assistance Program (ADAP) in Inclusive Health North Carolina. The purposes of the pilot are  
14 (i) to determine cost savings to ADAP through enrollment of ADAP recipients in a preexisting  
15 conditions insurance program (PCIP) and (ii) to inform the Department of best practices in  
16 transitioning ADAP recipients to Medicaid as they become eligible. The Department shall  
17 select up to three HIV/AIDS care provider agencies with the highest number of ADAP  
18 recipients to participate in the pilot. The Department shall ensure that the total number of  
19 ADAP recipients participating in the pilot meets all of the following requirements:

- 20 (1) Participation does not exceed ten percent (10%) of the total number of  
21 ADAP recipients receiving services at the selected HIV/AIDS care provider  
22 agencies.  
23 (2) ADAP recipients shall be enrolled only in Inclusive Health North Carolina  
24 up to the point that enrollment remains cost-neutral or achieves cost savings  
25 to ADAP, as determined by an actuary. The Department shall obtain  
26 actuarial services to ensure the cost neutrality or cost savings of enrolling  
27 ADAP recipients in Inclusive Health North Carolina prior to implementing  
28 the pilot program. The Department shall not implement the pilot program if  
29 the actuary determines implementation will not be cost-neutral or achieve  
30 savings.

31 **SECTION #.(b)** The Department may contract with an outside vendor to evaluate  
32 the results of the pilot program. By no later than April 1, 2014, the Department shall report to  
33 the Joint Legislative Oversight Committee on Health and Human Services, the Senate  
34 Appropriations Committee on Health and Human Services, and the House Appropriations  
35 Subcommittee on Health and Human Services on the results of the pilot program. The report  
36 shall include all of the following:

- 37 (1) The number of pilot program participants.  
38 (2) A cost analysis for the pilot program, including a cost comparison between  
39 ADAP recipients who received services through Inclusive Health North  
40 Carolina and ADAP recipients who received services only through ADAP.  
41 (3) Feedback from pilot program participants.  
42 (4) Best practices identified by the Department for transitioning ADAP  
43 recipients to Medicaid as they become eligible.  
44 (5) Improved health outcomes.

45 **SECTION #.(c)** The Department shall use funds appropriated to it to develop and  
46 implement the pilot program authorized by this section. The Division of Public Health shall  
47 manage the number of ADAP recipients enrolled in Inclusive Health North Carolina as part of  
48 the pilot program and the number of ADAP recipients receiving services only through ADAP  
49 in order to ensure that pilot program expenditures do not exceed available funds.  
50

1 **Special Provision 2012-DHHS-H20-P [v10], MG, Modified 5/23/12 1:23 PM**

2 **Requested by: Representative**

3 ***POSITION ELIMINATIONS FOR FISCAL YEAR 2012-2013***

4 **SECTION #.** For fiscal year 2012-2013, the Department of Health and Human  
5 Services shall eliminate an additional 50 full-time equivalent positions that have been  
6 continuously vacant since July 1, 2010. To the extent possible, the Secretary shall not eliminate  
7 positions assigned to the Division of State Operated Healthcare Facilities. This section shall  
8 not be construed to give the Department flexibility in achieving the savings attributed to these  
9 50 position eliminations by any other means. By October 1, 2012, the Secretary shall submit a  
10 report to the Joint Legislative Oversight Committee on Health and Human Services, the House  
11 Appropriations Subcommittee on Health and Human Services, the Senate Appropriations  
12 Committee on Health and Human Services, and the Fiscal Research Division on the position  
13 eliminations required by this section. The report shall include at least all of the following  
14 information about each eliminated position:

- 15 (1) Division assignment.
- 16 (2) Title.
- 17 (3) Salary.
- 18 (4) Fringe benefits.
- 19 (5) The percentage and identity of any non-State funding sources.

20  
21 **Special Provision 2012-DHHS-H10A-P [v4], MG, Modified 5/23/12 9:30 AM**

22 **Requested by: Representative**

23 ***REDUCE FUNDING FOR NONPROFIT ORGANIZATIONS***

24 **SECTION #.(a)** Section 10.18 of S.L. 2011-145 is repealed.

25 **SECTION #.(b)** For fiscal year 2012-2013, the Department of Health and Human  
26 Services shall reduce the amount of funds allocated to nonprofit organizations by five million  
27 dollars (\$5,000,000) on a recurring basis. The Department shall not, under any circumstances,  
28 use any funds, including State funds, federal funds, special revenue funds, or departmental  
29 receipts, to supplement the reduced amount of funding to be allocated to nonprofit  
30 organizations pursuant to this subsection. In achieving the reductions required by this  
31 subsection, the Department (i) shall minimize reductions to funds allocated to nonprofit  
32 organizations for the provision of direct services and (ii) shall not reduce funds allocated to  
33 nonprofit organizations to pay for direct services to individuals with developmental disabilities.

34  
35 **Special Provision 2012-DHHS-H18-P [v28], MG, Modified 5/24/12 1:12 PM**

36 **Requested by: Representative**

37 ***REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT STATE***  
38 ***APPROPRIATIONS***

39 **SECTION #.(a)** The Department of Health and Human Services shall require the  
40 following non-State entities to match ten percent (10%) of the total amount of State  
41 appropriations received each fiscal year. In addition, the Department shall direct these entities  
42 to submit a written report annually, beginning December 1, 2012, of all activities funded by  
43 State appropriations to the Joint Legislative Oversight Committee on Health and Human  
44 Services, the Senate Appropriations Committee on Health and Human Services, the House of  
45 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal  
46 Research Division:

- 47 (1) North Carolina Senior Games, Inc.
- 48 (2) ARC of North Carolina.
- 49 (3) ARC of North Carolina – Wilmington.
- 50 (4) Autism Society of North Carolina.

- 1 (5) The Mariposa School for Children with Autism.
- 2 (6) Easter Seals UCP of North Carolina.
- 3 (7) Easter Seals UCP of North Carolina and Virginia.
- 4 (8) ABC of North Carolina Child Development Center.
- 5 (9) Residential Services, Inc.
- 6 (10) Oxford House, Inc.
- 7 (11) Brain Injury Association of North Carolina.
- 8 (12) Food Bank of Central and Eastern North Carolina, Inc.
- 9 (13) Food Bank of the Albemarle.
- 10 (14) Manna Food Bank.
- 11 (15) Second Harvest Food Bank of Metrolina, Inc.
- 12 (16) Second Harvest Food Bank of Northwest North Carolina, Inc.
- 13 (17) Second Harvest Food Bank of Southeast North Carolina
- 14 (18) Prevent Blindness NC.

15 **SECTION #.(b)** The report required by subsection (a) of this section shall include  
16 the following information about the fiscal year preceding the year in which the report is due:

- 17 (1) The entity's mission, purpose, and governance structure.
- 18 (2) A description of the types of programs, services, and activities funded by  
19 State appropriations.
- 20 (3) Statistical and demographical information on the number of persons served  
21 by these programs, services, and activities, including the counties in which  
22 services are provided.
- 23 (4) Outcome measures that demonstrate the impact and effectiveness of the  
24 programs, services, and activities.
- 25 (5) A detailed program budget and list of expenditures, including all positions  
26 funded and funding sources.
- 27 (6) The source and amount of any matching funds received by the entity.
- 28

29 **Special Provision 2012-DHHS-H32-P [v7], MG, Modified 5/22/12 7:07 PM**

30 **Requested by: Representative**

31 ***REPORT ON LAPSED SALARY FUNDS***

32 **SECTION #.** Beginning no later than November 1, 2012, the Department of Health  
33 and Human Services shall submit quarterly reports to the Joint Legislative Oversight  
34 Committee on Health and Human Services, the House Appropriations Subcommittee on Health  
35 and Human Services, the Senate Appropriations Committee on Health and Human Services,  
36 and the Fiscal Research Division on the use of lapsed salary funds by each Division within the  
37 Department. For each Division, the report shall include the following information about the  
38 preceding calendar quarter:

- 39 (1) The total amount of lapsed salary funds.
- 40 (2) The number of full-time equivalent positions comprising the lapsed salary  
41 funds.
- 42 (3) The Fund Code for each full-time equivalent position included in the number  
43 reported pursuant to subdivision (2) of this section.
- 44 (4) The purposes for which the Department expended lapsed salary funds.
- 45

46 **Special Provision 2012-DHHS-H21-P [v11], MG, Modified 5/23/12 2:55 PM**

47 **Requested by: Representative**

48 ***PREVENTIVE HEALTH INVENTORY AND CONSOLIDATION PLAN***

49 **SECTION #.(a)** The Department of Health and Human Services shall complete an  
50 inventory of its preventive health services and activities, including those provided under the

1 North Carolina Partnership for Children, Inc. The inventory shall identify (i) services and  
2 activities provided directly by the Department and (ii) services and activities provided by  
3 grantees and outside vendors.

4 **SECTION #.(b)** The Department shall conduct a comprehensive assessment of all  
5 services and activities included in the inventory prepared pursuant to subsection (a) of this  
6 section. The comprehensive assessment shall include at least all of the following for each  
7 identified service or activity:

- 8 (1) A program name and a description of the services or activities.
- 9 (2) The number of persons served, if applicable.
- 10 (3) A breakdown of all funding sources.

11 **SECTION #.(c)** By October 1, 2012, the Department shall report on the  
12 information required by this section to the Joint Legislative Oversight Committee on Health  
13 and Human Services, the Senate Appropriations Committee on Health and Human Services, the  
14 House of Representatives Appropriations Subcommittee on Health and Human Services, and  
15 the Fiscal Research Division.

16 **SECTION #.(d)** The Department shall develop a plan to consolidate all preventive  
17 health services and activities. By no later than March 1, 2013, the Department shall submit this  
18 plan to the Joint Legislative Oversight Committee on Health and Human Services, the Senate  
19 Appropriations Committee on Health and Human Services, the House of Representatives  
20 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research  
21 Division. The Department shall not implement this plan without approval by the General  
22 Assembly.

23  
24 **Special Provision 2012-DHHS-H37-P [v6], LU, Modified 5/22/12 6:05 PM**

25 **Requested by: Representative**

26 ***REVISE DATES/TANF BENEFIT IMPLEMENTATION***

27 **SECTION #.** Section 10.55 of S.L. 2011-145 reads as rewritten:

28 **"SECTION 10.55.(a)** The General Assembly approves the plan titled "North Carolina  
29 Temporary Assistance for Needy Families State Plan FY ~~2010-2012~~, 2012-2014," prepared by  
30 the Department of Health and Human Services and presented to the General Assembly. The  
31 North Carolina Temporary Assistance for Needy Families State Plan covers the period October  
32 1, ~~2010~~, 2012, through September 30, ~~2012~~, 2014. The Department shall submit the State Plan,  
33 as revised in accordance with subsection (b) of this section, to the United States Department of  
34 Health and Human Services, as amended by this act or any other act of the 2011 General  
35 Assembly.

36 **"SECTION 10.55.(b)** The counties approved as Electing Counties in the North Carolina  
37 Temporary Assistance for Needy Families State Plan FY ~~2010-2012~~, 2012-2014, as approved  
38 by this section are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

39 **"SECTION 10.55.(c)** Counties that submitted the letter of intent to remain as an Electing  
40 County or to be redesignated as an Electing County and the accompanying county plan for  
41 fiscal year ~~2011-2012~~ through ~~2012~~, 2014, pursuant to G.S. 108A-27(e), shall operate under the  
42 Electing County budget requirements effective July 1, ~~2009-2012~~. For programmatic purposes,  
43 all counties referred to in this subsection shall remain under their current county designation  
44 through September 30, ~~2012~~, 2014.

45 **"SECTION 10.55.(d)** For the ~~2011-2012~~ 2012-2014 fiscal year, Electing Counties shall be  
46 held harmless to their Work First Family Assistance allocations for the ~~2010-2011~~ 2012-2014  
47 fiscal year, provided that remaining funds allocated for Work First Family Assistance and  
48 Work First Diversion Assistance are sufficient for payments made by the Department on behalf  
49 of Standard Counties pursuant to G.S. 108A-27.11(b).

1       **"SECTION 10.55.(e)** In the event that departmental projections of Work First Family  
2 Assistance and Work First Diversion Assistance for the ~~2011-2012~~2012-2014 fiscal year  
3 indicate that remaining funds are insufficient for Work First Family Assistance and Work First  
4 Diversion Assistance payments to be made on behalf of Standard Counties, the Department is  
5 authorized to deallocate funds, of those allocated to Electing Counties for Work First Family  
6 Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for  
7 payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by  
8 the Office of State Budget and Management. If the Department adjusts the allocation set forth  
9 in subsection (d) of this section, then a report shall be made to the Joint Legislative  
10 Commission on Governmental Operations, the House of Representatives Appropriations  
11 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health  
12 and Human Services, and the Fiscal Research Division."  
13

14 **Special Provision   2012-DHHS-H19-P [v5], MG, Modified 5/11/12 4:12 PM**

15 **Requested by:       Representative**

16 ***REMOVE CAP ON SPECIAL ASSISTANCE IN-HOME PAYMENT RECIPIENTS***

17       **SECTION #.** G.S. 108A-47.1 reads as rewritten:

18 **"§ 108A-47.1. Special Assistance in-home payments.**

19       The Department of Health and Human Services may use funds from the existing  
20 State-County Special Assistance budget to provide Special Assistance payments to eligible  
21 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~  
22 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~  
23 The standard monthly payment to individuals enrolled in the Special Assistance in-home  
24 program shall be seventy-five percent (75%) of the monthly payment the individual would  
25 receive if the individual resided in an adult care home and qualified for Special Assistance,  
26 except if a lesser payment amount is appropriate for the individual as determined by the local  
27 case manager. The Department shall implement Special Assistance in-home eligibility policies  
28 and procedures to assure that in-home program participants are those individuals who need and,  
29 but for the in-home program, would seek placement in an adult care home facility. The  
30 Department's policies and procedures shall include the use of a functional assessment. The  
31 Department shall make this in-home option available to all counties on a voluntary basis. To  
32 the maximum extent possible, the Department shall consider geographic balance in the  
33 dispersion of payments to individuals across the State."  
34

35 **Special Provision   2012-DHHS-H40-P [v3], LU, Modified 5/23/12 10:54 AM**

36 **Requested by:       Representative**

37 ***TELECOMMUNICATIONS RELAY SERVICE***

38       **SECTION #.(a)** G.S. 62-157(d1) reads as rewritten:

39       "(d1) The Department of Health and Human Services shall utilize revenues from the  
40 wireless surcharge collected under subsection (i) of this section to ~~fund the Regional Resource~~  
41 ~~Centers within~~support the Division of Services for the Deaf and the Hard of Hearing, in  
42 accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the General  
43 Statutes."  
44

45       **SECTION #.(b)** G.S. 62-157(e) reads as rewritten:

46       "(e) Administration of Service. – The Department of Health and Human Services shall  
47 administer the statewide telecommunications relay service program, including its  
48 establishment, operation, and promotion. The Department may contract out the provision of  
49 this service for four-year periods to one or more service providers, using the provisions of  
50 G.S. 143-129. The Department shall administer all programs and services, including the  
Regional Resource Centers within the Division of Services for the Deaf and the Hard of

Hearing in accordance with G.S. 143B-216.33, G.S. 143B-216.34, and Chapter 8B of the General Statutes."

**Special Provision** 2012-DHHS-H14A-P [v14], LU, Modified 5/24/12 1:30 PM

**Requested by:** Representative

**DHHS BLOCK GRANTS**

**SECTION #.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2013, according to the following schedule:

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) FUNDS**

**Local Program Expenditures**

**Division of Social Services**

01.	Work First Family Assistance	\$ 61,671,297
02.	Work First County Block Grants	83,386,330
03.	Work First Electing Counties	2,378,213
04.	Adoption Services – Special Children's Adoption Fund	2,026,877
05.	Family Violence Prevention	2,200,000
06.	Child Protective Services – Child Welfare Workers for Local DSS	15,893,996
07.	Child Welfare Collaborative	754,115

**Division of Child Development**

08.	Subsidized Child Care Program	59,645,662
09.	Swap Child Care Subsidy	6,352,644

**Division of Public Health**

10.	Teen Pregnancy Initiatives	2,500,000
-----	----------------------------	-----------

**DHHS Administration**

11.	Division of Social Services	2,482,260
12.	Office of the Secretary	34,042

**Transfers to Other Block Grants**

**Division of Child Development**

1			
2	13.	Transfer to the Child Care and Development Fund	75,773,001
3			
4	14.	Transfer to Social Services Block Grant for Child	
5		Protective Services – Child Welfare Training in	
6		Counties	1,300,000
7			
8	15.	Transfer to Social Services Block Grant for Child	
9		Protective Services	5,040,000
10			
11	16.	Transfer to Social Services Block Grant for County	
12		Departments of Social Services for Children's Services	4,148,001
13			
14	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
15	(TANF) FUNDS		\$ 325,586,438
16			
17	<b>TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)</b>		
18	<b>EMERGENCY CONTINGENCY FUNDS</b>		
19			
20	Local Program Expenditures		
21			
22	Division of Social Services		
23			
24	01.	Work First County Block Grants	\$ 11,066,985
25			
26	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)		
27	EMERGENCY CONTINGENCY FUNDS		\$ 11,066,985
28			
29	<b>SOCIAL SERVICES BLOCK GRANT</b>		
30			
31	Local Program Expenditures		
32			
33	Divisions of Social Services and Aging and Adult Services		
34			
35	01.	County Departments of Social Services	\$ 35,211,798
36		(Transfer from TANF \$4,148,001)	
37			
38	02.	Child Protective Services (Transfer from TANF)	5,040,000
39			
40	03.	State In-Home Services Fund	2,101,113
41			
42	04.	State Adult Day Care Fund	2,155,301
43			
44	05.	Child Protective Services/CPS Investigative	
45		Services-Child Medical Evaluation Program	609,455
46			
47	06.	Foster Care Services	1,497,138
48			
49	07.	Special Children Adoption Incentive Fund	500,000
50			

1	08.	Child Protective Services-Child Welfare Training	
2		for Counties (Transfer from TANF)	1,300,000
3			
4	09.	Home and Community Care Block Grant (HCCBG)	1,834,077
5			
6	10.	Maternity Homes	925,085
7			
8	11.	Child Advocacy Centers	375,000
9			
10	12.	Work First – Boys and Girls Clubs	2,452,500
11			
12	13.	Food Banks	1,000,000
13			
14	14.	Child Care Subsidy	2,452,500
15			
16	15.	Developmental Disabilities Services Program	4,356,604
17			
18		Division of Public Health	
19			
20	16.	HIV/STD Prevention and Community Planning	145,819
21			
22	17.	Prevent Blindness	150,000
23			
24		Division of Vocational Rehabilitation	
25			
26	18.	Vocational Rehabilitation Services – Easter Seal Society/UCP	
27		Community Health Program	188,263
28			
29		DHHS Program Expenditures	
30			
31		Division of Services for the Blind	
32			
33	19.	Independent Living Program	3,633,077
34			
35	20.	Accessible Electronic Information for Blind and Disabled Persons	75,000
36			
37		Division of Health Service Regulation	
38			
39	21.	Adult Care Licensure Program	411,897
40			
41	22.	Mental Health Licensure and Certification Program	205,668
42			
43		DHHS Administration	
44			
45	23.	Division of Aging and Adult Services	624,454
46			
47	24.	Division of Social Services	701,140
48			
49	25.	Office of the Secretary/Controller's Office	138,058
50			

1	26.	Division of Child Development	15,000
2			
3	27.	Division of Mental Health, Developmental	
4		Disabilities, and Substance Abuse Services	29,665
5			
6	28.	Division of Health Service Regulation	128,562
7			
8	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 68,257,174
9			
10	<b>LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT</b>		
11			
12	Local Program Expenditures		
13			
14	Division of Social Services		
15			
16	01.	Low-Income Energy Assistance Program (LIEAP)	\$ 15,000,000
17			
18	02.	Crisis Intervention Program (CIP)	33,255,130
19			
20	Local Administration		
21			
22	Division of Social Services		
23			
24	03.	County DSS Administration	4,444,717
25			
26	DHHS Administration		
27			
28	04.	Office of the Secretary/DIRM	219,490
29			
30	05.	Office of the Secretary/Controller's Office	9,779
31			
32	Transfers to Other State Agencies		
33			
34	Department of Commerce		
35			
36	06.	Weatherization Program	8,464,517
37			
38	07.	Heating Air Repair and Replacement	
39		Program (HARRP)	3,762,265
40			
41	08.	Local Residential Energy Efficiency Service	
42		Providers – Weatherization	19,825
43			
44	09.	Local Residential Energy Efficiency Service	
45		Providers – HARRP	180,041
46			
47	10.	Department of Commerce Administration –	
48		Weatherization	19,825
49			
50	11.	Department of Commerce Administration –	

1	HARRP	180,041
2		
3	Department of Administration	
4		
5	12. N.C. Commission on Indian Affairs	87,736
6		
7	TOTAL LOW-INCOME HOME ENERGY ASSISTANCE	
8	BLOCK GRANT	\$ 65,643,366
9		
10	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>	
11		
12	Local Program Expenditures	
13		
14	Division of Child Development	
15		
16	01. Subsidized Child Care Services (CCDF)	\$ 158,004,959
17		
18	02. Electronic Tracking System	3,336,345
19		
20	03. Subsidized Child Care Services	
21	(Transfer from TANF; Smart Start \$4,000,000)	75,773,001
22		
23	04. Quality and Availability Initiatives	
24	(TEACH Program \$3,800,000)	25,948,434
25		
26	Division of Social Services	
27		
28	05. Local Subsidized Child Care Services Support	16,471,587
29	(4% Administrative Allowance)	
30		
31	DHHS Administration	
32		
33	Division of Child Development	
34		
35	06. DCD Administrative Expenses	6,539,277
36		
37	Division of Central Administration	
38		
39	07. DHHS Central Administration – DIRM	
40	Technical Services	774,317
41		
42	TOTAL CHILD CARE AND DEVELOPMENT FUND	
43	BLOCK GRANT	\$ 286,847,920
44		
45	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>	
46		
47	Local Program Expenditures	
48		
49	01. Mental Health Services – Adult	\$ 8,870,595
50		

1	02.	Mental Health Services – Child	5,121,991
2			
3	03.	Administration	100,000
4			
5	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 14,092,586
6			
7	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
8			
9	Local Program Expenditures		
10			
11	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
12			
13	01.	Substance Abuse Services – Adult	\$ 15,328,802
14			
15	02.	Substance Abuse Treatment Alternative for Women	6,050,300
16			
17	03.	Substance Abuse – HIV and IV Drug	3,919,723
18			
19	04.	Substance Abuse Prevention – Child	7,186,857
20			
21	05.	Substance Abuse Services – Child	4,940,500
22			
23	06.	Administration	454,000
24			
25	Division of Public Health		
26			
27	07.	Risk Reduction Projects	575,654
28			
29	08.	Aid-to-Counties	190,295
30			
31	TOTAL SUBSTANCE ABUSE PREVENTION		
32	AND TREATMENT BLOCK GRANT		\$ 38,646,131
33			
34	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
35			
36	Local Program Expenditures		
37			
38	Division of Public Health		
39			
40	01.	Children's Health Services	
41		(Nurse-Family Partnership \$375,000)	\$ 8,528,156
42			
43	02.	Women's Health	
44		(March of Dimes \$350,000; Teen Pregnancy	
45		Prevention Initiatives \$650,000; Perinatal	
46		Quality Collaborative \$250,000; 17-P \$47,000)	8,510,783
47			
48	03.	Oral Health	42,268
49			
50	DHHS Program Expenditures		

1		
2	Division of Public Health	
3		
4	04. Children's Health Services	1,417,087
5		
6	05. Women's Health	136,628
7		
8	06. State Center for Health Statistics	164,318
9		
10	07. Quality Improvement in Public Health	1,636
11		
12	08. Health Promotion	89,374

13  
14 **DHHS Administration**

15		
16	Division of Public Health	
17		
18	09. Division of Public Health Administration	558,831
19		
20	<b>TOTAL MATERNAL AND CHILD</b>	
21	<b>HEALTH BLOCK GRANT</b>	<b>\$ 19,449,081</b>

22  
23 **COMMUNITY SERVICES BLOCK GRANT**

24  
25 **Local Program Expenditures**

26		
27	Office of Economic Opportunity	
28		
29	01. Community Action Agencies	\$ 18,075,488
30		
31	02. Limited Purpose Agencies	1,004,194
32		

33 **DHHS Administration**

34		
35	03. Office of Economic Opportunity	1,004,194
36		
37	<b>TOTAL COMMUNITY SERVICES BLOCK GRANT</b>	<b>\$ 20,083,876</b>

38  
39 **GENERAL PROVISIONS**

40 **SECTION #.(b)** Information to Be Included in Block Grant Plans. – The  
41 Department of Health and Human Services shall submit a separate plan for each Block Grant  
42 received and administered by the Department, and each plan shall include the following:

- 43 (1) A delineation of the proposed allocations by program or activity, including  
44 State and federal match requirements.
- 45 (2) A delineation of the proposed State and local administrative expenditures.
- 46 (3) An identification of all new positions to be established through the Block  
47 Grant, including permanent, temporary, and time-limited positions.
- 48 (4) A comparison of the proposed allocations by program or activity with two  
49 prior years' program and activity budgets and two prior years' actual program  
50 or activity expenditures.

1 (5) A projection of current year expenditures by program or activity.

2 (6) A projection of federal Block Grant funds available, including unspent  
3 federal funds from the current and prior fiscal years.

4 **SECTION #.(c) Changes in Federal Fund Availability.** – If the Congress of the  
5 United States increases the federal fund availability for any of the Block Grants or contingency  
6 funds and other grants related to existing Block Grants administered by the Department of  
7 Health and Human Services from the amounts appropriated in this section, the Department  
8 shall allocate the increase proportionally across the program and activity appropriations  
9 identified for that Block Grant in this section. In allocating an increase in federal fund  
10 availability, the Office of State Budget and Management shall not approve funding for new  
11 programs or activities not appropriated in this section.

12 If the Congress of the United States decreases the federal fund availability for any of  
13 the Block Grants or contingency funds and other grants related to existing Block Grants  
14 administered by the Department of Health and Human Services from the amounts appropriated  
15 in this section, the Department shall develop a plan to adjust the block grants based on reduced  
16 federal funding.

17 Notwithstanding the provisions of this subsection, for the 2012-2013 fiscal year,  
18 increases in the federal fund availability for the Temporary Assistance to Needy Families  
19 (TANF) Block Grant shall be used for the North Carolina Child Care Subsidy program to pay  
20 for child care in four- or five-star rated facilities for four-year-old children.

21 Prior to allocating the change in federal fund availability, the proposed allocation  
22 must be approved by the Office of State Budget and Management. If the Department adjusts the  
23 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
24 made to the Joint Legislative Commission on Governmental Operations, the House of  
25 Representatives Appropriations Subcommittee on Health and Human Services, the Senate  
26 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

27 **SECTION #.(d)** Appropriations from federal Block Grant funds are made for the  
28 fiscal year ending June 30, 2013, according to the schedule enacted for State fiscal year  
29 2012-2013 or until a new schedule is enacted by the General Assembly.

30 **SECTION #.(e)** All changes to the budgeted allocations to the Block Grants or  
31 contingency funds and other grants related to existing Block Grants administered by the  
32 Department of Health and Human Services that are not specifically addressed in this section  
33 shall be approved by the Office of State Budget and Management, and the Office of State  
34 Budget and Management shall consult with the Joint Legislative Commission on Governmental  
35 Operations for review prior to implementing the changes. The report shall include an itemized  
36 listing of affected programs, including associated changes in budgeted allocations. All changes  
37 to the budgeted allocations to the Block Grants shall be reported immediately to the House of  
38 Representatives Appropriations Subcommittee on Health and Human Services, the Senate  
39 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.  
40 This subsection does not apply to Block Grant changes caused by legislative salary increases  
41 and benefit adjustments.

42 **SECTION #.(f)** If the Preventive Health Services Block Grant is funded at the  
43 federal level and the State receives a block grant for Preventive Health Services, the 2011-2012  
44 allocation plan shall remain in effect for the 2012-2013 fiscal year.

#### 45 46 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

47 **SECTION #.(g)** The sum of eighty-three million three hundred eighty-six thousand  
48 three hundred thirty dollars (\$83,386,330) appropriated in this section in TANF funds to the  
49 Department of Health and Human Services, Division of Social Services, for the 2012-2013  
50 fiscal year shall be used for Work First County Block Grants. The Division shall certify these

1 funds in the appropriate State-level services based on prior year actual expenditures. The  
2 Division has the authority to realign the authorized budget for these funds among the  
3 State-level services based on current year actual expenditures.

4 **SECTION #.(h)** The sum of two million four hundred eighty-two thousand two  
5 hundred sixty dollars (\$2,482,260) appropriated in this section in TANF funds to the  
6 Department of Health and Human Services, Division of Social Services, for the 2012-2013  
7 fiscal year shall be used to support administration of TANF-funded programs.

8 **SECTION #.(i)** The sum of two million two hundred thousand dollars  
9 (\$2,200,000) appropriated under this section in TANF funds to the Department of Health and  
10 Human Services, Division of Social Services, for the 2012-2013 fiscal year shall be used to  
11 provide domestic violence services to Work First recipients. These funds shall be used to  
12 provide domestic violence counseling, support, and other direct services to clients. These funds  
13 shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts.  
14 The Division of Social Services may use up to seventy-five thousand dollars (\$75,000) in  
15 TANF funds to support one administrative position within the Division of Social Services to  
16 implement this subsection.

17 Each county department of social services and the local domestic violence shelter  
18 program serving the county shall develop jointly a plan for utilizing these funds. The plan shall  
19 include the services to be provided and the manner in which the services shall be delivered. The  
20 county plan shall be signed by the county social services director or the director's designee and  
21 the domestic violence program director or the director's designee and submitted to the Division  
22 of Social Services by December 1, 2012. The Division of Social Services, in consultation with  
23 the Council for Women, shall review the county plans and shall provide consultation and  
24 technical assistance to the departments of social services and local domestic violence shelter  
25 programs, if needed.

26 The Division of Social Services shall allocate these funds to county departments of  
27 social services according to the following formula: (i) each county shall receive a base  
28 allocation of five thousand dollars (\$5,000) and (ii) each county shall receive an allocation of  
29 the remaining funds based on the county's proportion of the statewide total of the Work First  
30 caseload as of July 1, 2012, and the county's proportion of the statewide total of the individuals  
31 receiving domestic violence services from programs funded by the Council for Women as of  
32 July 1, 2012. The Division of Social Services may reallocate unspent funds to counties that  
33 submit a written request for additional funds.

34 **SECTION #.(j)** The sum of fifteen million eight hundred ninety-three thousand  
35 nine hundred ninety-six dollars (\$15,893,996) appropriated in this section to the Department of  
36 Health and Human Services, Division of Social Services, in TANF funds for the 2012-2013  
37 fiscal year for child welfare improvements shall be allocated to the county departments of  
38 social services for hiring or contracting staff to investigate and provide services in Child  
39 Protective Services cases; to provide foster care and support services; to recruit, train, license,  
40 and support prospective foster and adoptive families; and to provide interstate and  
41 post-adoption services for eligible families.

42 Counties shall maintain their level of expenditures in local funds for Child  
43 Protective Services' workers. Of the block grant funds appropriated for Child Protective  
44 Services' workers, the total expenditures from State and local funds for the 2012-2013 fiscal  
45 year shall not be less than the total expended from State and local funds for the 2011-2012  
46 fiscal year.

47 **SECTION #.(k)** The sum of two million twenty-six thousand eight hundred  
48 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the  
49 Department of Health and Human Services, Special Children Adoption Fund, for the  
50 2012-2013 fiscal year shall be used in accordance with G.S. 108A-50.2, as enacted in Section

1 10.48 of S.L. 2009-451. The Division of Social Services, in consultation with the North  
2 Carolina Association of County Directors of Social Services and representatives of licensed  
3 private adoption agencies, shall develop guidelines for the awarding of funds to licensed public  
4 and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in  
5 foster care. Payments received from the Special Children Adoption Fund by participating  
6 agencies shall be used exclusively to enhance the adoption services program. No local match  
7 shall be required as a condition for receipt of these funds.

8 **SECTION #.(l)** The sum of seven hundred fifty-four thousand one hundred fifteen  
9 dollars (\$754,115) appropriated in this section to the Department of Health and Human  
10 Services in TANF funds for the 2012-2013 fiscal year shall be used to continue support for the  
11 Child Welfare Collaborative.

## 12 13 **SOCIAL SERVICES BLOCK GRANT**

14 **SECTION #.(m)** The sum of thirty-five million two hundred eleven thousand  
15 seven hundred ninety-eight dollars (\$35,211,798) appropriated in this section in the Social  
16 Services Block Grant to the Department of Health and Human Services, Division of Social  
17 Services, for the 2012-2013 fiscal year shall be used for County Block Grants. The Division  
18 shall certify these funds in the appropriate State level services based on prior year actual  
19 expenditures. The Division has the authority to realign the authorized budget for these funds  
20 among the State-level services based on current year actual expenditures.

21 **SECTION #.(n)** The sum of one million three hundred thousand dollars  
22 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department  
23 of Health and Human Services, Division of Social Services, for the 2012-2013 fiscal year shall  
24 be used to support various child welfare training projects as follows:

- 25 (1) Provide a regional training center in southeastern North Carolina.
- 26 (2) Provide training for residential child caring facilities.
- 27 (3) Provide for various other child welfare training initiatives.

28 **SECTION #.(o)** The sum of one million four hundred ninety-seven thousand one  
29 hundred thirty-eight dollars (\$1,497,138) appropriated in this section in the Social Services  
30 Block Grant for child caring agencies for the 2012-2013 fiscal year shall be allocated in support  
31 of State foster home children.

32 **SECTION #.(p)** The Department of Health and Human Services is authorized,  
33 subject to the approval of the Office of State Budget and Management, to transfer Social  
34 Services Block Grant funding allocated for departmental administration between divisions that  
35 have received administrative allocations from the Social Services Block Grant.

36 **SECTION #.(q)** Social Services Block Grant funds appropriated for the Special  
37 Children's Adoption Incentive Fund will require a fifty percent (50%) local match.

38 **SECTION #.(r)** The sum of five million forty thousand dollars (\$5,040,000)  
39 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year  
40 shall be allocated to the Department of Health and Human Services, Division of Social  
41 Services. The Division shall allocate these funds to local departments of social services to  
42 replace the loss of Child Protective Services State funds that are currently used by county  
43 government to pay for Child Protective Services staff at the local level. These funds shall be  
44 used to maintain the number of Child Protective Services workers throughout the State. These  
45 Social Services Block Grant funds shall be used to pay for salaries and related expenses only  
46 and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent  
47 (25%).

48 **SECTION #.(s)** The sum of two million four hundred fifty-two thousand five  
49 hundred dollars (\$2,452,500) appropriated in this section to the Department of Social Services,  
50 Division of Social Services, in the Social Services Block Grant for Boys and Girls Clubs for the

1 2012-2013 fiscal year shall be used to make grants for approved programs. The Department of  
2 Health and Human Services, in accordance with federal regulations for the use of Social  
3 Services Block Grant funds, shall administer a grant program to award funds to the Boys and  
4 Girls Clubs across the State in order to implement programs that improve the motivation,  
5 performance, and self-esteem of youths and to implement other initiatives that would be  
6 expected to reduce gang participation, school dropout, and teen pregnancy rates. The  
7 Department shall facilitate collaboration between the Boys and Girls Clubs and Support Our  
8 Students, Communities in Schools, and similar programs and encourage them to submit joint  
9 applications for the funds if appropriate. These funds are exempt from the provisions of 10A  
10 NCAC 71R .0201(3).

11 **SECTION #.(t)** The sum of nine hundred twenty-five thousand eighty-five dollars  
12 (\$925,085) appropriated in this section in the Social Services Block Grant for the 2012-2013  
13 fiscal year to the Department of Health and Human Services, Division of Services for the  
14 Blind, shall be used for maternity homes. These funds are exempt from the provisions of 10A  
15 NCAC 71R .0201(3).

16 **SECTION #.(u)** The sum of one hundred fifty thousand dollars (\$150,000)  
17 appropriated in this section in the Social Services Block Grant for the 2012-2013 fiscal year to  
18 the Department of Health and Human Services, Division of Public Health, shall be allocated to  
19 Prevent Blindness North Carolina to be used for direct service programs. These funds are  
20 exempt from the provisions of 10A NCAC 71R .0201(3).

21 **SECTION #.(v)** The sum of seventy-five thousand dollars (\$75,000) appropriated  
22 in this section in the Social Services Block Grant for the 2012-2013 fiscal year to the  
23 Department of Health and Human Services, Division of Services for the Blind, shall be used to  
24 provide accessible electronic information for blind and disabled persons. These funds are  
25 exempt from the provisions of 10A NCAC 71R .0201(3).

26 **SECTION #.(w)** The sum of three hundred seventy-five thousand dollars  
27 (\$375,000) appropriated in this section in the Social Services Block Grant for the 2012-2013  
28 fiscal year to the Department of Health and Human Services, Division of Social Services, shall  
29 be used to continue support for the Child Advocacy Centers and are exempt from the  
30 provisions of 10A NCAC 71R .0201(3).

31 **SECTION #.(x)** Social Services Block Grant funds allocated for the 2012-2013  
32 fiscal year for child medical evaluations are exempt from the provisions of 10A NCAC 71R  
33 .0201(3).

34 **SECTION #.(y)** The sum of one million dollars (\$1,000,000) appropriated in this  
35 section in the Social Services Block Grant for the 2012-2013 fiscal year to the Department of  
36 Health and Human Services, Division of Social Services, shall be allocated to North Carolina  
37 Food Bank agencies to be used to purchase and distribute food staples for emergency food  
38 assistance. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).  
39

#### 40 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

41 **SECTION #.(z)** Additional emergency contingency funds received may be  
42 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior  
43 consultation with the Joint Legislative Commission on Governmental Operations. Additional  
44 funds received shall be reported to the Joint Legislative Commission on Governmental  
45 Operations and the Fiscal Research Division upon notification of the award. The Department of  
46 Health and Human Services shall not allocate funds for any activities, including increasing  
47 administration, other than assistance payments, without prior consultation with the Joint  
48 Legislative Commission on Governmental Operations.

49 **SECTION #.(aa)** The sum of fifteen million dollars (\$15,000,000) appropriated in  
50 this section in the Low-Income Home Energy Assistance Block Grant for the 2012-2013 fiscal

1 year to the Department of Health and Human Services, Division of Social Services, shall be  
2 used for energy assistance payments for the households of (i) elderly persons age 60 and above  
3 with income up to one hundred thirty percent (130%) of the federal poverty level and (ii)  
4 disabled persons eligible for services funded through the Division of Aging and Adult Services.  
5 County departments of social services shall submit to the Division of Social Services an  
6 outreach plan for targeting households with 60-year-old household members no later than  
7 August 1 of each year.

#### 8 9 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

10 **SECTION #.(bb)** Payment for subsidized child care services provided with federal  
11 TANF funds shall comply with all regulations and policies issued by the Division of Child  
12 Development for the subsidized child care program.

13 **SECTION #.(cc)** If funds appropriated through the Child Care and Development  
14 Fund Block Grant for any program cannot be obligated or spent in that program within the  
15 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
16 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in  
17 order to use the federal funds fully.

#### 18 19 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

20 **SECTION 10.60.(dd)** If federal funds are received under the Maternal and Child  
21 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193  
22 (42 U.S.C. § 710), for the 2012-2013 fiscal year, then those funds shall be transferred to the  
23 State Board of Education to be administered by the Department of Public Instruction. The  
24 Department of Public Instruction shall use the funds to establish an abstinence until marriage  
25 education program and shall delegate to one or more persons the responsibility of  
26 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public  
27 Instruction shall carefully and strictly follow federal guidelines in implementing and  
28 administering the abstinence education grant funds.

29 **SECTION 10.60.(ee)** The Department of Health and Human Services shall ensure  
30 that there will be follow-up testing in the Newborn Screening Program.

House Committee Pages / Sergeants at Arms

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DATE: 5/24/12 Room: 643

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County: McDowell

Sponsor: Mitch Gillaspie

\*Name: Maria Kunath

County: Wake

Sponsor: Paul Stam

\*Name: Scott Manning

County: Carteret

Sponsor: Pat McElwett

\*Name: \_\_\_\_\_

County: \_\_\_\_\_

Sponsor: \_\_\_\_\_

\*Name: \_\_\_\_\_

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Sponsor: \_\_\_\_\_

House Sgt-At Arms:

1. Name: Garland Shephard

4. Name: \_\_\_\_\_

2. Name: Billy Jones

5. Name: \_\_\_\_\_

3. Name: Martha Gadison

6. Name: \_\_\_\_\_

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App Health & Human Serv  
(Committee Name)

5/24/12  
Date

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Stangel	NCPC
Math Gross	NCPC
Barbara Host	NCRTZ
Kan Michel	Benchmarks
Lara Fields	Benchmarks
Ann Rodriguez	NC Council of Community Programs
Michelle Frasier	MF+S
Kara Weishaar	NCSA
Elizabeth Robinson	NCRMA
Mari Widen	Novant
Jul Waldal	East Side UCP
Dawn Barnes	RS
Maen Gaden	GSN
Lisa Hazingian	NCAAN
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Mike Jan	Peri Shuk

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ELISE QUICK	Truthful Records
Jordan McBride	The Policy Group
Rob Parrott	Edmisten, Webb & Moore
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Bill Runk	ARP
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Leah Elliott	ETHGR
Rachel Fishman	private citizen / volunteer advocate
Laurie Fisher	Volunteer Advocate for M.D.D. 3708 Mayfair
Kay Phillips	CEO - APPENC / Durham, NC
David Hernen	NC Center for Nonprofits
Colleen Kochanek	Kochanek Law Group
Ma H. Lutz	AMHC
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<u>Joyce Peters</u>	<u>CSS</u>