2015

SENATE PROGRAM EVALUATION

MINUTES

Senate Committee on Program Evaluation Tuesday, March 10, 2015 at 12:00 PM Room 421 of the Legislative Office Building

MINUTES

The Senate Committee on Program Evaluation met at 12:00 PM on March 10, 2015 in Room 421 of the Legislative Office Building with fifteen (15) members present.

Senator Fletcher L. Hartsell, Jr., Chair, presided.

After welcoming everyone to the 2015 initial meeting of the committee, Senator Hartsell thanked Sergeant-at-Arms Dale Huff and Jim Hamilton for their service. He then introduced Pages Yvonne Lyle, Carson Honeycutt and Greyson Willard and thanked them for their willingness to be of assistance to the members.

It was with pleasure that Senator Hartsell introduced Dean Judith Wegner of the North Carolina School of Law and thanked her for agreeing to give her video presentation on the Implications of the North Carolina Dental Board v. Federal Trade Commission to the committee. (Attachment 1). After her presentation, she graciously agreed to a time of questions and answers. Questions from members Bingham, Brock and Tarte were answered as were those from Attorney Jack Nichols, representing the Dental Board and Ms. Sondra Panico of the Psychology Board.

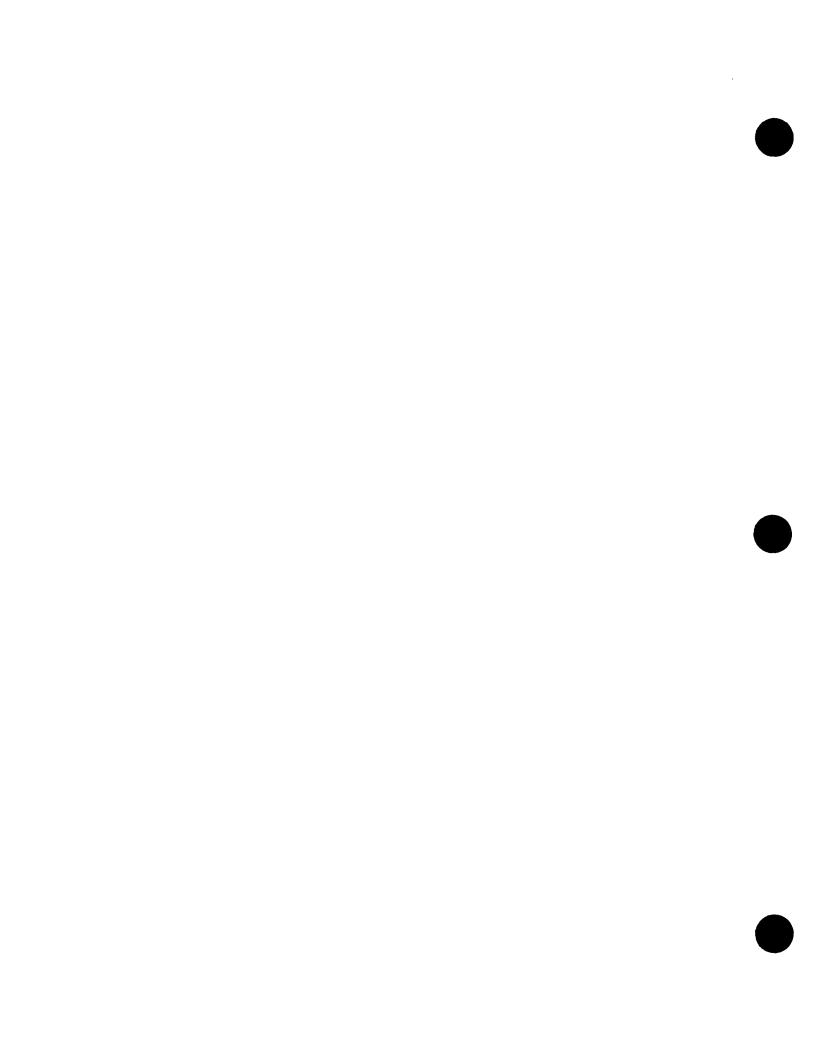
In closing, Senator Hartsell noted the meeting of the Joint Program Evaluation on March 16th at which time a video of Dean Wegner's presentation will be made available again.

There being no further business, the meeting was adjourned at 12:55 p.m.

Senator Fletcher L. Hartsell, Jr., Chair

Presiding

Gerry Johnson, Committee Clerk



Gerry Johnson (Sen. Fletcher Hartsell)

From:	Maria Kinnaird (Sen. Stan Bingham)			
o: Subject:	Wednesday, March 04, 2015 11:10 AM Maria Kinnaird (Sen. Stan Bingham) <ncga> Senate Program Evaluation Committee Meeting Notice for Tuesday, March 10 2015 at 12:00 PM</ncga>			
Attachments:	Add Meeting to Calendar_LINCics			
Follow Up Flag: Flag Status:	Follow up Flagged			
	Principal Clerk Reading Clerk			

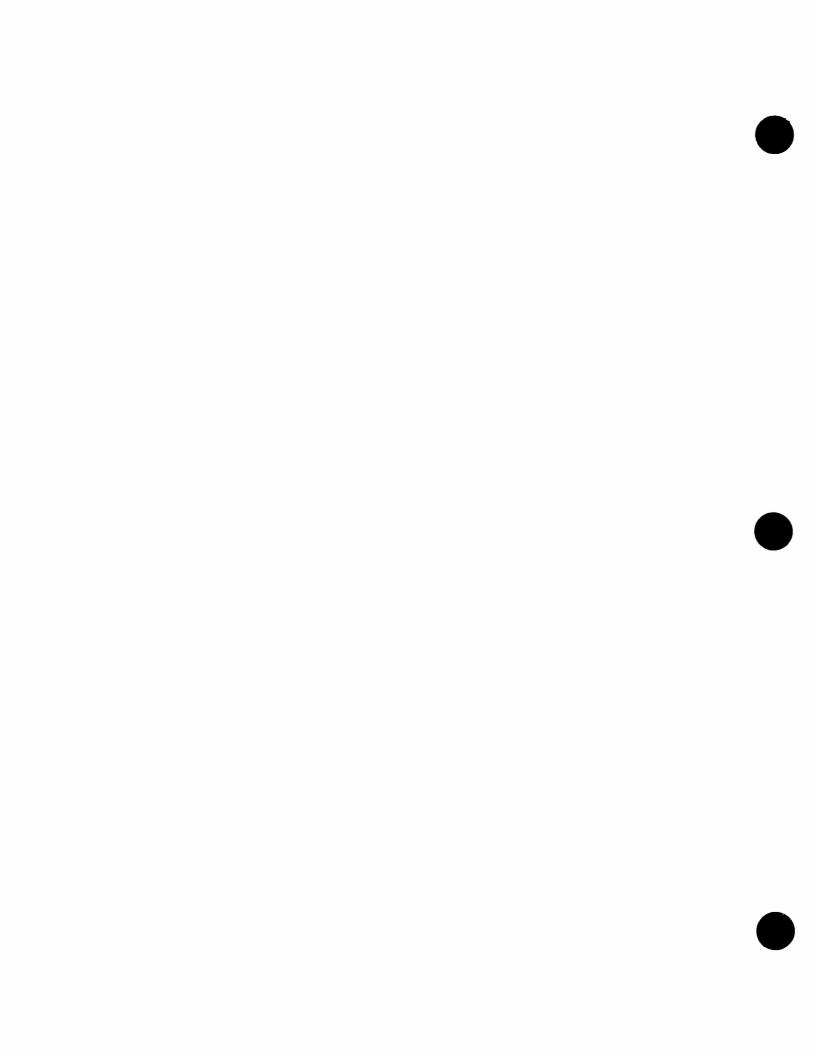
SENATE NOTICE OF COMMITTEE MEETING AND BILL SPONSOR NOTICE

he Senate Committee on Program Evaluation will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	March 10, 2015	12:00 PM	421 LOB

AGENDA: Presentation by Dean Judith Wegner on the impact of North Carolina State Board of Dental Examin the Federal Trade Commission on occupational licensing boards.

Senator Stan Bingham, Co-Chair Senator Fletcher L. Hartsell, Jr., Co-Chair



Senate Committee on Program Evaluation Tuesday, March 10, 2015, 12:00 PM 421 Legislative Office Building

AGENDA

Welcome and Opening Remarks

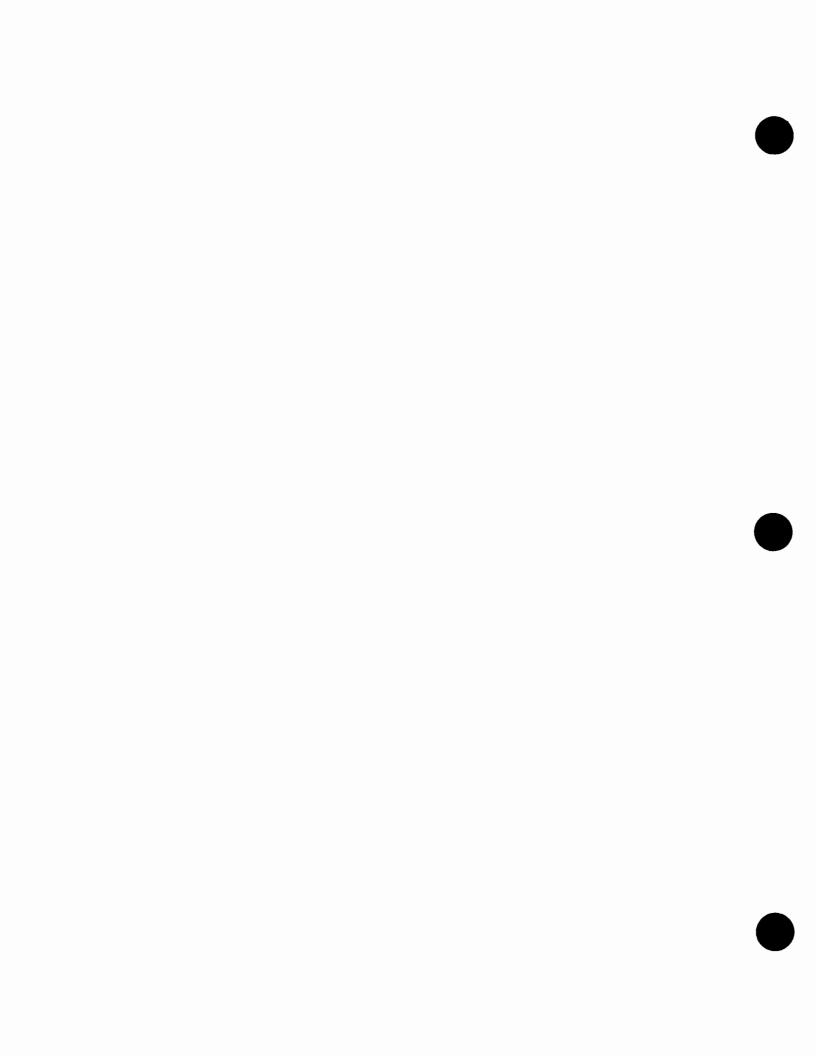
Introduction of Pages

Presentations:

Presentation by Dean Judith Wegner of University of North Carolina School of Law on Implications of N.C. Dental Bd. v. FTC with time for Q and A.

Other Business

Adjournment



Implications of N.C. Dental Bd. v. FTC

(US Sup. Ct. 2/25/15)

PRESENTED TO:

SENATE PROGRAM EVALUATION COMMITTEE ON MARCH 10, 2015

JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE ON MARCH 16, 2015

PROFESSOR JUDITH WELCH WEGNER

Today's Questions

- How is NC Dental Board structured, what powers does it have, and what did it do to draw the attention of the Federal Trade Commission?
- 2. Why did the FTC sue the NC Dental Board?
- 3. How did the U.S. Supreme Court rule on key questions?
- 4. What are the consequences for N.C. and other states?

Background re Structure of NC Board of Dental Examiners

NC Gen. Stat. §§ 90-22 - 90-48.3 (Article 2. Dentistry)

- 90-22(a) <u>Practice of dentistry</u> declared to affect public health, safety, welfare; subject to regulation and control in public interest; act to be liberally construed
- 90-22(b) Dental Board created and is agency of the state
 - Consists of 6 licensed dentists (elected by peers), 1 hygienist (elected by peers), 1 citizen (appointed by Governor)

Background re Authority of NC Board of Dental Examiners

- 90-29(b)(2) Practice of dentistry includes:
 - "Removing stains, accretions or deposits from the human teeth"
- 90-30 Dental Board may license applicants to practice
- 90-40 Unlicensed practice is class 1 misdemeanor
- 90-41 <u>Practice of dentistry by any person not duly licensed</u> declared inimical to health, safety, welfare... <u>may be enjoined</u> by Attorney General, district attorney, Board of Dental Examiners, or resident
- 90-43 <u>Board authorized to enact rules and regulations</u> not inconsistent with statute (but subject to procedures in NC Gen. Stat. 150B)

What did Dental Board Do to Draw Ire of FTC?

OHistory

- Opentists started whitening teeth in 1990's
- In 2003 non-dentists (charging lower prices) began to offer whitening services (in shopping malls and elsewhere)
- OPentists complained to board citing lower prices more often that possible harm
- oStarting in 2006, **Board issued 47 cease-and-desist orders to non-dentists** about whitening, explaining that criminal penalties for "practice of dentistry"
- o In 2010: FTC charged Board with violating FTC Act (citing anticompetitive and unfair method of competition) & Sherman Act
- oSubsequently FTC prevailed before administrative law judge (who found no health/safety issues) and federal Court of Appeals for Fourth Circuit

Antitrust Basics

- Relevant Federal Statutes
 - Federal Trade Commission Act: prohibits "unfair methods of competition" and "unfair or deceptive acts or practices." (1914)
 - OSherman Act: prohibits "every [unreasonable] contract, combination, or conspiracy in restraint of trade," and any "monopolization, attempted monopolization, or conspiracy or combination to monopolize." [FTC can enforce] (1890)
 - OClayton Act (not at issue here): prohibits price discrimination, tying arrangements, mergers & acquisitions that would substantially lessen competition (1914, & amended)
 - Substantial penalties

Important Exception for "State Action" Parker v. Brown (1943)

- Case involved California raisin production "proration" scheme designed to provide income stability to farmers; system was overseen by state board
- oSupreme Court carved out exception from federal antitrust laws "to confer immunity on anticompetitive conduct by the States when acting in their sovereign capacity" (exception is not in statutory text or legislative history)
- oInterpretation and application of Parker is more complex than might appear
- ONot the same as interpretation of 14th amendment "state action"
- Many nuances based on policy considerations

Applications of *Parker v. Brown*Doctrine

- Not every state regulatory scheme will fall within *Parker* exemption
 - o California Retail Liquor Dealers Ass'n v. Midcal (1980): states & private actors
 - California statute required wine producers and wholesalers to file fair trade contracts or price schedules with state. If failed to do so, wholesalers prohibited from selling at less than prices set by fair trade contracts or price schedules.
 - o Court held that to qualify under Parker doctrine, two-prong test must be met:
 - o Anticompetitive policy must be clearly articulated & affirmatively expressed by state AND
 - Actions of group authorized to implement state policy must be <u>"actively supervised by the state"</u>
 - On stated facts, state authorized price-setting by private parties (in effect creating a
 private price-fixing arrangement); state did not establish prices, review reasonableness
 of price schedules, regulate terms of fair trade contracts, monitor market conditions or
 engage in any "pointed reexamination" of the program

Applications of Parker v. Brown

- Cases involving clarity of state policy as to competition
 - o Columbia v. Omni Outdoor Advertising, Inc. (1991)
 - Municipalities are not sovereigns; but are authorized by state to engage in land use regulation (which covers regulation of billboards) and it is foreseeable that in doing so they may displace competition; (and in Hallie v. Eau Claire: municipalities are not subject to active supervision requirement since no danger of private price-fixing)
 - o FTC v. Phoebe Putney Health System, Inc. (2013)
 - Where state law did not clearly and affirmatively express intent to allow hospitals to make acquisitions of other health service providers that would substantially reduce competition, *Parker* doctrine did not apply

NC Dental Board v. FTC: Parker or not?

Majority

- o <u>Dental Board is "nonsovereign actor"</u> [new articulation] whose conduct does not automatically qualify as that of sovereign state itself
 - o Immunity for state agencies requires more than "mere façade of state involvement"
 - o Particularly so when State seeks to delegate regulatory power to "active market participants"; too much risk of blending anticompetitive motives with decisions
- Midcal governs
 - o Requirement of **active supervision** designed <u>to avoid risk and harm when private</u> parties are engaging in anticompetitive activity
 - o Rejects claim of dissenters that mere status as "state agency" is enough

Additional Concerns: Volunteers

- ODiscouraging citizens from serving on state agencies regulating their own occupation?
 - OCurrent case does not raise issue of money damages
 - OStates can adopt clear policies and engage in active supervision
 - oStates can provide for defense and indemnification of agency volunteers

Additional Concerns: Active Supervision?

- Providing active supervision
 - ODoes not have to involve micromanagement
 - Supreme Court has found certain constant requirements
 - o Supervisor must review substance of anticompetitive decisions, not merely procedures
 - o Supervisor <u>must have power to veto or modify</u> particular decisions to ensure they accord with state policy
 - o State supervisor may not itself be active market participant
 - o Adequacy of supervision depends on all the circumstances

NC Dental Board: Dissenters

- o Would have treated Board as "state agency" and thus within Parker (based on history, policy, and trappings)
- oCites uncertainties in changing composition of licensing boards
 - O How many "market participants" are a "controlling number"?
 - Who is a "market participant"? And what scope defines the market?
 - o This question relates to whether Board should be seen as controlled by "active market participants," rather than whether there is sufficient state supervision.

JW's Notes:

- oPer se rule on "state agencies" would not take into account concerns in Midcal
- oDuring oral argument questions were asked about how to structure licensing board but majority didn't go that way (instead focused on state supervision)

Recommendations for NC and Others

- State statute on its face seems fine in terms of statement of concern for health and safety, and expression of state policy
- Approach to appointing members of licensing boards including those with relevant background is not directly displaced or prohibited
- oEstablish system of defense and indemnity for volunteer agency board members so own assets not at risk (or perceived to be at risk) as a result of their public service

Recommendations...

- o Major questions relate to how to provide active supervision:
 - May be useful to consider what kinds of activities are most likely to be
 "anticompetitive" (unlicensed practice v. initial licensure or discipline?) (e.g.
 compare Bates v. State Bar of Arizona, 1977, applying Parker to grant immunity for
 state supreme court's disciplinary rule prohibiting lawyer advertising, but striking
 down prohibition on 1st Amendment grounds)
 - As to "unlicensed practice": require rule-making by Board (<u>including standards</u> re health, safety, welfare) and independent review under NC Gen. Stat. 150B (or for attorneys, by NC Supreme Court)
 - o Review authority to bring criminal or injunction actions (AG or DA or citizen?)
 - Comports with recent study by Program Evaluation Division, presented in 12/2014, No. 2014-15) (http://www.ncga.state.nc.us/PED/Reports/reports.html)

Questions?

Judith Welch Wegner*
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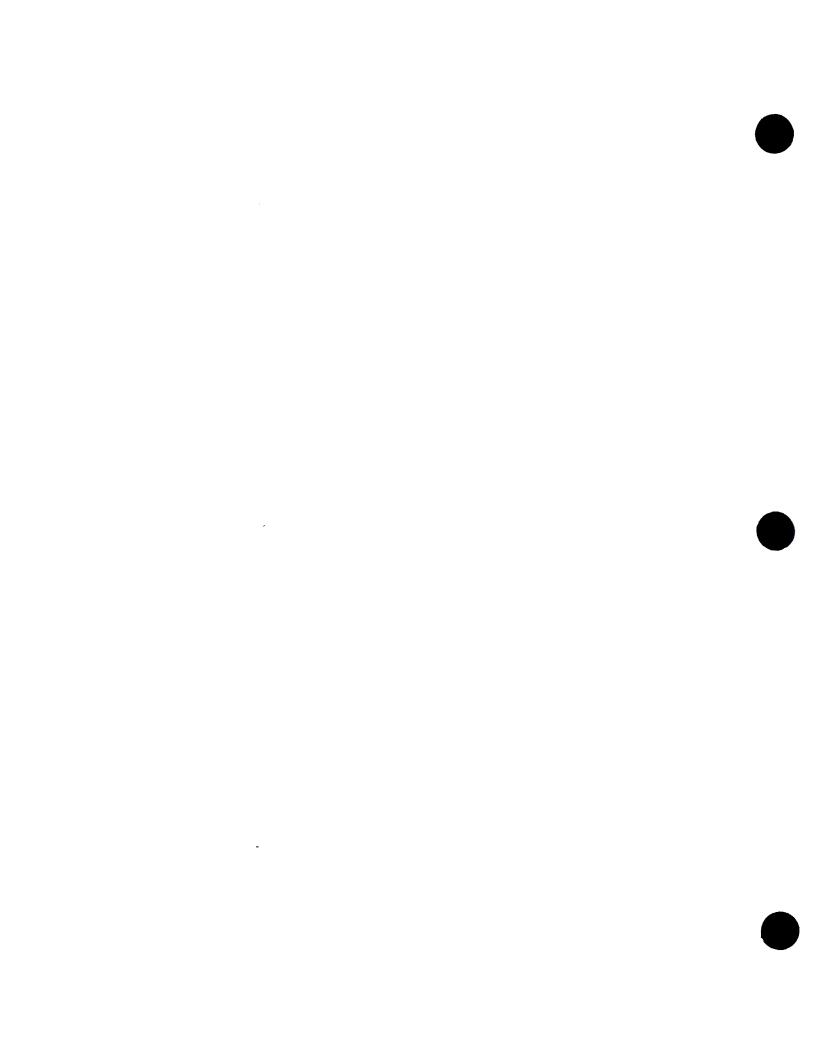
*Please note that the opinions expressed are my personal, professional views and do not reflect the opinions of the UNC School of Law, UNC-Chapel Hill, or anyone else.

SENATE	PROGRAM	EVALUATION

3-/0-/**5**Date

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NAME	FIRM OR AGENCY AND ADDRESS
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Allison Stewart	cardinal unoration
Parmy	R
Jal Mayard	GRA & KSSEL.
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Paola Learoyd	NCALB NCBATE:
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Ann Christian	Atty
Will Parry- Her	NCHFA
David Tittle	Board for Englineers & Surveyor
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Thomas Mickey	11 11
Ben F. MASSEY, JR	N.C. Brd of Physeol The
Blun Jones	N.C. Brand of Barber Examiners
Dennis Seavers	FC 11
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William A. Potter Jr	NCOS & NCPTA
Fred Moreclo	VCREC
CHARLIC MO	NEREC
ERIC MINE	NC REC
Jeff Gray	Bailey& Wixon, LLP
El reston Mo	Massage Board
Allison Cooper	Larley & Dixon, CEP
Stephen Feldman	Ellis: Winters LLP
hynon Ellioti	Cosnedic Hit Examiners
Elizabet Mereduth	The Medical Board
BOBBY D WHITE	MC DEATHZ BOARD

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SENATE PROGRAM EVALUATION

3-/0-/5 Date

NAME	FIRM OR AGENCY AND ADDRESS
Kay Castillo	NASW-NC
Catherine E Lee	Allen Pinix & Nichols P.A.
PRESTOS HOWARD	NCMA
Tommy Stevens	Carolina Ansthesia
Tinn Simpson	NCICLB/ HAFD
Thomas Campbell	NC Dept of Justice
BELINDA SUITH	Sot
Margaret Duce	OCHP_
Avdy Chase	KMA
V. b. Bayer	Seef
ROMALD BAKER	Me State BAR
MARGARET HUNT	NC STATE BAR
Mark Merritt	NC State Bay
Tom LUNSFORD	NC STATE BAR
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John Madella	No + 4
Middelle Fracier	MF+5

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David Forrell	Vans Blk
John Strate	NCABA
& Seller	BCI
Jack Unchlo	Allen Pinnir & Nichols
Kara Weishaar	SA
Caitlin Schwolo	CHUS
Dave Home	Smith Anderson

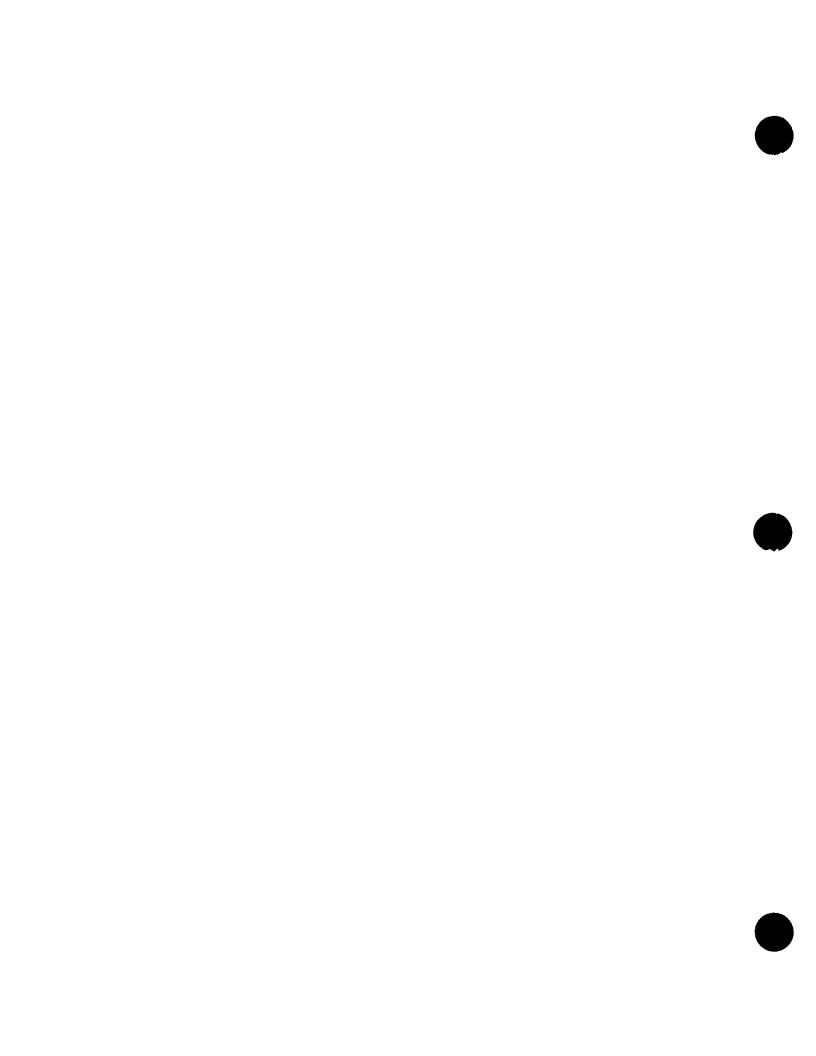
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3-10-15	

NAME	FIRM OR AGENCY AND ADDRESS
Joanna Sprill	NCAFP
Adriance Drollette	NCSOS
Charles Wilkins	BWS+T
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Mick Fountain	Young one + Haday son
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rom West	NC Independent Colleges + St
Kelli Kukura	Duke Energy
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SENATE PROGRAM EVALUATION	
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NAME	FIRM OR AGENCY AND ADDRESS
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Senate Committee on Program Evaluation Tuesday, March 17, 2015 at 12:00 PM Room 421 of the Legislative Office Building

MINUTES

The Senate Committee on Program Evaluation met at 12:00 PM on March 17, 2015 in Room 421 of the Legislative Office Building with fourteen (14) members present.

Senator Fletcher L. Hartsell, Jr., Chair, presided.

Senator Hartsell called the meeting to order at 12:02. He introduced Sergeant-at-Arms Hal Roach and Charles Marsalis and thanked them for their service. He then welcomed Pages William Comer and Ethan Walton and expressed our appreciation for their willingness to be of assistance to the members.

Ms. Cindy Berry of SAS was introduced by Senator Hartsell and welcomed to the Committee for her presentation regarding management of health care data and cost analysis. (Attachment 1). At the conclusion of her presentation, she graciously consented to a time of questions and answers. Ouestions from Senators Lee, Tarte, Bingham, Brock and Hartsell were answered by Ms. Berry.

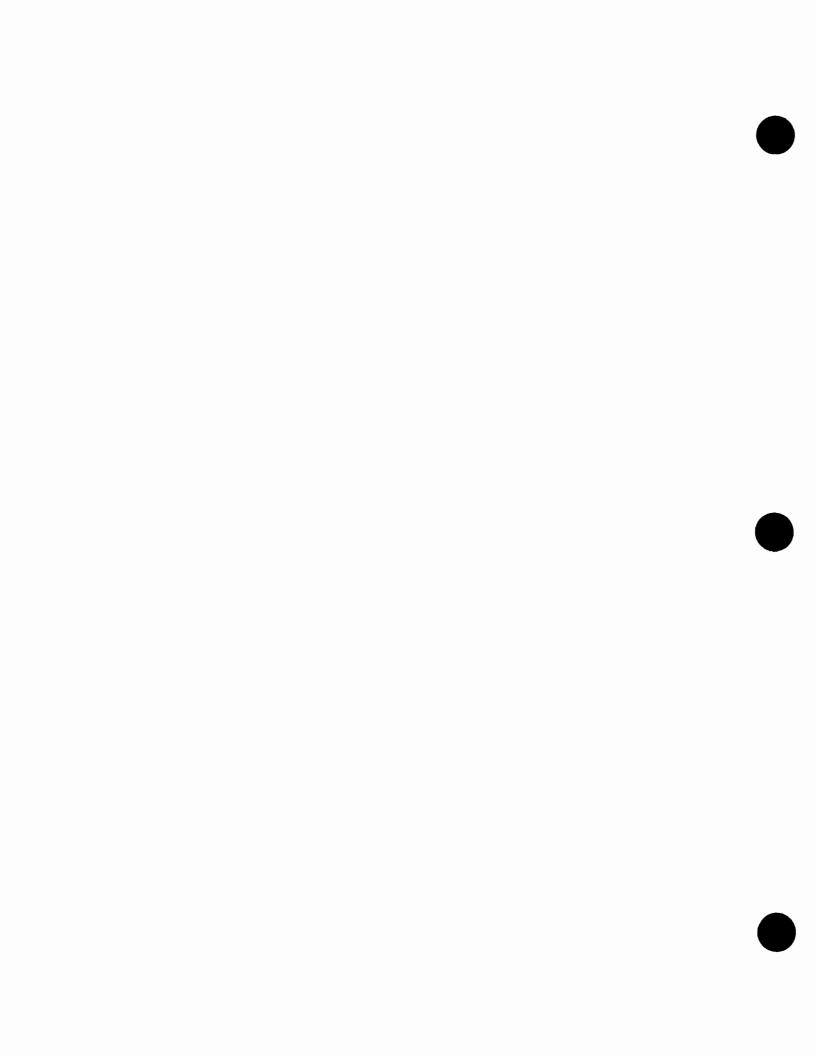
Senator Hartsell commented on a chart showing North Carolina rankings among states by indicator. He then asked Mr. John Turcotte, Director of Program Evaluation, to supply each member with a copy. (Attachment 2).

In closing, Senator Hartsell noted that some may wonder why we are having this presentation. He commented that this is a committee that looks at, from a programmatic perspective, ways and means to improve the systems that we have at state level and otherwise and that we may have some other presentations in this regard because in effect we are working backwards. He stated that there is some value in that because the data can tell us not just where we have been but where we are going and how we can associate changes in our service delivery to prove the results we have because that is what Program Evaluation is all about.

There being no further business, the meeting was adjourned at 12:46.

Senator Fletcher L. Hartseil, Jr., Chair

Presiding



Gerry Johnson (Sen. Fletcher Hartsell)

_From:	Maria Kinnaird (Sen. Stan Bingham)
nt:	Monday, March 16, 2015 02:14 PM
. 6:	Maria Kinnaird (Sen. Stan Bingham)
Subject:	<ncga> Senate Program Evaluation Committee Meeting Notice for Tuesday, March 17, 2015 at 12:00 PM</ncga>
Attachments:	Add Meeting to Calendar_LINCics
Follow Up Flag:	Follow up
Flag Status:	Flagged
	Principal Clerk Reading Clerk
	Reading Clerk

SENATE NOTICE OF COMMITTEE MEETING AND BILL SPONSOR NOTICE

he Senate Committee on Program Evaluation will meet at the following time:

DAY	DATE	TIME	ROOM	
Tuesday	March 17, 2015	12:00 PM	421 LOB	

Discussion: Use of Data Analytics in Health Care

Senator Stan Bingham, Co-Chair Senator Fletcher L. Hartsell, Jr., Co-Chair

Senate Committee on Program Evaluation Tuesday, March 17, 2015, 12:00 PM 421 Legislative Office Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Presentations

Presentation by Ms. Cindy Berry of SAS regarding management of health care data with time for questions and answers.

Other Business

Adjournment



Cindy Berry, Healthcare Strategist

With 30 + years of experience in health care, Ms. Berry's career includes experience in private and government sectors in the areas of finance, reimbursement/cost, operations, patient quality and safety, population management and performance improvement. She has extensive experience working with health care data and led the initial development of a SAS solution that addresses the customers'needs to better manage and report on populations, payers, and providers within the new payment reform models.

Ms. Berry has served on numerous committees and boards during her career, and currently serves on the North Carolina Center for Hospital Quality and Patient Safety Board of Trustees.

Managing North Carolina's Health

Information Is Key....

- Diabetes is the fastest growing disease
 - ✓ 29M people, 86M on the verge
 - ✓ 7th leading cause of death, numerous complications
 - ✓ \$245B per year 2.3 times costlier
 - √ 8 care recommendations 3 <50%, 5<75%, 100<85% (50 percentile of patient compliance)
 </p>
- > 10 Percent of the population accounts for 80% of the spend
- Prescription Drug Spend was up over 12% in 2014 10.2% in Medicaid plans
- Healthcare spend in 2014 3.1 to 3.8 trillion dollars first quarter Medicaid spend up 12.2% estimated 15% for 2014 (last year 3.8%)

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Health Analytics Framework

Improving Healthcare Through:

Population Management/ Oversight

- √ Medicaid
- Medicaid Managed Care (MCO)
- ✓ Full State or Sub group
 Population Health
- ✓ State Health Plans
- ✓ Medicaid Budget
- ✓ Super Utilizers or hot spots

Participation In New Care Delivery & Payment Models

- ✓ Bundled Payments
- ✓ Episodes of Care
- ✓ Patient Centered Medical Homes (PCMH)
- Capitated or Per Member Per Month (PMPM)
- Accountable Care Organizations (ACOs)
- ✓ Medicaid 1115 Waivers

Health Care Data Integration Initiatives

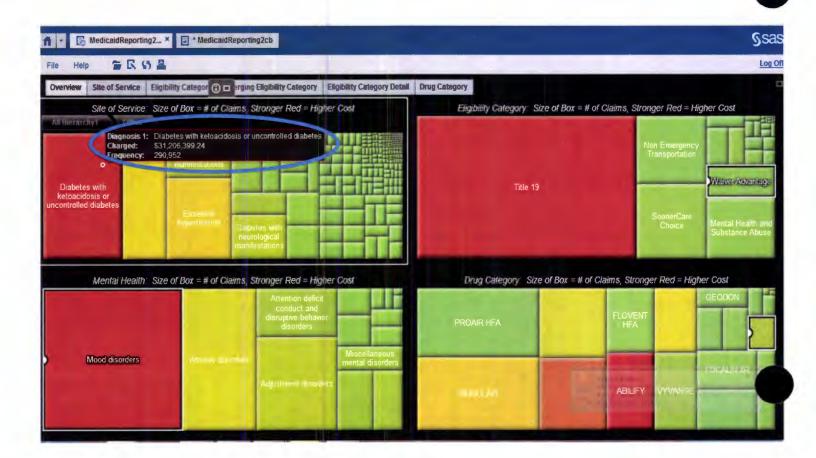
- ✓ Child Wellbeing
- ✓ Claims, Clinical, Insurance integration (MMIS, Claims, HIE, HIX, etc)
- ✓ Smoking Bans, Biosurveillance
- ✓ Substance abuse/overdose
- ✓ Mental Health/homeless
- Relationships between public programs & health
- ✓ Health care Fraud and Mgmt

Data transformed into information...

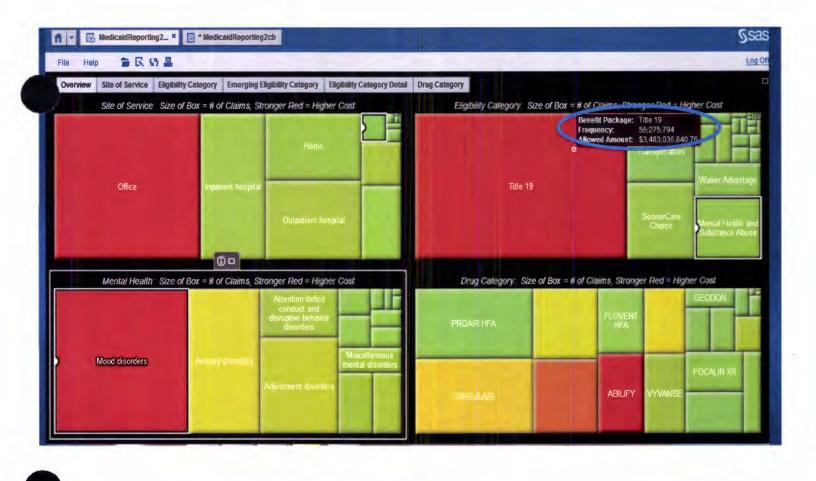
(A few screen shots from the live presentation)

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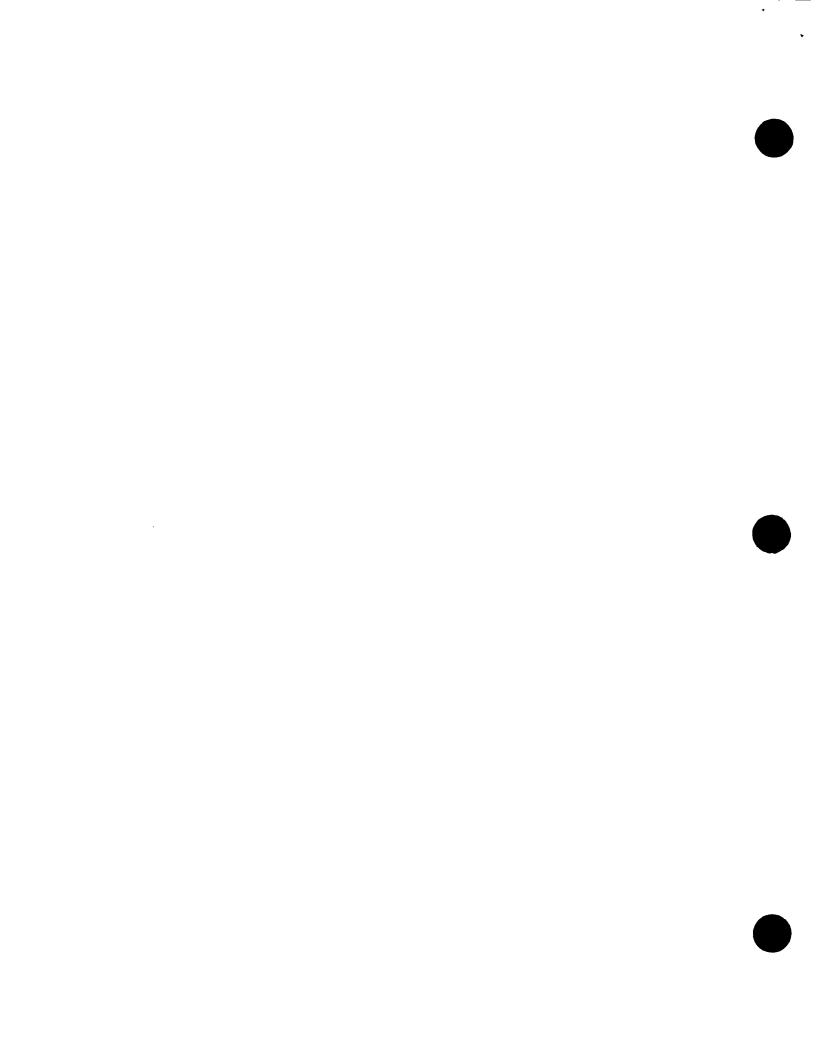


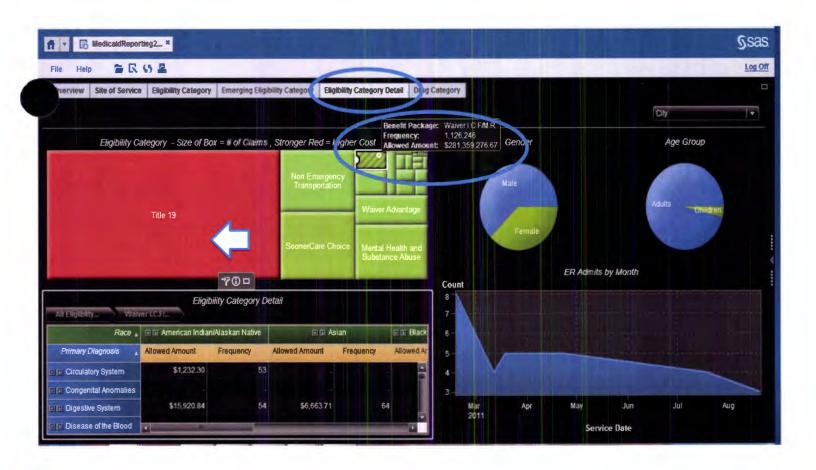


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North Carolina Rankings Among States by Indicator*

Prepared February 2015 by Program Evaluation Division of General Assembly Legislative Services Office

TO THE REAL PROPERTY.	Prepared February 201					embly Legislative Services Office
Indicator Number*	Indicator	2009	ition of Hov 2011	NC Compa	res 2015	Кеу
1	Population	10	10	10	10	High/Favorable
2	Percent Change in Population	9	6	6	6	
3	Median Household Income	37	39	39	40	
4	Unemployment Rate	38	44	45	39	
5	Percentage in Computer or Math Occupations	20	16	18	18	A STATE OF THE PARTY OF THE PAR
6	Percentage of Population Living in Poverty	38	38	38	40	
7	Percentage Without Health Insurance	37	40	35	35	
8	Percentage of Adults Overweight or Obese	31	31	37	33	Low/Unfavorable
9	Infant Mortality	44	44	45	46	
10	Per Capita State and Local Taxes	18	18	17	17	Neutral and Neither
11	State and Local Taxes as a Percentage of Income	21	17	23	19	Favorable Nor Unfavorable
12	Per Capita State Taxes	25	18	24	19	
13	Per Capita State Expenditures	18	15	12	13	*Numbers in column labeled "Indicator Number" correspond to ranking items
14	Per Capita State General Fund Expenditures	28	29	26	25	as listed in How North Carolina Compares
15	General Fund Expenditures as a Percentage of Income	33	33	32	33	
16	Bond Rating	1	1	1	1	
17	Per Capita State and Local Debt	11	9	8	6	
18	Per Capita Medicaid Expenditures	32	30	25	28	
19	Expenditures Per Pupil, K-12	38	43	40	45	
20	Percentage with a High School Education or Less	27	25	27	28	
21	Average Annual In-State Tuition	6	7	10	10	
22	State Government FTE Employment	21	21	24	18	
23	Percentage of Roads Maintained by the State	4	4	4	4	



North Carolina Rankings Among States by Aspiration**

Prepared February 2015 by Program Evaluation Division of General Assembly Legislative Services Office

Indicator		Edition of How NC Compares				
Number*	Indicator	2009	2011	2013	2015	Key
16	Bond Rating	1	1	1	1	High/Favorable
23	Percentage of Roads Maintained by the State	4	4	4	4	
2	Percent Change in Population	9	6	6	6	
17	Per Capita State and Local Debt	11	9	8	6	
21	Average Annual In-State Tuition	6	7	10	10	
1	Population	10	10	10	10	
13	Per Capita State Expenditures	18	15	12	13	
10	Per Capita State and Local Taxes	18	18	17	17	Low/Unfavorable
5	Percentage in Computer or Math Occupations	20	16	18	18	
22	State Government FTE Employment	21	21	24	18	Neutral and Neither
11	State and Local Taxes as a Percentage of Income	21	17	23	19	Favorable Nor Unfavorable
12	Per Capita State Taxes	25	18	24	19	
14	Per Capita State General Fund Expenditures	28	29	26	25	*Numbers in column labeled "Indicator
18	Per Capita Medicaid Expenditures	32	30	25	28	Number" correspond to ranking items as listed in How North Carolina Compares
20	Percentage with a High School Education or Less	27	25	27	28	
15	General Fund Expenditures as a Percentage of Income	33	33	32	33	**Aspiration refers to the extent to which
8	Percentage of Adults Overweight or Obese	31	31	37	33	a ranking is favorable or aspired to by states. A rank of 1 is the highest level of
7	Percentage Without Health Insurance	37	40	35	35	aspiration. Low arithmetic values are favorable and are shaded green. High
4	Unemployment Rate	38	44	45	39	arithmetic values are unfavorable and are shaded red.
6	Percentage of Population Living in Poverty	38	38	38	40	
3	Median Household Income	37	39	39	40	
19	Expenditures Per Pupil, K-12	38	43	40	45	
9	Infant Mortality	44	44	45	46	

VISITOR REGISTRATION SHEET

SENATE PROGRAM EVALUATION

March 17 9015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ed Durligher	USP
Sydney Comun	Mars Hill University
Jordon Edwards	Mars Hill University
VIII	Maria Warran, PA
Breeder Blackwell	CFVMC
EricaNelson	NCHA
Christing Cran	WakeMed
Cepy Anno	XICHA
Cycris M. ONTED	BMS
Judy Jen Kins	OPDC
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VISITOR REGISTRATION SHEET

SENATE PROGRAM EVALUATION

March 19, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Heihen	NC Contr for Nonprolits
DANIEL BOUN	TROUTMAN SANDERS
Emily Emanuels	Interen
Allison Sterrara	cardinal humations
Lanier Swann Hodgen	UNU HEALTH CAVE
Lennier Casacia	NCMS
Kara Weishaar	Smith Anderson
Joanne Spruil	NAFP
Tan Friedman	Statetlealth Plan
SONN WATE	SLF
Amy Fulk	SAS/30 PR
Kena Barra	WTM
Righm Stevens	SH
Grand Brooks	50 5
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Senate Committee on Program Evaluation Tuesday, March 24, 2015 at 12:00 PM Room 421 of the Legislative Office Building

MINUTES

The Senate Committee on Program Evaluation met at 12:00 PM on March 24, 2015 in Room 421 of the Legislative Office Building with twelve (12) members present.

Senator Stan Bingham, Chair, presided.

The meeting was called to order at 12:00 by Senator Bingham. He welcomed everyone and then introduced pages Amruth Sroperumbuder, Sam Crouse, Noah Ontjes, Jacob Bone, Pranay Golla, Ashlyn Worthington and Grace Ward. Senator Bingham thanked them for their willingness to assist the committee. He welcomed Donna Blake and Hal Roach, Senate Sergeant-at-Arms, and thanked them for their assistance.

Senator Bingham introduced and welcomed State Auditor Beth Wood for her presentation to the committee. She first discussed her Departmental Overview of Comprehensive Annual Financial Report vs Agency Audits. (Attachment 1). She then discussed, for illustrative purposes only, Agency Financial excerpts from 2013 and 2014. (Attachment 2).

Auditor Wood answered questions from Senators Tillman, Bingham and Tart. Due to time constraints there was limited discussion. Senator Bingham noted that he and others had additional questions and invited her to return at a time which will be determined later.

There being no further business, the meeting was adjourned at 12.52 p.m.

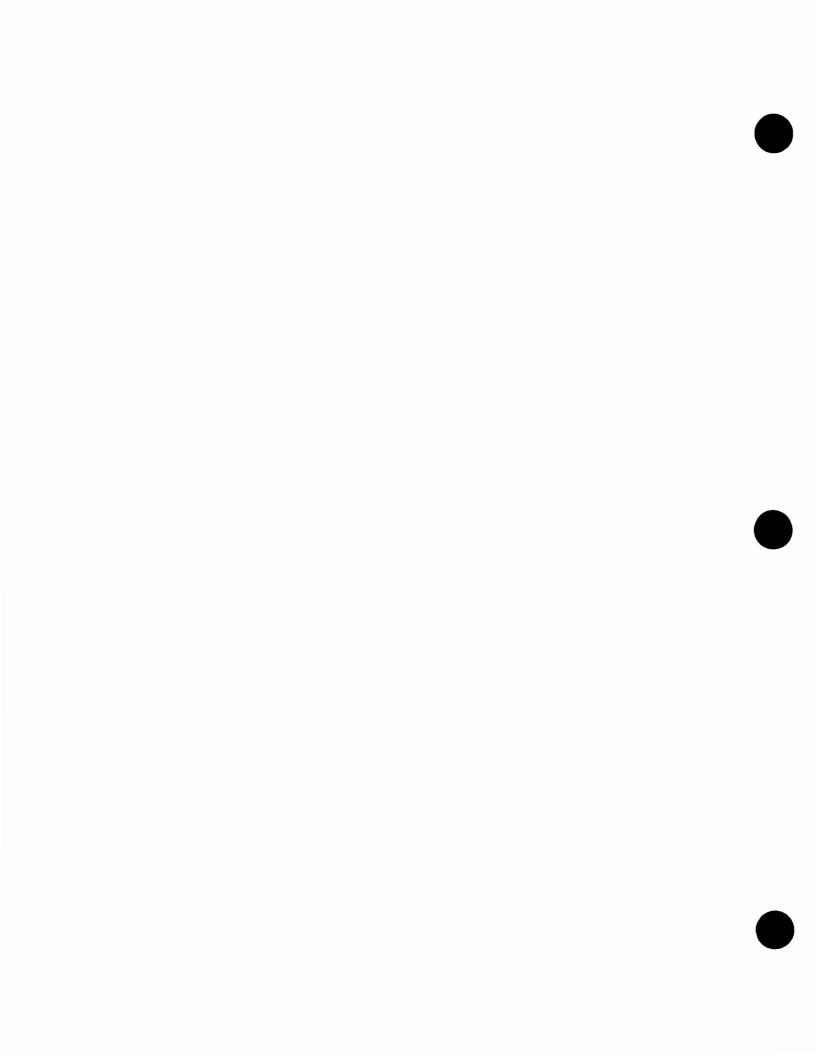
Senator Stan Bingham, Chair

Presiding

Gerry Johnson, Committee Clerk

Gerry Johnson (Sen. Fletcher Hartsell)

_From:	Maria Kinnaird	(Sen. Stan Bingham)		
nt:	Monday, March	23, 2015 02:50 PM		
o:		(Sen. Stan Bingham)		
Subject:			tee Meeting Notice for Tuesday, Ma	arch 24,
		M - CORRECTED #1		
Attachments:	Add Meeting to	Calendar_LINCics		
Follow Up Flag:	Follow up			
Flag Status:	Flagged			
		Principal Clerk		
		Reading Clerk		
Correc	ted #1: The presentation	will be given by the State	Auditor, Ms. Beth Wood.	
		SENATE		
	NOTICE OF	F COMMITTEE ME	ETING	
		AND		
	BILL	SPONSOR NOTICE		
The Senate Commi	ittee on Program Evaluat	tion will meet at the follow	ing time:	
DAY	DATE	TIME	ROOM	
Tuesday	March 24, 2015	12:00 PM	421 LOB	
Presentation on info	ormation from an audit of le	arge agency financial state	nents not available from NC Cor	mprehe
Annual Financial Re		6060		T
		Senator Stan Bing	ham, Co-Chair	
			. Hartsell, Jr., Co-Chair	

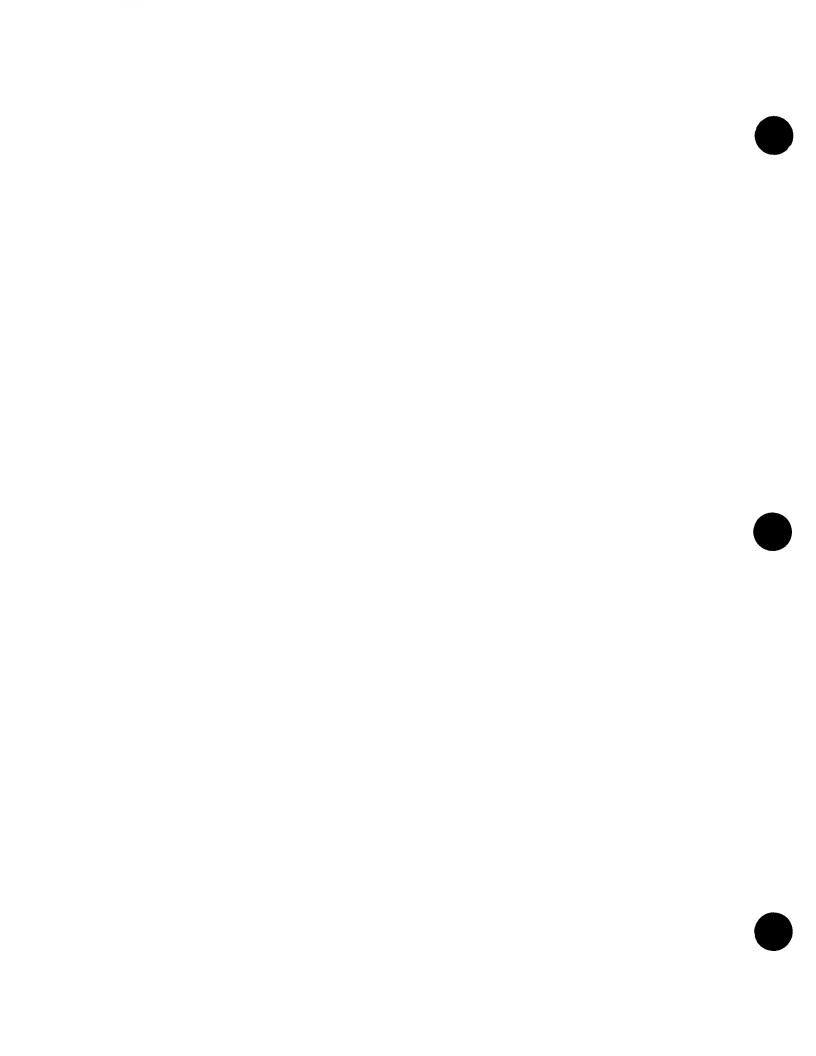


Gerry Johnson (Sen. Fletcher Hartsell)

From:

nt:	-	Monday, March 23, 2015 10:11 AM					
6:		Maria Kinnaird (Sen. Stan Bingham) <ncga> Senate Program Evaluation Committee Meeting Notice for Tuesday, March 24,</ncga>					
Subject:			tee Meeting Notice for Tuesday, March	24,			
Attachments:	2015 at 12:00 P	o Calendar_LINCics					
Attachments:	Add Meeting to	Calendar_LINCics					
Follow Up Flag:	Follow up						
Flag Status:	Flagged						
		Principal Clerk					
		Reading Clerk					
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		SENATE					
	NOTICE OF	F COMMITTEE MEI	ETING				
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	DILL	SPONSOR NOTICE					
ne Senate Commi	ittee on Program Evalua	tion will meet at the following	ng time:				
	6						
DAY	DATE	TIME	ROOM				
Tuesday	March 24, 2015	12:00 PM	421 LOB				
Tuesday	March 24, 2015	12:00 PM	421 LOB				
Presentation on info	rmation from an audit of l	arge agency financial staten	nents not available from NC Compre	he			
Annual Financial Re			1				
		0 0 0					
		Senator Stan Bing	ham, Co-Chair				
		Senator Hietcher	Harreell ir Co-Chair				

Maria Kinnaird (Sen. Stan Bingham)



Senate Committee on Program Evaluation Tuesday, March 24, 2015, 12:00 PM 421 Legislative Office Building

AGENDA

Welcome and Opening Remarks

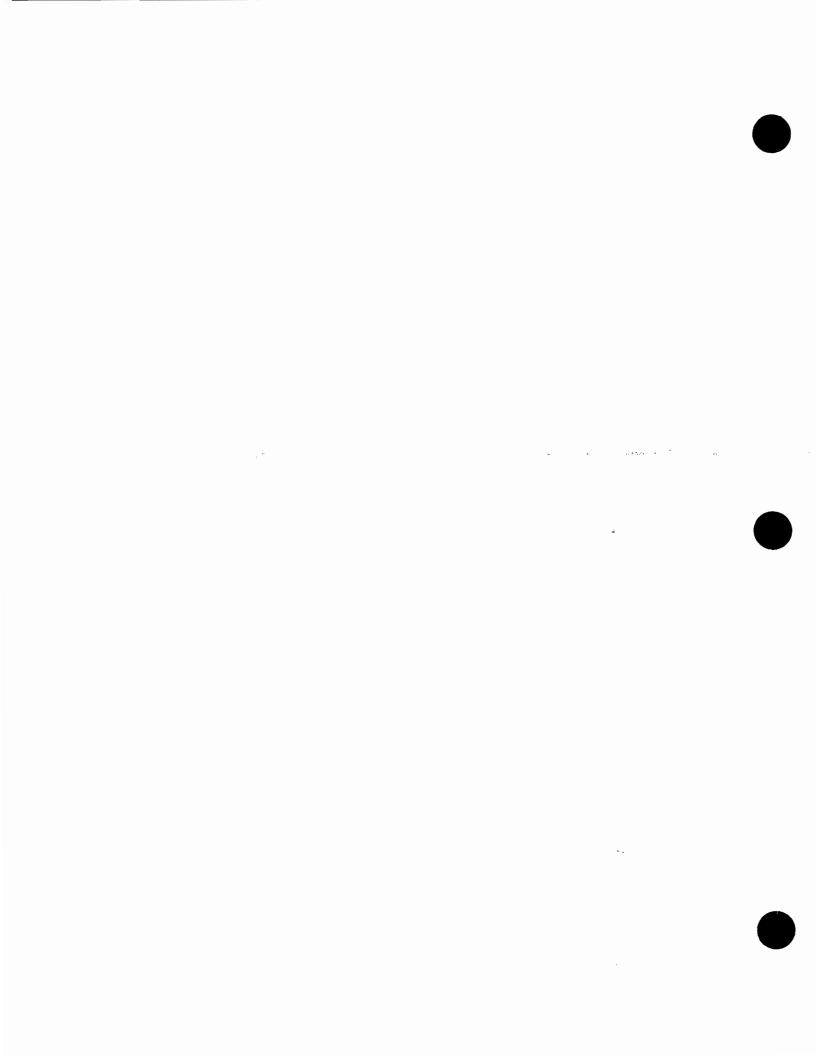
Introduction of Pages

Presentations

Presentation by State Auditor Beth Wood, on information from an audit of large agency financial statements not available from NC Comprehensive Annual Financial Report

Other Business

Adjournment



North Carolina Office of the State Auditor



Presentation to Senate Program Evaluation Committee

Departmental Overview
Discussion of CAFR vs Agency Audits

March 24, 2015

Office of the State Auditor Authorizing Laws & Responsibilities

✓ NC Constitution Article III

- Section 7: Officer of the State, Election
 Terms
- Section 8: Council of State
- ✓ Article 3, § 143A-24: Creation of Office

Office of the State Auditor Authorizing Laws & Responsibilities

- ✓ Article 5A, § 147-64.6: Duties & Responsibilities
- ✓§ 147-64.B: Reports of Improper Governmental activities
- √§ 147-64.7: Authority





Vision: "The Office of the State Auditor seeks to be a highly respected, professional, and productive audit organization that makes a difference in state government. The office wants its employees to be highly competent team players who enjoy their work and feel successful in their careers, while at the same time maintaining a work/life balance that allows them to have fulfilling personal lives."

Office of the State Auditor Mission



Mission: "We protect the interests of taxpayers and others who provide financial resources to the State of North Carolina. Specifically, we provide objective information to interested parties about whether state resources are properly accounted for, reported and managed; as well as whether publicallyfunded programs are achieving desired 5 results."



Office of the State Auditor Budget Overview

	FY 2010-11 Actual Budget	FY 2011-12 Actual Budget	FY2012-13 Actual Budget	FY 2013-14 Actual Budget	FY 2014-15 Authorized Budget
Requirements	\$16,099,660	\$15,300,775	\$15,441,029	\$14,819,716	\$17,370,607
Receipts	4, 580,764	3,854,759	5,439,207	5,215,908	5,630,559
Appropriations	11,518,896	11,446,020	10,001,822	9,603,808	11,740,048
FTEs	193	180	170	172	172





Financial Statement Audits

- Comprehensive Annual Financial Report (CAFR) of State of NC
- Audit of Federal Grants (\$22 Billion)
- Universities 17 plus UNC Hospital
- Community Colleges (Rotate Every 2 Years)

7



Office of the State Auditor Audit Types

Audits of Federal Grants - Statewide

\$22 Billion

DHHS -

\$13.0B - 63%

DOT -

1.4B - 7%

- DPI -

1.4B - 7%

Commerce

1.0B - 5%

Universities

\$ 2.6B

Communities

.8B

"Required Audits"

Office of the State Auditor Audit Types



Performance/Financial Related

- Waste/Efficiencies
- Boards & Commissions
- Follow-Up
- Information Systems
 - Aids in Required Audits
 - Performing Pre-Implementation Audits
- Investigative
 - Statute Requires State Auditor Hotline



Office of the State Auditor Audits

 Audit of State's Comprehensive Financial Annual Report

Vs

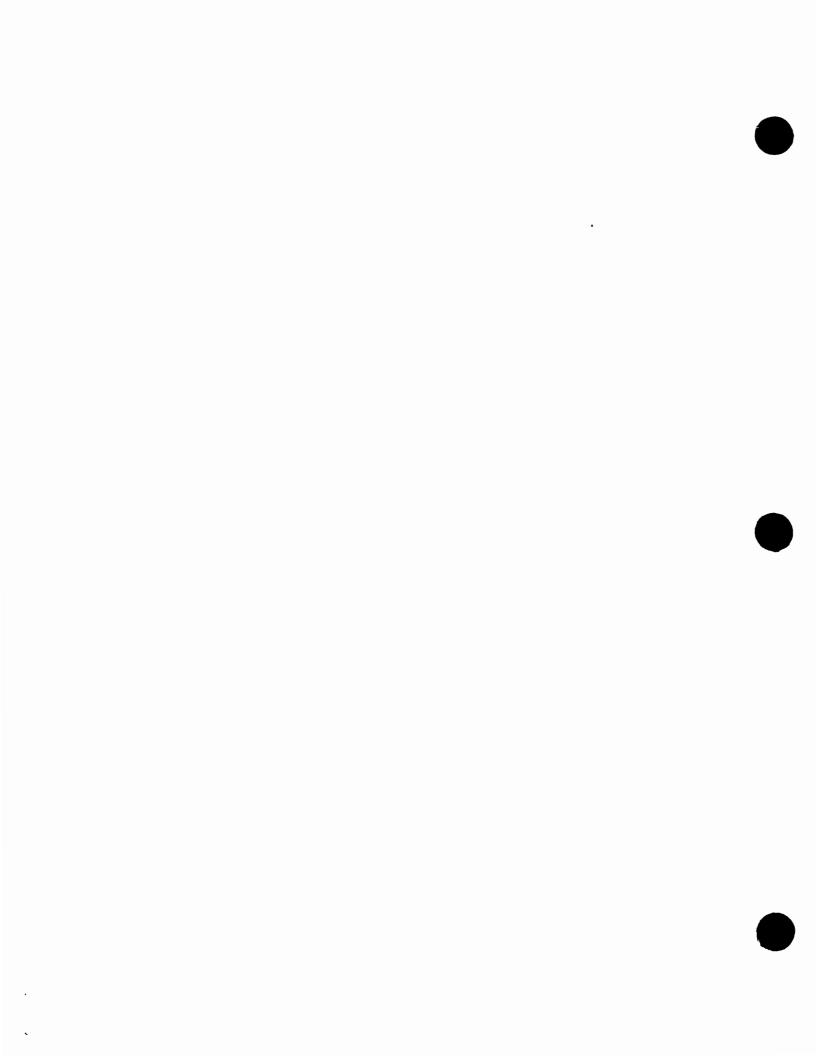
Audit of State Agencies

Office of the State Auditor Departmental Overview

STATE OF THE CARD

Questions?





Excerpts From 2013 North Carolina Audited Comprehensive Annual Financial Report

Illustrative Purposes Only

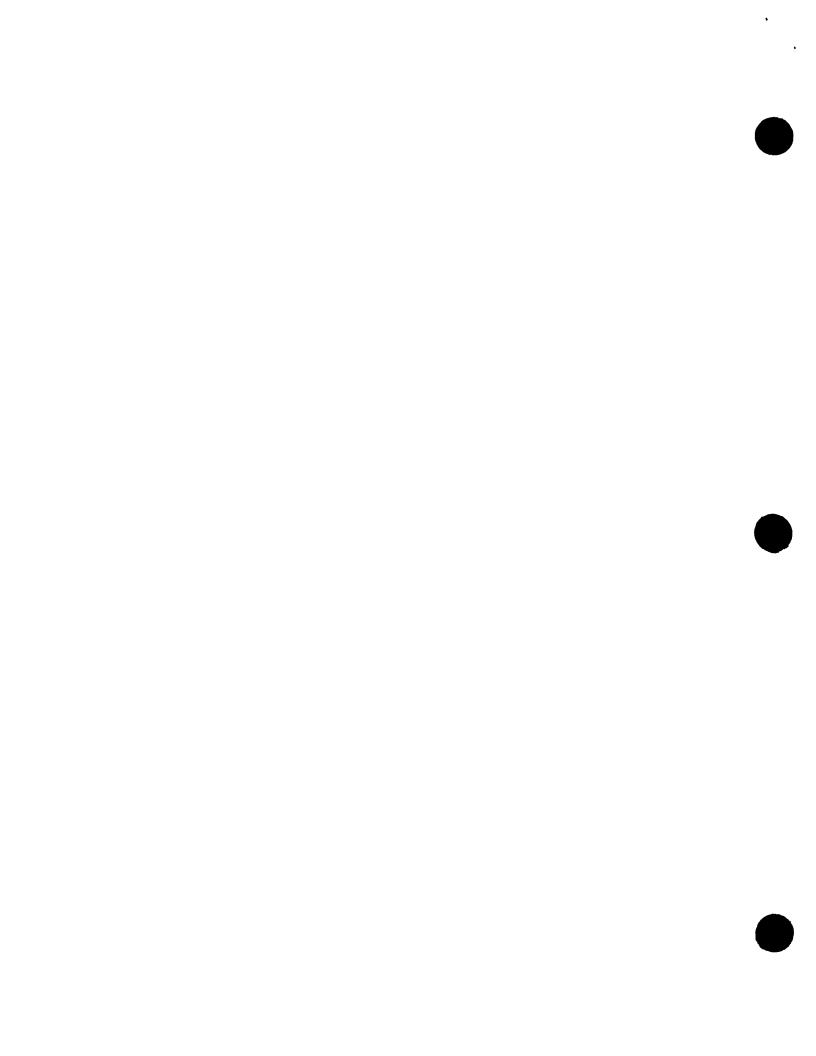
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BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2013 (Dollars in Thousands) Exhibit B-1

(Dollars in Thousands)								
	General Fund	Highway Fund		Highway Trust Fund	G	Other overnmental Funds	G	Total overnmental Funds
Assets								
Cash and cash equivalents (Note 3)	\$ 1,995,553	\$ 474,531	\$	597,886	\$	714,752	\$	3,782,722
Investments (Note 3)	4,902	_		_		209,667		214,569
Securities lending collateral (Note 3)	339,922	44,872		53,289		76,221		514,304
Receivables, net: (Note 4)								
Taxes receivable	1,908,438	135,345		43,469		2,145		2,089,397
Accounts receivable	236,899	20,052		82		20,574		277,607
Intergovernmental receivable	1,216,211	84,768		_		1,456		1,302,435
Interest receivable	4,669	215		190		299		5,373
Other receivables	_	3.768		_		_		3,768
Due from other funds (Note 10)	28,269	8,112		_		7,025		43,406
Due from component units (Note 18)	169	_				1,014		1,183
Inventories	75,153	89,484		_		29,398		194,035
Advances to other funds (Note 10)	70,100	00,101		23,606		20,000		23,606
Advances to component units	_	. 3,441		23,000		_		3,441
Notes receivable, net (Note 4)	47,980	789		62		40.637		89,468
Securities held in trust	400	3,611		02		45,497		49,508
Restricted/designated cash and cash equivalents (Note 3).		3,011				218,741		
	227,520	40 500		_				446,261
Restricted investments (Note 3)	 	 40,523	_		-	477,133	_	517,656
Total Assets	\$ 6,086,085	\$ 909,511	\$	718,584	\$	1,844,559	\$	9,558,739
Liabilities: Accounts payable and accrued liabilities: Accounts payable	\$ 546,477 4,078 642,497 914,053 1,436,997 346,088 86,379 26,861 169,937 609,229 3,746 19,808 4,806,150	\$ 248,246 40,450 176,480 ————————————————————————————————————	\$	32,669 	\$	38,150 191 5,727 50,690 ————————————————————————————————————	\$	865,542 44,719 824,704 50,690 914,053 1,441,372 523,527 98,593 39,862 211,697 665,653 3,750 85,106 5,769,268
Restricted	130,411	43,387		620 752		819,931		993,729
Committed	884,593	199,589		620,753		614,791		2,319,726
Assigned	30,957	_				778		31,735
Unassigned	 158,821	 						158,821
Total Fund Balances	1,279,935	332,460		620,753		1,556,323		3,789,471
Total Liabilities and Fund Balances	\$ 6,086,085	\$ 909,511	\$	718,584	\$	1,844,559	\$	9,558,739

The accompanying Notes to the Financial Statements are an integral part of this statement.



STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2013

Exhibit B-2

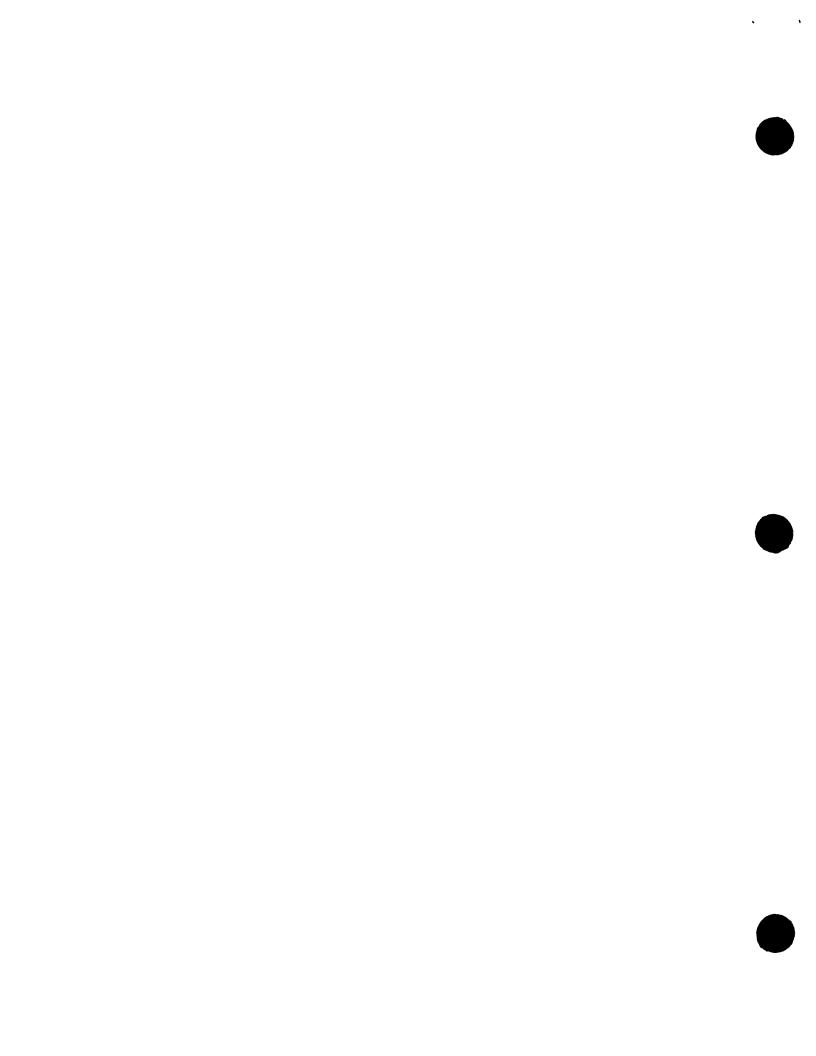
(Dollars in Thousands)	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Individual income tax	\$ 11,111,462	\$ —	\$ -	\$ 2,135	\$ 11,113,597
Corporate income tax	1,224,702	-			1,224,702
Sales and use tax	5,554,065	-		8,109	5,562,174
Gasoline tax	_	1,397,312	465,938	25,154	1,888,404
Franchise tax	857,867	-		-	857,867
Highway use tax	_		555,581		555,581
Insurance tax	521,510	-	_	19,334	540,844
Beverage tax	330,711				330,711
Inheritance tax	111,510	-	-		111,510
Tobacco products tax	283,629				283,629
Other taxes	156,797		_	148,221	305,018
Federal funds.	14,878,307	1,191,752	_	83,572	16,153,63
Local funds	158,413	21,947	446	5,521	186,327
Investment earnings	24,713	5,200	2,650	8,694	41,257
Interest earnings on loans	2,883	26	_,	775	3,684
Sales and services	140,683	3,505		159,991	304,179
Rental and lease of property	10,304	11,157	2,536	3,562	27,559
Fees, licenses, and fines.	724,026	570,932	95,060	184,709	1,574,727
Tobacco settlement	211,162	0,002		-	211,162
Contributions, gifts, and grants	21,487	6,194	546	46,630	74,857
Funds escheated	21,401	0,134	340	112,671	112,67
Federal recovery funds	182,756	64,102	_	26,334	273,192
Miscellaneous.			5,124	33,281	184,763
	126,065	20,293			
Total revenues	36,633,052	3,292,420	1,127,881	868,693	41,922,046
Expenditures:					
Current;					
General government	905,962		_	39,740	945,702
Primary and secondary education	9,818,572	_	_		9,818,572
Higher education	3,843,736	_		184,034	4,027,770
Health and human services	18,336,915	_		79,314	18,416,229
Economic development	529,412		_	41,625	571,037
Environment and natural resources	282,073		-	173,821	455,894
Public safety, corrections, and regulation	2,658,145			241,142	2,899,287
Transportation		3,313,785	678,409	6	3,992,200
Agriculture	155,819			15,377	171,196
Capital outlay		-	_	182,107	182,107
Debt service:					- Milit
Principal retirement	1,138,281	57,265	62,253	3,886	1,261,685
Interest and fees	418,924	23,388	19,234	193	461,739
Debt issuance costs	5,724	_	43	838	6,605
Total expenditures	38,093,563	3,394,438	759,939	962,083	43,210,023
Excess revenues over (under) expenditures	(1,460,511)	(102,018)	367,942	(93,390)	(1,287,977
Other Financing Sources (Uses):					
Special indebtedness Issued	_		_	250,000	250,000
Refunding bonds issued	1,320,970			200,000	1,320,970
Other debt issued	9,380			_	9,380
Premium on debt issued.				29,485	284,428
	254,943	_	-	20,400	(748,022
Payment to refunded bond escrow agent	(748,022)	4 004	505	242	12,939
Sale of capital assets	7,301	4,891	505	71	9,925
nsurance recoveries	3,198	6,656	-		1,112,704
ransfers in (Note 10)	943,135	63,205	(400, 400)	106,364	
ransfers out (Note 10)	(99,428)	(269,347)	(129,423)	(152,997)	(651,195
Total other financing sources (uses)	1,691,477	(194,595)	(128,918)	233,165	1,601,129
let change in fund balances	230,966	(296,613)	239,024	139,775	313,152 3,476,319
			004 700	4 446 649	3.475.319
Fund balances — July 1, as restated (Note 23)	1,048,969 \$ 1,279,935	\$ 332,460	\$ 620,753	1,416,548 \$ 1,556,323	\$ 3,789,471

The accompanying Notes to the Financial Statements are an integral part of this statement.

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Excerpts From 2014 DHHS Draft Financials

Illustrative Purposes only



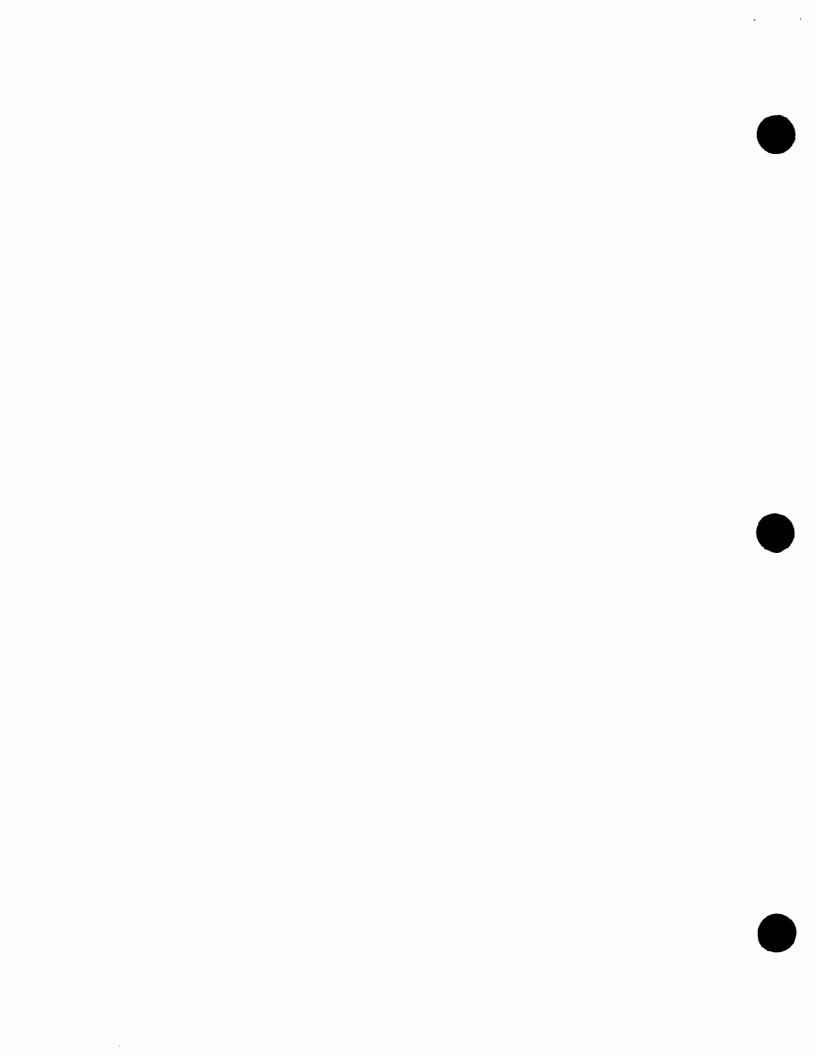
North Carolina Department of Health and Human Services Balance Sheet

Governmental Funds June 30, 2014

Exhibit A-1

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS	AII		
Cash, Cash Equivalents, and Pooled Cash	\$ 103,155,377 \$	32,691,457 \$	135,846,834
Receivables, net:			
Accounts Receivable	134,596,586	694,461	135,291,047
Federal Agency Receivables	947,672,802	-	947,672,802
Due From Other State Agencies	23,282,844	13,618	23,296,462
Inventories	11,343,483	34,102	11,377,585
Total Assets	1,220,051,092	33,433,638	1,253,484,730
LIABILITIES			
Accounts Payable and Accrued Liabilities			
Accounts Payable	61,902,505	13,086,048	74,988,553
Federal Agencey Payables	85,818,897	37,279	85,856,176
Medical Claims Payable	856,207,260	•	856,207,260
Due to Other State Agencies	8,879,142	42,115	8,921,257
Due to UNC Hospitals	298,864,537	-	298,864,537
Other Liabilities	9,556,391	6,966	9,563,357
Total Liabilities	1,321,228,732	13,172,408	1,334,401,140
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	21,193,150	3,081	21,196,231
Total Deferred Inflows of Resources	21,193,150	3,081	21,196,231
FUND BALANCE	/		
Fund Balance	(122,370,790)	19,854,075	(102,516,715)
Total Fund Balance	(122,370,790)	19,854,075	(102,516,715)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,220,051,092 \$	33,029,564 \$	1,253,080,656

The accompanying notes to the financial statements are an integral part of this statement.



	General Fund	Other Governmental Funds	Total Governmental Funds	2013 (Unaudited)
REVENUES				
Federal Funds	\$ 13,545,899,746	59,327,189 \$	13,605,226,935 \$	13,750,269,338
Local Funds	131,499,114		131,499,114	133,055,112
Sales and Services	64,873,643	3,188,021	68,061,663	67,945,212
Fees, Licenses and fines	73,516,267	5,549,163	179,065,430	180,591,407
Intergovernmental Revenues	141,454	(1)	141,453	317,448
Miscellaneous Revenue	88,876,634	699,468	89,576,102	94,577,607
Total Revenues	14,004,805,857	68,763,840	14,073,570,697	14,226,756,124
EXPENDITURES		,		
Personal Services	689,125,031	27,636,249	716,761,280	734,729,033
Employee Benefits	265,586,955	9,498,548	275,085,503	272,644,783
Contracted Personal Services	354,746,531	25,076,261	379,822,792	455,761,583
Supplies and Materials	54 978,599	1,473,181	56,451,780	63,561,980
Travel	8,420,056	228,204	9,048,260	9,512,225
Communication	10,771,505	268,717	11,040,222	10,511,241
Utilities	18,571,461	43,700	18,615,161	18,142,866
Data Processing Services	18,814,023	43,700	18,814,023	29,038,011
Other Services	14,778,305	1,095,112	15,873,417	16,771,728
Other Fixed Charges	11,423,991	293,979	11,717,970	9,897,871
Capital Outlay	14,347,447	57,422,390	71,769,837	105,478,633
Grants, State Aid and Subsidies	17,090,122,425	4,378,857	17,094,501,282	17,474,556,625
Intergovernmental Revenues	3,666,308	4,370,037	3,666,308	17,474,330,023
Other Expenditures	100	3,300,981		56 750 909
Otter expenditures	35,832,565	3,300,981	39,133,546	56,750,808
Total Expenditures	18,591,585,202	130,716,179	18,722,301,381	19,257,357,387
Excess of Revenues Over/(Under) Expenditures	(4,586,778,345)	(61,952,339)	(4,648,730,684)	(5,030,601,263)
OTHER FINANCING SOURCES (USES)				
State Appropriations	4,893,648,878	-	4,893,648,878	5,005,715,991
Transfers In	292,214,846	83,277,120	375,491,966	427,050,865
Transfers Out	(335,307,170)	(6,294,234)	(341,601,404)	(370,039,170)
Other	9,080,536	22,765	9,103,301	3,082,456
Total Other Financing Sources (Uses)	4,859,637,090	77,005,651	4,936,642,741	5,065,810,142
Net Change in Fund Balance	272,858,745	15,053,312	287,912,057	35,208,879
Fund Balance July 1, 2013	(395,229,535)	4,800,762	(390,428,773)	(425,637,652)
Fund Balance June 30, 2014	\$ (122,370,790)	\$ 19,854,074 \$	(102,516,716) \$	(390,428,773)

The accompanying notes to the financial statements are an integral part of this statement.

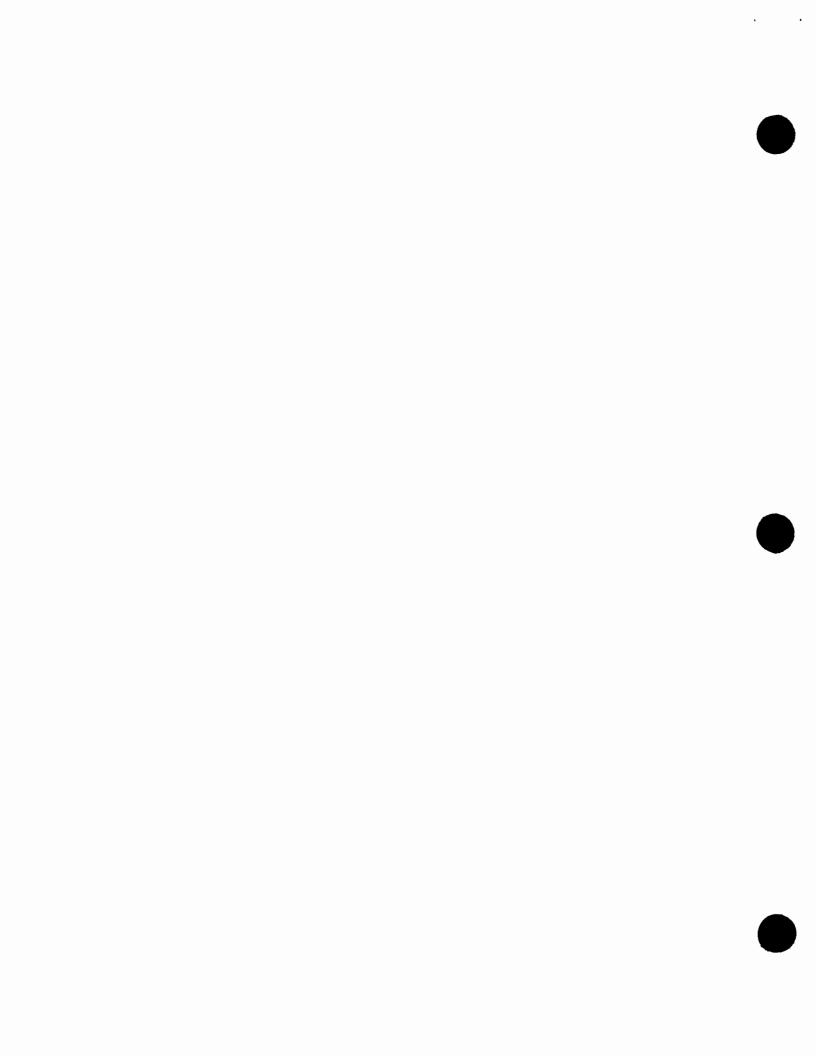


Exhibit C-1

	Ad	Central ministration (1).	Medical Assistance (2)	Child Development (3)	Health Service Regulation (4)	Public Health (5)	Aging and Adult (6)	Blind, Deaf and Hard of Hearing (7)	Vocational Rehabilitation (8)	Social Services (9)	Mental Health	Total Governmental Funds
ASSETS				701.506	77.070	2.411.276	38,825	B 2 470 550				
Cash, Cash Equivalents, and Pooled Cash	\$	25,057,997 \$	42,369,114 \$	701,596 \$	18,473,879 \$	2,411,376 \$	30,023	\$ 7,479,559	\$ 1,046,573 \$	2,743,244	35,524,671 \$	135,846,834
Receivables, net:		45 702	84,959,343	651,078	252426	3,120,081		394,552	2/4.7/2	A STATE OF THE PARTY OF THE PAR		
Accounts Receivable		45,792 107,058,061	714,007,809	29,898,332	200 803	28,831,134	5,110,961	(449,622)	264,758 1,445,266	4,203,9 <u>2</u> 1 60,402,213	40,999,096	135,291,047
Federal Agency Receivables		966,311	22,192,241	29,696,332	167	6,777	7,680	5,142	2,121	109,730	1,077,757	947,672,802
Due From Other State Agencies Inventories		5,099,982	22,132,241		10/	A.	-,000	3,142	2,121	109,730	6,293	23,296,462
inventories		3,033,362				Zesy				\$a.	6,277,603	11,377,585
Total Assets	\$	138,228,143	863,528,507	31,251,006	19,417,365	34,369,368	5,157,466	7,429,631	2,758,718	67,459,106	83,885,420	1,253,484,730
LIABILITIES Accounts Payable and Accrued Liabilities						*	272.75					
Accounts Payable		7,159,748	10,167,693	1,230;011	1,175,039	17,481,932	273,759	544,204	1,066,274	4,323,744	31,566,149	74,988,553
Federal Agency Payables		5,367,168	64,865,044	33,425,053	23,358	(85,522,120)	7,226,848	1,235	89,516		919,199	26,395,301
Medical Claims Payable			854,069,336		247,014	232,094 727,064	- 4,986	131,393	213,583	1,560,854	-	856,207,260
Due to Other State Agencies		5,532,963	181,191	91 998	247,014	727,064	4,986	172,549	235,332	226,522	1,501,638	8,921,257
Due to UNC Hospitals Other Liabilities		-	298,8 64 ,537 6,589,406						12	2,966,927	-	298,864,537
Other Liabilities			0,369,400	**************************************	y					2,900,927	7,012	9,563,357
Total Liabilities		18,059,879	1,234,737,207	34,747,062	1,445,411	(67,081,030)	7,505,593	849,381	1,604,717	9,078,047	33,993,998	1,274,940,265
DEFERRED INFLOWS OF RESOURCES			606						4,440	J		A SERVE AND
Unavailable Revenue		8,706		6,773	593,235	281,419		109	4,440	313,446	19,987,497	21,196,231
Total Deferred Inflows of Resources		8,706	608	6,773	593,235	281,419		109	4,440	313,446	19,987,497	21,196,231
FUND BALANCE												
Fund Balance		120,159,558	(371,209,306)	(3,502,829)	17,378,719	101,168,979	(2,348, 127)	6,580,141	1,149,561	(1,393,262)	20 400 051	
Tong palance		120,137,336	(311)402,300)	(2,202,022)	17,570,117	101,100,517	(2,346, 121)	0,500,171	1,147,301	(1,273,402)	29,499,851	(102,516,715
Total Fund Balance		120,159,558	(371,209,306)	(3,502,829)	17,378,719	101,168,979	(2,348,127)	6,580,141	1,149,561	(1,393,262)	29,499,851	(102,516,715
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$	138,228,143 \$	863,528,507 \$	31,251,006 \$	19,417,365 \$	34,369,368 \$	5,157,466	\$ 7,429,631 \$	2,758,718 \$	7,998,231 \$	83,481,346 \$	1,193,619,781

The accompanying notes to the financial statements are an integral part of this statement.

- (1) See supplementary schedule E-1
- (2) See supplementary schedule F-1
- (3) See supplementary schedule F-1
- (4) See supplementary schedule G-1
- (5) See supplementary schedule H-1
- (6) See supplementary schedule I-1
- (7) See supplementary schedule J-1

Exhibit C-1

For the Fiscal Year Ended June 30, 2014

Exhibit C-3

Exhibit C-3

REVENUES	Central Administration (1)	Medical Assistance (2)	Child Development (3)	Health Service Regulation (4)	Public Health (5)	Aging and Adult (6)		ind, Deaf and Hard of Hearing (7)	Vocational Rehabilitation (8)	Social Services	Mental Health (10)	Total Governmental Funds	2013 (Unsudited)
Federal Funds	\$ (513,322,656) \$	9,108,131,813 \$	353,289,276 S	28,446,898 \$	594,488,824 \$	43,119,163	s	14,918,742 \$	90,364,314 \$	3,312,117,814 \$	573,672,747 \$	13,605,226,935 \$	13,750,269,338
Local Funds	213,424	12,782	355,207,270 3	409,050	3,717,944	9,596,581		533,222	2,590,569	112,575,335	850,207	131,499,114	133,055,112
Sales and Services	104,881	12,702	.115.	487,461	1,294,004	3,330,301		902,299	424,249	,,	64,848,254	68,061,663	67,945,212
Fees, Licenses and fines	591,232	145,029,785	1 977 691	14,642,285	11,057,633	48,569		4,944,218		331,250	42,767	179,065,430	180,591,407
Intergovernmental Revenues		,025,705		.,,,,,,,,,,,	11,051,055	141,454		, ,			A Con	141,453	317,448
Miscellaneous Revenue	1,883,304	720,690	1970	(1,149,539)	70,501,424	141,454		408,507	4,449,192	11,791,274	955,77		94,577,607
			A Park	(1).03,557					111111111111111111111111111111111111111	A 172		53	71,217,397
Total Revenues	(510,529,815)	9,253,895,070	The state of the s	42,836,155	681,059,829	52,905,767		21,706,988	97,828,324	3,436,815,673	641,769,745	14,073,570,697	14,226,756,124
EXPENDITURES			A B	72,614						_	134	, like "	
Personal Services	48,609,096	19,389,574	12:117:211	27 872 614	86,526,333	3,799,511		13,007,180	37,177,537	617	428,200,968	676,495,044	734,729,033
Employee Benefits	16,088,871	6,658,957	4.761.647	9,652,483	30,689,662	1,306,414		4,957,834	14,342,253	13/502/307	192,024,985	275,085,503	272,644,783
Contracted Personal Services	115,059,147	148,054,498	0.365 193	4,040,496	36,619,599	2,261,775		4,015,241	1,670,367	3 350,890		379,822,792	455,761,583
Supplies and Materials	2,037,071	23 635	76.551	169,505	8,424,698	46,784		178,050	364,741	550,883	44,429,862	56,451,780	63,561,980
Travel	1 972 458	88.960	453 995 889	1,539,747	1,934,641	129,065		650,671	898 572	823.734	554,417	9,048,260	9,512,225
Communication	2,679,305 3,620,363	280 239	275 478	548,856	2,026,831	32,412		246,404	1 203 800	1,631,419	2,115,478	11,040,222	10,511,241
Utilities	3,620,363		The state of the s	48,490	219,199			31,872	371.097	678	14,323,462	18,615,161	18,142,866
Data Processing Services	18:055,505	A A	846,947	2,795	87,070	13,500		· -	1	107,606	600	18,814,023	29,038,011
Other Services	993 000	(111,788)	885,969	410,452	2,886,381	19,985		709,967	689,481	107,606 7,434,645	1,955,323	15,873,417	16,771,728
Other Fixed Charges	5,667,370	154,187	49,828	355,762	1,680,647	90,277		107,891,45	089,481	11556	2,853,053	11,717,970	9,897,871
Capital Outlay	\$12,140,180	606382	153,113	3,081,313	7,202,750	32,816		1,086,266	79,945	*Gen (100 € 515,002	56,272,070	71,769,837	105,478,633
Grants, State Aid and Subsidies	24,658,563	811,844,718,37127	622,951,061	5,643,270	530,834,859	96,138,586		9,119,748	65,672,608	3,466,710,140	428,053,876	17,094,501,282	17,474,556,625
Intergovernmental Expenses	24,658,563 2,310,810		3,666,308				4	. 💘		-	-	3,666,308	
Other Expenditures	2,310,810	759 370	754,504	1,368,009	8,104,909	118,131		1,107,490	4,496,529	2,939,445	17,176,349	39,133,546	56,750,808
Total Expenditures	244.291,739	11,990,770,585	657,352,825	54,233,792	717,237,579	103,989,256		35,218,614	127,710,331	3,530,084,395	1,221,146,029	18,682,035,145	19,257,357,387
	No.	i)				•			7 th 30				
Excess of Revenues Over (Under) Expenditures	(754,821,554)	6 (2,736,875,515)	(657,352,825)	(11,397,637)	(36,177,750)	(51,083,489)		(13,511,626)	(29,882(007)	(93,268,722)	(579,376,284)	(4,608,464,448)	(5,030,601,263
OTHER FINANCING SOURCES (USES)	700								•				
State Appropriations	87,884,150	3,462,442,357	244,119,926	15,088,538	137,196,721	41,058,227		6,259,565	37,789,780	166,931,985	694,877,629	4,893,648,878	5,005,715,991
Transfers In	23,679,244	179,140,990	58,501,309	2,816,843	5,863,244	321,126		16,142,454	502,306	11,622,795	76,901,655	375,491,966	427,050,865
Transfers Out	(17,210,606)	(131,915,335)	(2,686,401)	(6,309,376)	(13,828,972)			(5,566,598)	(3,443,831)	(2,766,307)	(157,873,978)	(341,601,404)	(370,039,170
Other	1,065	8,970,753	450	144	21,333	26		21,830	5,405	•	82,295	9,103,301	3,082,456
Total Other Financing Sources (Uses)	94,353,853	3,518,638,765	299,935,284	11,596,149	129,252,326	41,379,379		16,857,251	34,853,660	175,788,473	613,987,601	4,936,642,741	5,065,810,142
Excess of Revenues and Other Sources Over (Under) Expenditure	es s (660,467,701)	781,763,250	(357,417,541)	198,512	93,074,576	(9,704,110) it	tu	3,345,625	4,971,653	82,519,751	34,611,317	(27,104,668)	35,208,879
Fund Balance - July 1	780,627,259	(1,152,972,556)	(1,368,250)	17,180,207	8,094,403	7,355,983		3,234,516	(3,822,092)	(43,646,777)	(5,111,466)	(390,428,773)	(425,637,652
Fund Balance - June 30	\$ 120,159,558 \$	(371,209,306) \$	(358,785,791) \$	17,378,719 \$	101,168,979 \$	(2,348,127)	s	6,580,141 \$	1,149,561 \$	38,872,974 5	29,499,851	(417,533,441) \$	(390,428,773

The accompanying notes to the financial statements are an integral part of this statement.
(1) See supplementary schedule E-3
(2) See supplementary schedule F-3
(3) See supplementary schedule F-3
(4) See supplementary schedule G-3
(5) See supplementary schedule H-3

⁽⁶⁾ See supplementary schedule 1-3 (7) See supplementary schedule 1-3

orth Crolina Department of Health and Human Services pporting the Combining Financial Statements

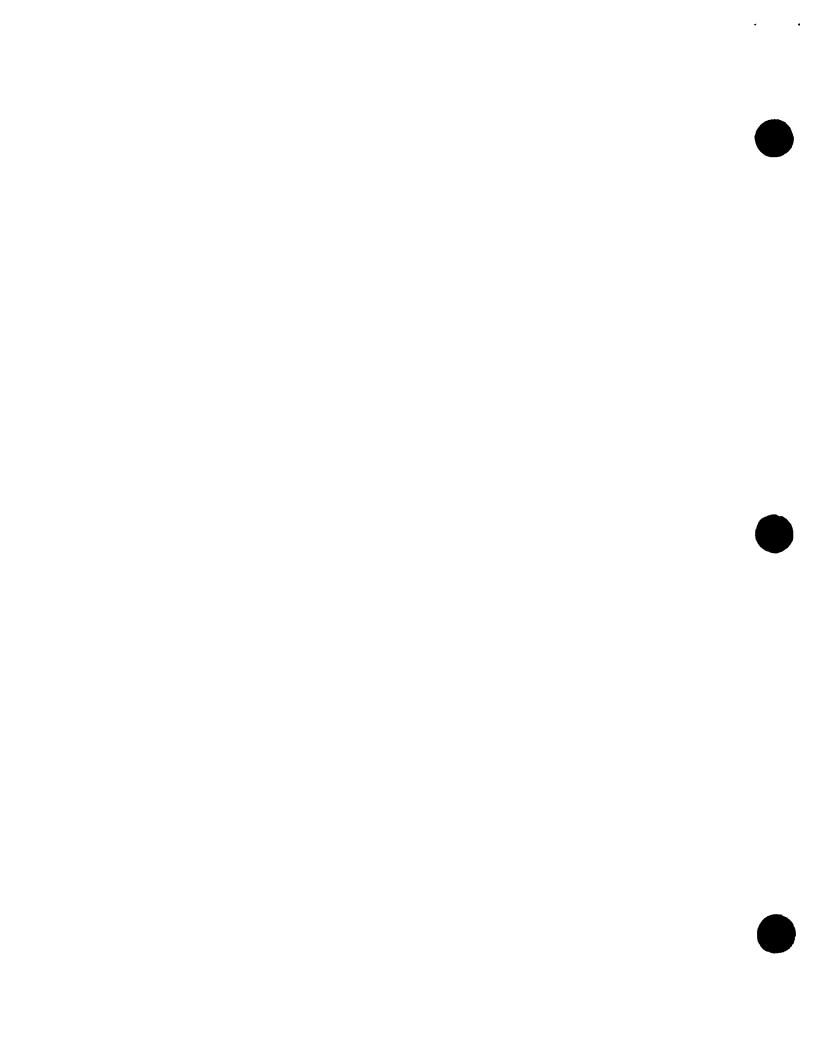
or	the	F	iscal	ł	'ear	Ena	cd	Junc	30,	2014	

(4) See supplementary schedule D-5 (5) See supplementary schedule D-6

3. 77. 17. E () 1. 20 207 (E-J-H-4 D-1				Exhibit D-1
or the Fiscal Year Ended June 30, 2014								Exhibit D-1				
	,	Central Administration	Medical Assistance (1)	Child Development ⁽²⁾	Health Service Regulation	Public Health ⁽³⁾	Aging and Adult	Blind, Deaf and Hard of Hearing	Vocational Rehabilitation	Social Services ⁽⁴⁾	Mental Health ⁽⁵⁾	Total Governmental Funds
	^	A dillation	Assistance	Development	Aceguinian	Heann		1,11,1 01,110111111		20111000		A
RANTS, STATE AID AND SUBSIDIES								-				
Medical Assistance				Altre-							A Marian Company	
Managed Care			2,526,363,446		3/1							2,526,363,446 12,596,887,592
Supplemental Expenditures			1,896,887,592 1,592,058,667									1,392,058,667
Skilled Nursing Facilities and Personal Care Physician Services			1,403,748,123								Man and the second	1,403,748,123
Medical Services		•	1,216,681,793							Thu.		1,216,681,793
Hospital			1,349,490,798	HARRIE N.						6.2		1,349,490,798
Pharmacy Services (Net of Rebates)			725,256,938		All Marie Control					*	A CONTRACT OF THE PARTY OF THE	725,256,938
Buy-In / Dual Eligible Expenditures			711,634,471	' Wh h	William I							711,634,471
Dental			358,347,245	Hilly Haller A							A STATE OF THE PARTY OF THE PAR	358,347,245
Other Medical Assistance			64,249,498									64,249,498
Total Medicul Assistance		-	11,844,718,571					-				11,844,718,571
Social Service Programs												
Food and Nutrition		Á		A SHE WAS TOOL .		345,237,647			at the state of th	2.499,846,101	ø	2,845,083,748
Child and Family				478,540,496		78,760,772			40 Ch	537,473,068		1,094,774,336
Smart Start Programs		the state of the s		144,410,565						160,324,524		144,410,565
Support of Aging and Adult Programs			MA MONING	Marie .						160;324,524		160,324,524
Support of Medicaid Programs				Mary Marian						132,244,408		136,822,039
Other Social Service Programs			The Marie A	****						(d)ten		132,244,408
Total Social Service Programs				622,951,061	-	423,998,419			•	a ¹ 3,466,710,140		4,513,659,620
Public Health Programs												
Communicable Diseases		A CONTRACTOR OF THE PARTY OF TH	¥6)			68,064,885						68,064,885
General Public Health			N			24,697,968						24,697,968
Chronic Diseases			S. off			9,514,724 4,558,863						9,514,724 4,558,863
Other Ge Health Programs		· · ·	######################################		V							
To alth Programs		<u> </u>		*		106,836,440		-		***************************************		106,836,440
Menta, with Programs											428,053,876	428,053,876
Other Grants, State Aid and Subsidies		24,658,563	-	-	5,643,270		96,138,586	9,119,748	65,672,608	-		201,232,775
Total Grants, State Aid and Subsidies		24,658,563 \$	11,844,718,571 \$	622,951,061 \$	5,643,270 \$	530,834,859 S	96,138,586 \$	9,119,748	\$ 65,672,608 \$	3,466,710,140 \$	428,053,876 S	17,094,501,282
re accompanying notes to the financial statements are an integral part of this statement												1212
(1) See supplementary schedule D-2				622,951,061		530,834,859				3,466,710,140		16,933,972,893
(2) Sec supplementary schedule D-3												(160,528,389)
(3) See supplementary schedule D-4												

Marrad Car (I)	\$ 2,526,363,446
Managed Care (1)	\$ 2,320,303,440
Supplemental Expenditures	### OFF (00)
Gap Payment - Upper Payment Limit	553,855,639
Gap Payment - Equity Payment	435,672,960
Disproportionate Share Hospital Payment	483,485,858 423,873,135
Total Supplemental Expenditures	1,896,887,592
Skilled Nursing Facilities and Personal Care	
Skilled Nursing Facilities	1,108,337,518
Personal Care Services	483,721,149
Total Skilled Nursing Facilities and Personal Care	1,592,058,667
Physician Services	hat .
Physician Services	997,384,731
Clinics	206,029,826
Community Care of NC (N3CN)	200,333,566
Total Physician Services	1,403,748,123
Medical Services	
Client Assistant Program (CAP)	307,080,554
Equipment	182,020,636
Health Check	144,711,941
Transport	136,559,704
Short Term Care	136,186,610
Non-Physician Services	135,899,874
Standalone Lab/X-Ray	86,862,892
Hospice	64,166,783
Case Management	10,690,655
Medical - General	9,007,996
Family Planning	3,494,148
Total Medical Services	1,216,681,793
Hospital	
Hospital - Outpatient	471,934,041
Hospital - Inpatient	520,588,699
ER	356,968,058
Total Hospital	1,349,490,798
Prescribed Drugs (Net of Rebates)	
Pharmacy Services	1,438,129,973
Less Rebates	(712,873,035)
Total Prescribed Drugs (Net of Rebates)	725,256,938
Buy-In / Dual Eligible Expenditures	
Medicare Part A	53,567,156
Medicare Part B	396,366,604
Medicare Part D	261,700,711
Total Buy-In / Dual Eligible Expenditures	711,634,471
Dental	358,347,245
Other Medical Assistance	
Health Information Technology Funding	64,164,320
Miscellaneous	85,178
Total Other Medical Assistance	64,249,498
Total Medical Assistance	\$ 11,844,718,571

⁽¹⁾ Represents monthly payments made primarily to Managed Care Organizations (also known as Local Management Entities).



Senate Program Evaluelion

3.24.15 Date

NAME	FIRM OR AGENCY
SONNY WATTS	TWL GROUP
JEFF BARNHART	MWC
Everly Hill	P56
Saya Marris	Administration
Paul Hoyles	Inform The
Wegnan Cook	0175
Michael Huger	THCG
Josh Ehrich	JDA
Ed Turket	UP
Ken Melton	KM.A.
Allison Coopen -	Bouley & Dixa
Chris McChine	Broks Piene
ZaneStilvell	SBE
Chuck Helker	PED
Jim Horne	PED
DAVID Kalbacker	NC Board of Norsing
amandathnaker	Troutman Sandos

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Tenate Program Evaluation

3-24-15 Date

NAME	FIRM OR AGENCY
Sarah Walfe	MMC
Allison Stewart	Cardinal Innovations
Joanna Smill	NCAPP
Mill Carla	buy Her y RW Bodson PLLC
Adn Stolan	74115
Trent Wornble	Duns
Janet Theren	NCREC
Borra Bolton	WTM
Bill Halnes	Office of State Audite
Sava Nijenow	PROGram Evaluation Division 62
(enthitt)	025
Ly- ann O town	C55
Che R	**
Sarah Hayeris	DPI
Dare D'Connor	DPI
Mark Lanier	UNCU
La Lewis	NCAHP
	09-22-2012

Tenate Program Evaluation

3-24-15 Date

NAME	FIRM OR AGENCY
Tim Hoegemeyer	State Auditor
Charmine Fuller Cooper	AARP
Davice Baum	Trourmen Smoths
will Parmy- Hite	NCFF
Sa 95-8	NO
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Tenate Program Evaluation

3-24-15 Date

NAME	FIRM OR AGENCY
Michelle Frazier	MF+S
DAVID BACKES	Electro Cotes
JAMES J. Cheroke	DPS
Tom BEAN	EDF, NCSEA
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