

FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

**Division of Mental Health, Developmental Disabilities, and
Substance Abuse Services (DMH/DD/SAS)**
Division of State Operated Healthcare Facilities (DSOHF)

Overview & Budget

**Joint House and Senate Appropriations Committees
on Health and Human Services**

February 23, 2023

DMH/DD/SAS & DSOHF

Overview & Budget

- DMH/DD/SAS Authorized Budget for Fiscal Year 2022-23
- DMH/DD/SAS Overview
 - Community Services (LME/MCOs)
- DSOHF Overview
 - 14 facilities
 - Over 11,000 FTEs
- Opioid Settlement Funds
- 2021-2023 Fiscal Biennium Significant Budget Actions



DMH/DD/SAS & DSOHF

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DMH/DD/SAS FY23 Authorized Budget vs Recent Spending

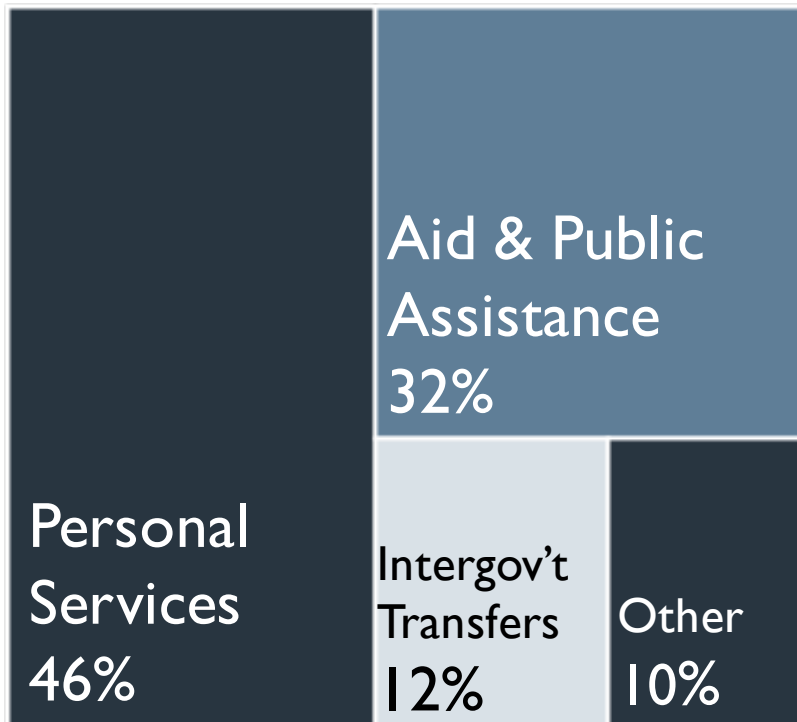
(\$ Millions)	Actual FY20-21	Actual FY21-22	Authorized FY22-23	Change vs FY21-22
Total Requirements	\$1,847.1	\$1,803.1	\$1,866.7	\$63.6
Receipts	\$1,103.1	\$993.4	\$1,021.3	\$27.9
Net Appropriation	\$744.0	\$809.7	\$845.4	\$35.7
FTE Employees	11,271.1	11,274.1	11,274.1	-

- The significant increases in Net General Fund Appropriations in both FY 2021-22 and FY 2022-23 are primarily due to funding increases provided in the 2021 and 2022 Appropriations Acts

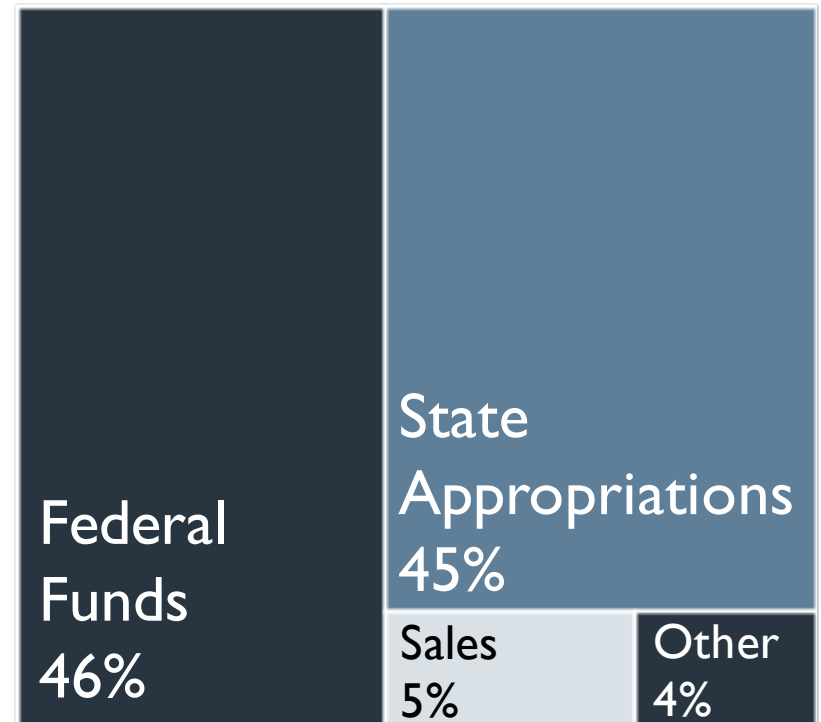


DMH/DD/SAS FY23 Authorized Budget Expenditures & Sources

\$1.87 billion in Expenditures

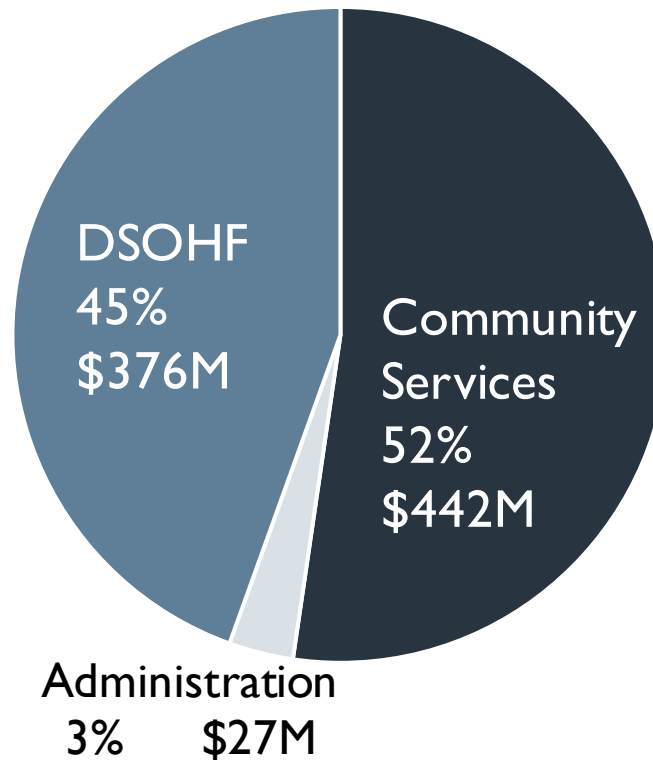


\$1.87 billion in Funding Sources



DMH/DD/SAS FY23 Authorized Budget Net Appropriations

\$845.4 million in Net General Fund Appropriations
broken down:



DMH/DD/SAS & DSOHF

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Provides support and services for individuals with:

- Mental illness
- Intellectual and developmental disabilities (I/DD)
- Alcohol and substance use disorders

Excluding DSOHF and Admin, the DMH/DD/SAS budget is concentrated on Community Services

- Local Management Entities/Managed Care Organizations (LME/MCOs)

DMH/DD/SAS

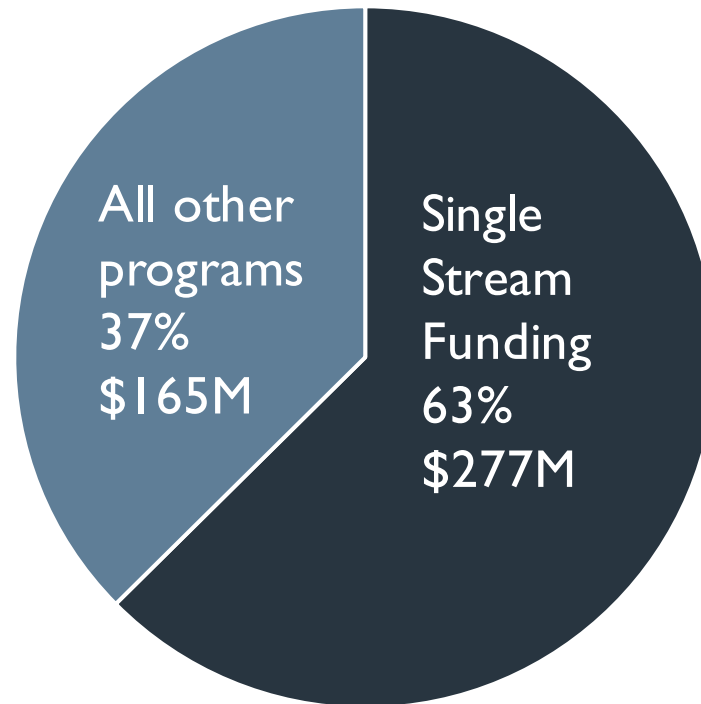
Community Services

- Prevention
- Workforce Development
- Community and Crisis Services
- Traumatic Brain Injury (TBI) Services
- Single Stream Funding
 - Behavioral health services for uninsured and underinsured
 - LME/MCOs



DMH/DD/SAS FY23 Authorized Budget Community Services: Net Appropriations

\$442 million in Net General Fund Appropriations for total Community Services, most is for Single Stream



DMH/DD/SAS LME/MCOs

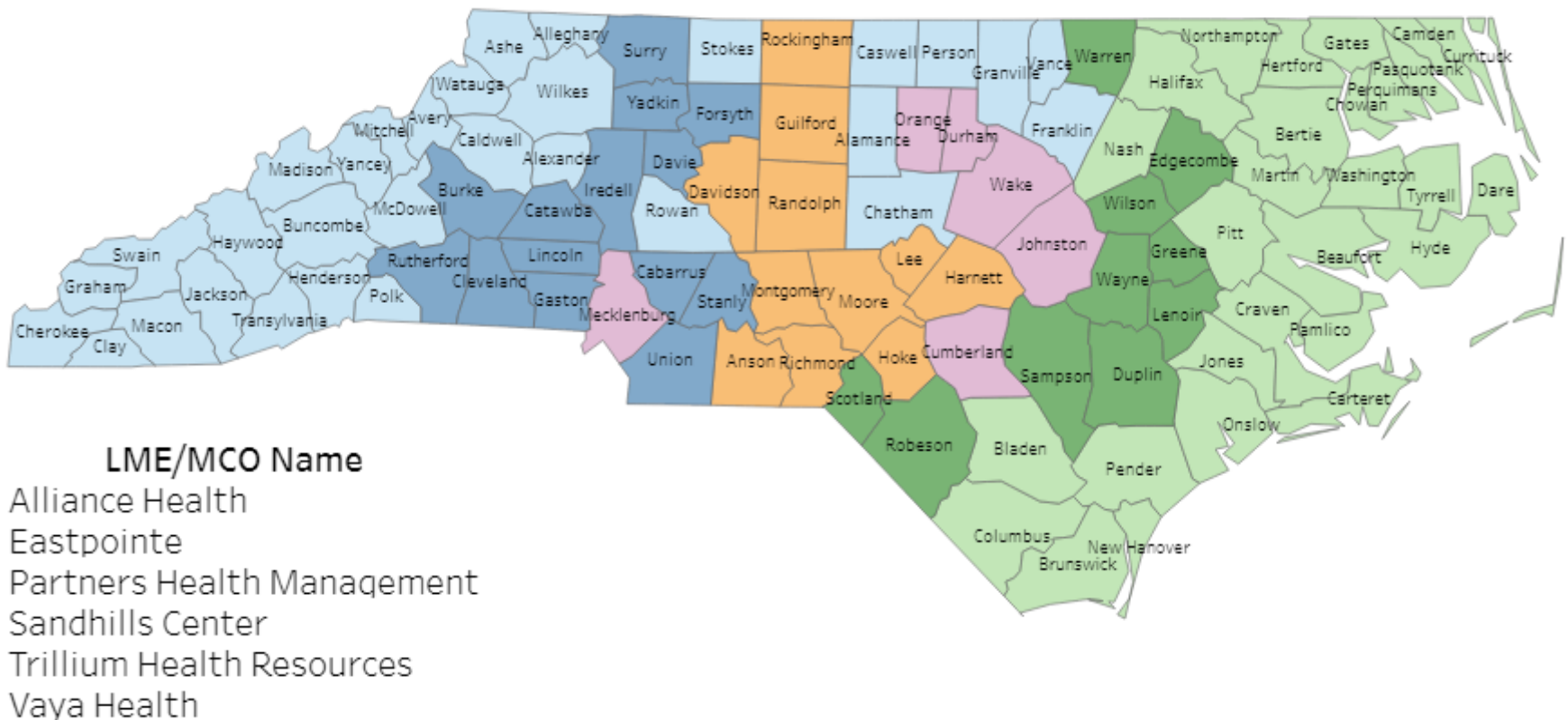
Local Management Entities/Managed Care Organizations

- 6 LME/MCOs manage behavioral health services for the State's Medicaid and uninsured populations
 - Alliance Health
 - Eastpointe
 - Partners Behavioral Health Management
 - Sandhills Center
 - Trillium Health Resources
 - Vaya Health



DMH/DD/SAS LME/MCOs

Local Management Entities/Managed Care Organizations

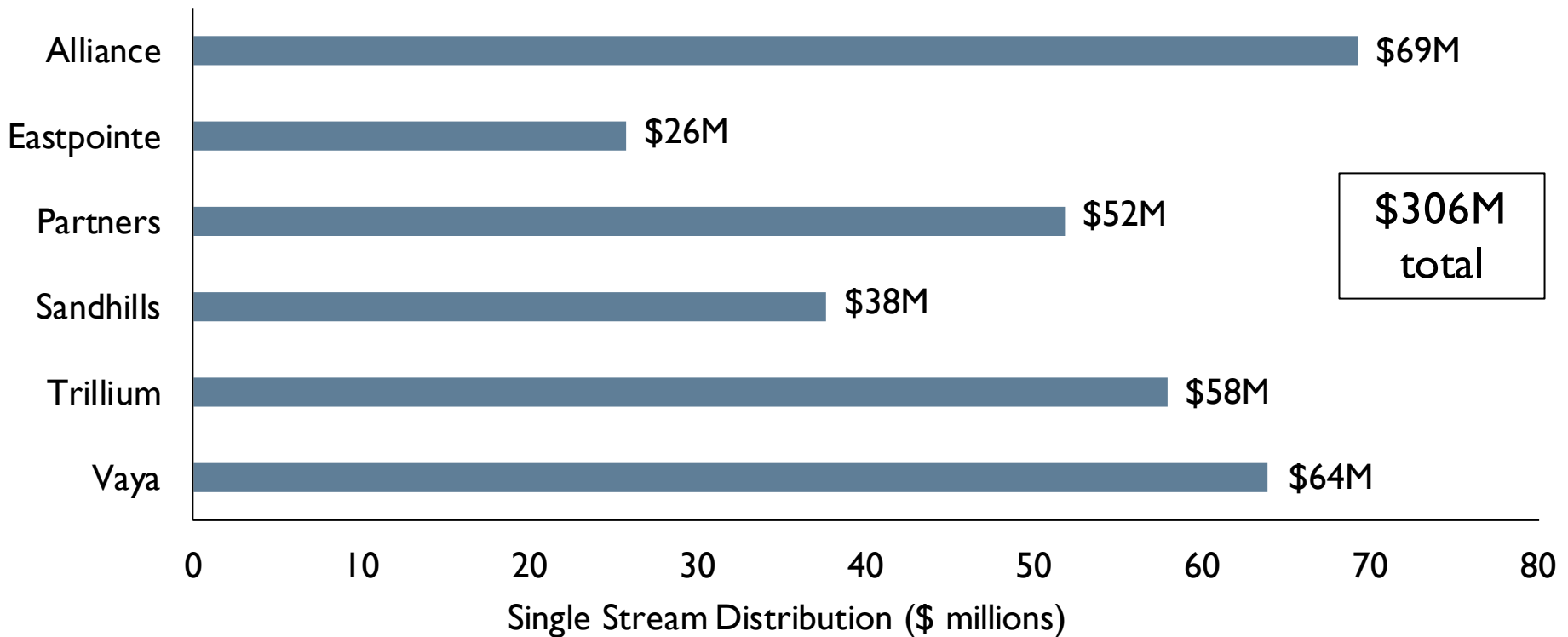


Source: DHHS (www.ncdhhs.gov)



DMH/DD/SAS LME/MCOs

LME/MCO Single Stream Distribution, FY 2022-23



Note: May not sum to total due to rounding

Source: DMH/DD/SAS, 2023

Chart includes \$33M in Cross Area Service Program (CASP) allocations as well as a \$30M transfer from DHB per SL2021-180 Sec. 9F.3.d



DMH/DD/SAS LME/MCOs

Tailored Plans

- April 1, 2023: the State will launch the NC Medicaid Managed Care Behavioral Health and Intellectual/Developmental Disabilities Tailored Plan
- Changes: LME/MCOs will manage both behavioral and physical health services for ~140,000 Medicaid enrollees with behavioral health needs and intellectual/developmental disabilities



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Division of State Operated Healthcare Facilities (DSOHF): Overview

- System of State facilities that treat adults and children with mental illness, developmental disabilities, and substance use disorder
- 14 facilities across the State
- 11,024 FTEs (full-time equivalents)



DSOHF Facilities Overview

Psychiatric Hospitals

- Psychiatric Hospitals
 - Broughton Hospital (Morganton, Burke County)
 - Statewide specialty unit: Deaf individuals
 - Cherry Hospital (Goldsboro, Wayne County)
 - Central Regional Hospital (Butner, Granville County)
 - Statewide specialty units: Children, Forensic patients
- Provide inpatient mental health services:
 - Medication
 - Psychosocial rehabilitation
 - Counseling
 - Educational sessions
 - Group therapy
 - Recreation therapy
 - Work therapy
 - Diet and occupational therapy



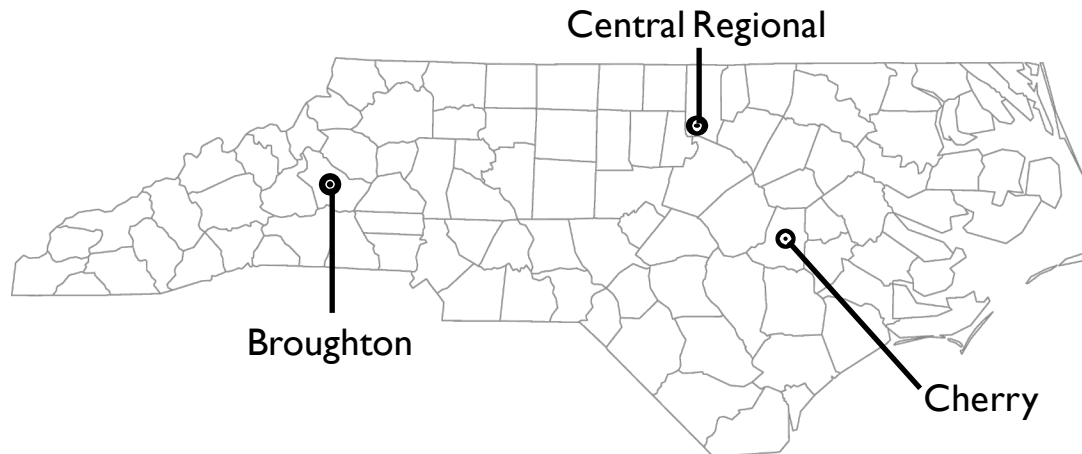
DSOHF Facilities Overview

Psychiatric Hospitals

Psychiatric Hospitals FY 2021-2022 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity	Median Length of Stay (days)	% Readmitted Within 30 days	Incapable to Proceed days
Broughton	204	156	350	265	181	14%	23,212
Cherry	170	361	501	259	48	10%	24,987
Central Regional	293	480	652	370	72	8%	40,259

Source: Division of State Operated Healthcare Facilities



DSOHF Facilities Overview

ADATCs

- Alcohol & Drug Abuse Treatment Centers (ADATCs)
 - Julian F. Keith ADATC (Black Mountain, Buncombe County)
 - Walter B. Jones ADATC (Greenville, Pitt County)
 - R.J. Blackley ADATC (Butner, Granville County) **closing**
- Provide substance use disorder treatment to individuals who:
 - Have a substance use disorder
 - Experience toxic effects or dangerous withdrawal symptoms
 - Need supervised medication management
 - Have difficulty making clinical gains at a given level of care
 - Have chronic medical problems that pose risk during detox/treatment or need consultation/monitoring
 - Require daily monitoring and support, can't be served at lower levels of care
 - Are on an Involuntary Substance Abuse and/or Involuntary Mental Health Commitment



DSOHF Facilities Overview

ADATCs

- DHHS and UNC Health plan to convert R.J. Blackley ADATC (Butner, Granville County) into an inpatient psychiatric hospital for children and adolescents



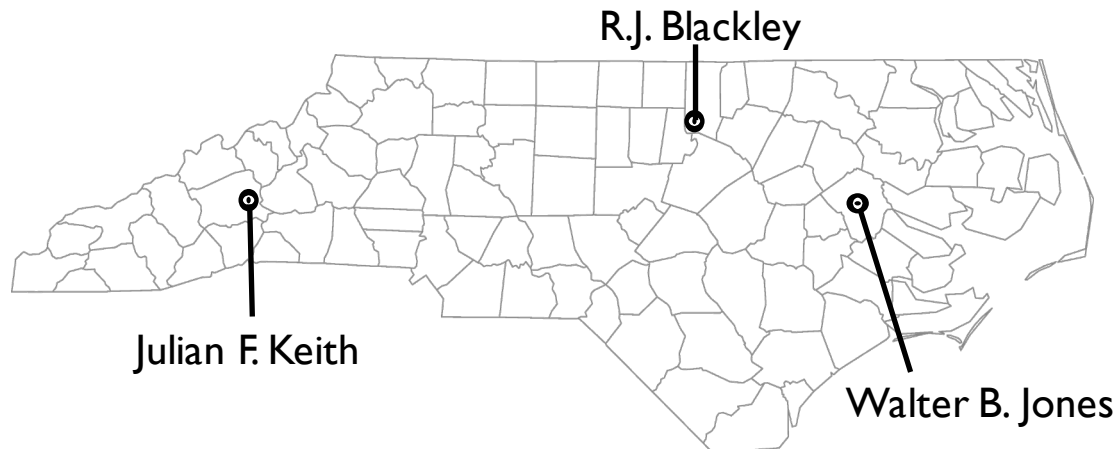
DSOHF Facilities Overview

ADATCs

ADATCs FY 2021-2022 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity	Median Length of Stay (days)	% Readmitted Within 30 days
Walter B. Jones	21	687	695	52	11	5%
Julian F. Keith	37	1,171	1,187	54	11	3%
R.J. Blackley	22	715	727	40	11	3%

Source: Division of State Operated Healthcare Facilities



DSOHF Facilities Overview

Developmental Centers

- **Developmental Centers**
 - Caswell Developmental Center (Kinston, Lenoir County)
 - J. Iverson Riddle Dev. Center (Morganton, Burke County)
 - Murdoch Developmental Center (Butner, Granville County)
 - Offers some specialized programs for children
- **With goal for successful re-integration into the community, Dev. centers provide residential, medical, habitation, and other support services to individuals:**
 - With intellectual/developmental disabilities, at least 18 years old (with exception of some programs at Murdoch) AND
 - Meet ICF-IID level of care AND
 - Have complex behavioral challenges and/or medical conditions with clinical treatment needs AND
 - For whom appropriate community-based services are not available



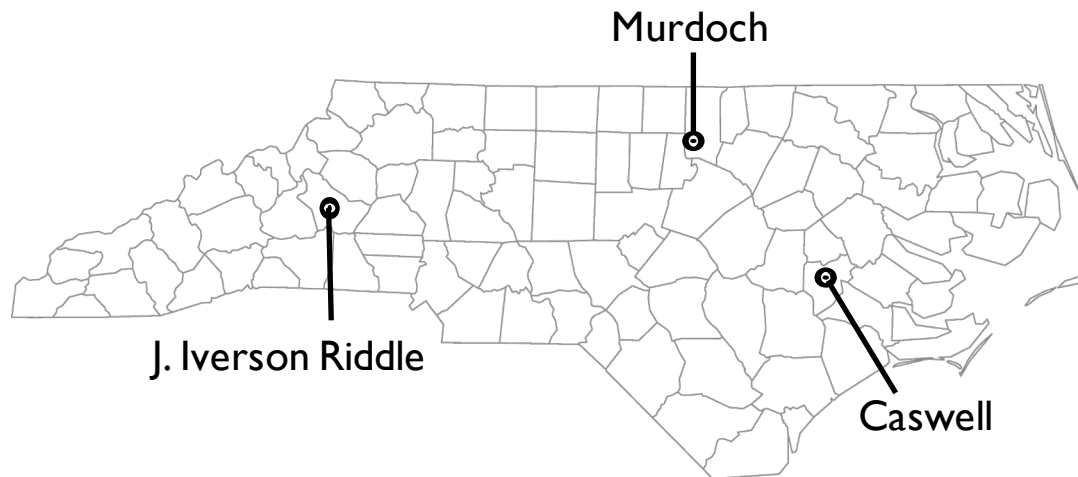
DSOHF Facilities Overview

Developmental Centers

Developmental Centers FY 2021-2022 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity
Caswell	241	52	267	358
J. Iverson Riddle	242	49	253	285
Murdoch	324	127	385	407

Source: Division of State Operated Healthcare Facilities



DSOHF Facilities Overview

Neuro-Medical Treatment Centers

- Neuro-Medical Treatment Centers
 - Black Mountain Neuro-Medical Treatment Center (Black Mountain, Buncombe County)
 - O’Berry Neuro-Medical Treatment Center (Goldsboro, Wayne County)
 - Longleaf Neuro-Medical Treatment Center (Wilson, Wilson County)
- Specialized skilled nursing facilities
- Serve adults with chronic and complex medical conditions that co-exist with neuro-cognitive disorders
- Residents require 24-hour supervision, daily nursing care, and assistance with activities of daily living



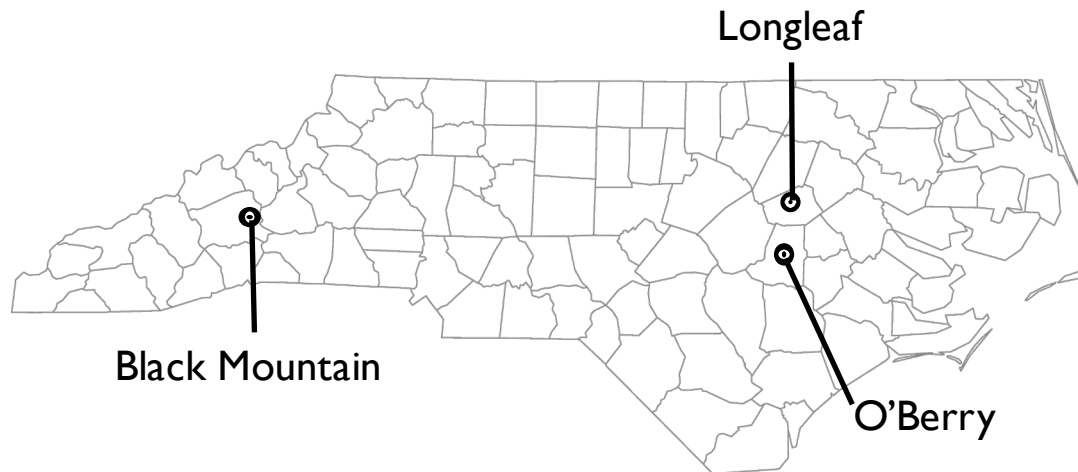
DSOHF Facilities Overview

Neuro-Medical Treatment Centers

Neuro-Medical Treatment Centers FY 2021-2022 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity
Black Mountain	123	26	137	156
Longleaf	108	56	128	153
O'Berry	148	71	157	183

Source: Division of State Operated Healthcare Facilities



DSOHF Facilities Overview

Residential Programs for Children

- Residential Programs for Children
 - Whitaker Psychiatric Residential Treatment Facility (Butner, Granville County)
 - Adolescents 13-17 years old
 - Wright School (Durham, Durham County)
 - Children 6-12 years old
- Residential schools for children and adolescents who have severe emotional and behavioral needs
- Both schools serve the entire State
- Both schools employ a re-education model, preparing the child or adolescent to return to his/her community



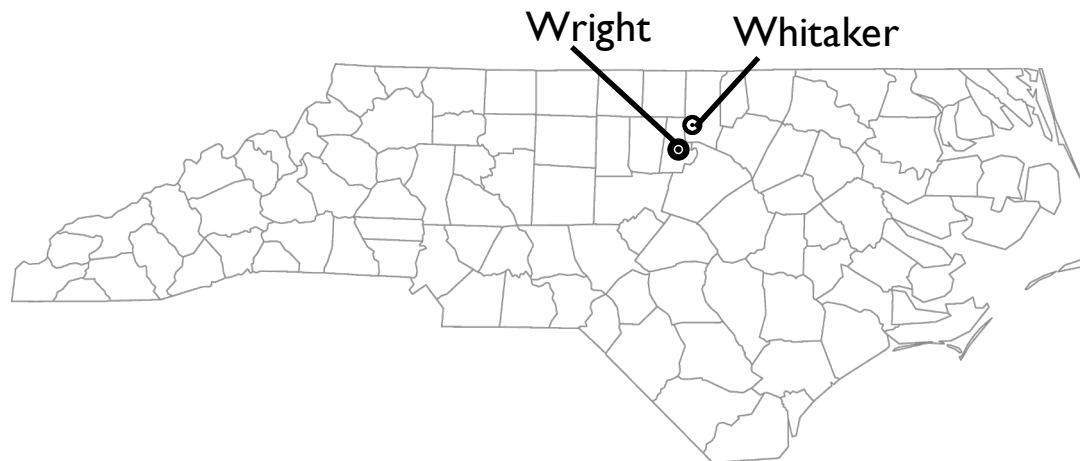
DSOHF Facilities Overview

Residential Programs for Children

Residential Programs for Children FY 2021-2022 Key Statistics

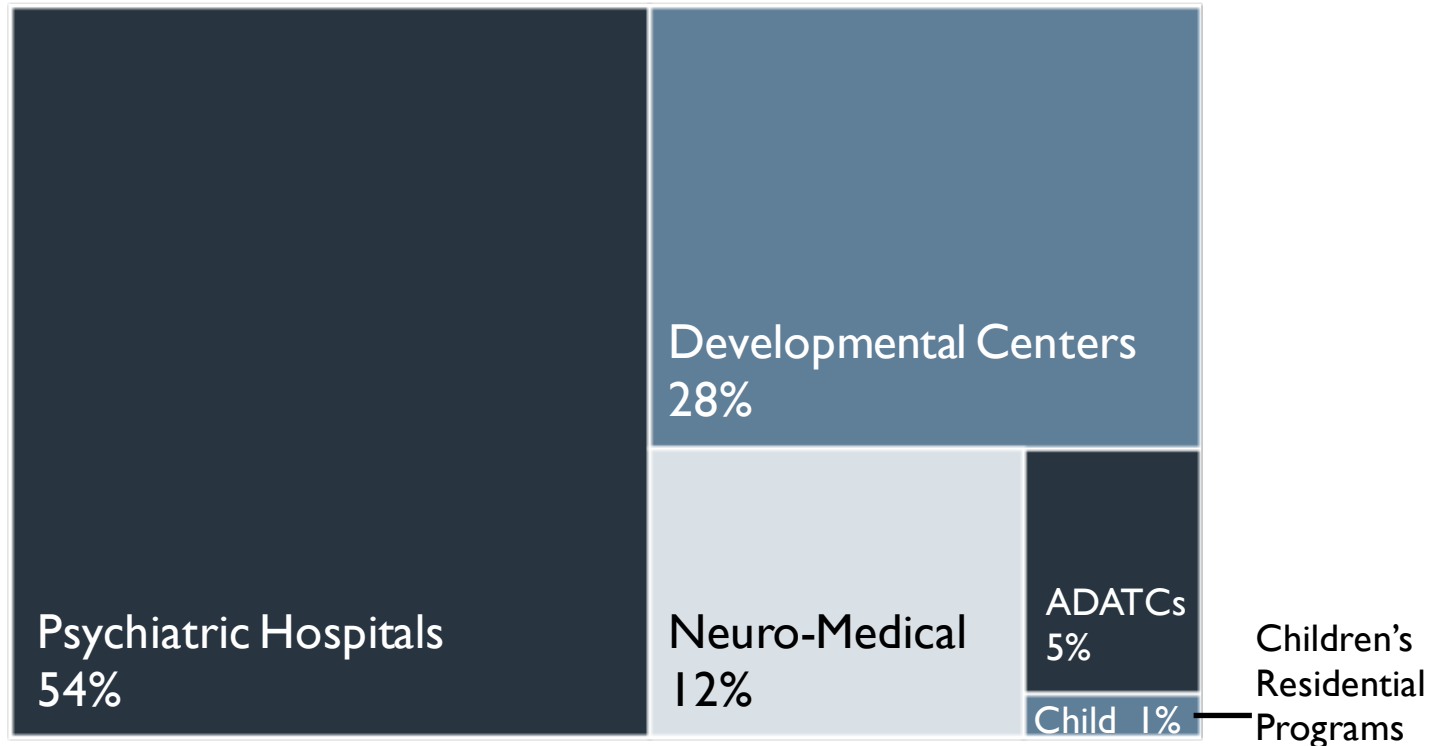
Facility	Avg. Daily Census	Admissions	Number Served	Capacity
Whitaker	9	17	25	12
Wright	8	15	24	16

Source: Division of State Operated Healthcare Facilities



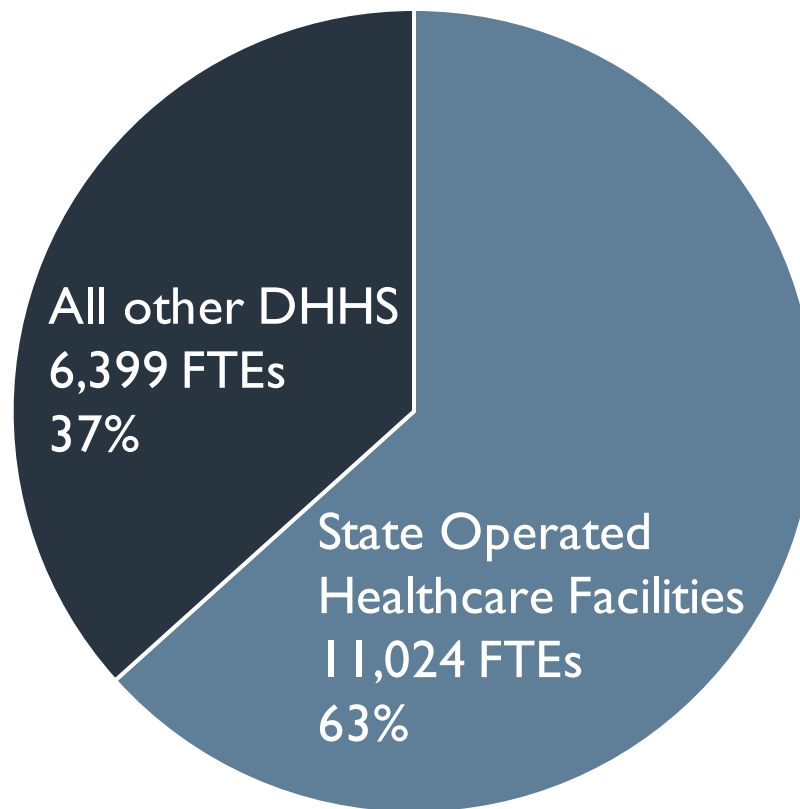
DMH/DD/SAS FY23 Authorized Budget DSOHF Expenditures

\$1.1 Billion in DSOHF Expenditures
by Facility Type, FY 2022-23



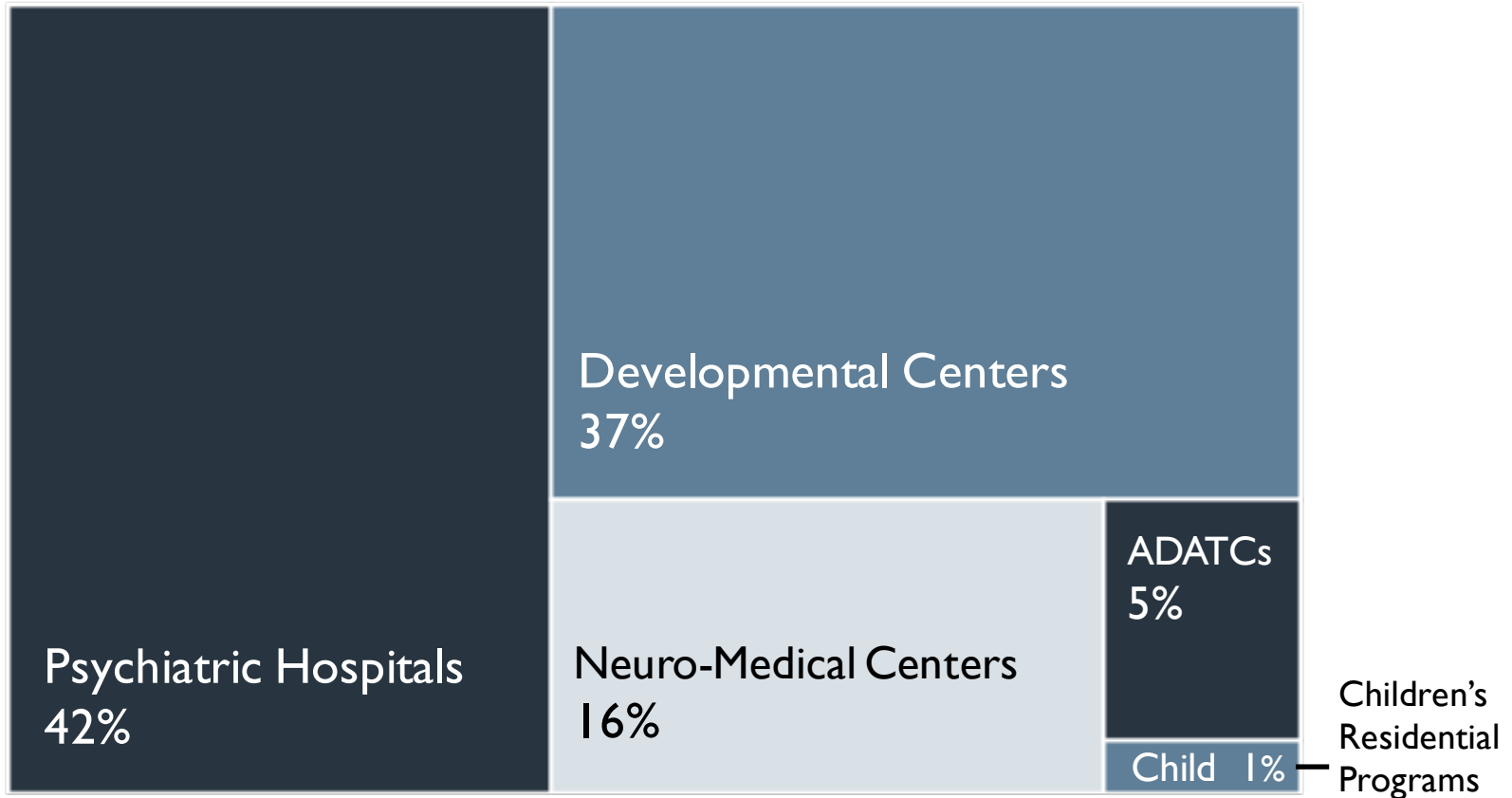
DMH/DD/SA DSOHF FTEs

DHHS: 17,423 Total FTEs
FY 2022-23



DMH/DD/SAS DSOHF FTEs

11,024 DSOHF FTEs by Facility, FY 2022-23

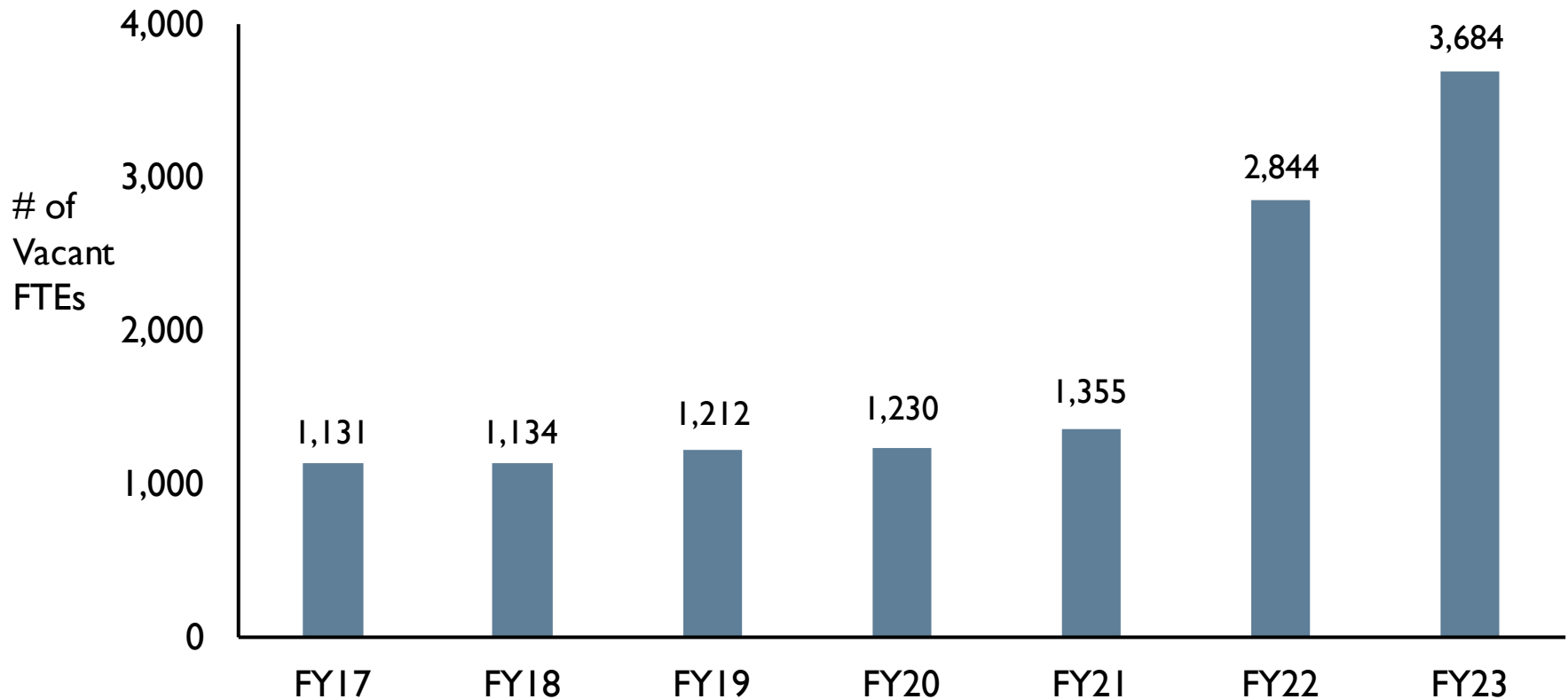


Note: May not sum to total due to rounding



DMH/DD/SAS DSOHF FTEs

DSOHF Vacant Positions, FY 2016-17 to FY 2022-23



Source: B0104 Vacant Positions Report, 2016-2022 (March) and 2023 (February), BEACON



DMH/DD/SAS DSOHF FTEs

Consequences of Vacancies: Fewer People Served

- Across all facilities: **2,449 fewer people** were served (-31%) in all facilities in FY 2021-22 compared to FY 2019-20

Facility Type	Change in # Served	% Change
Psychiatric Hospitals	-700	-32%
ADATCs	-1,447	-36%
Developmental Centers	-158	-15%
Neuro-Medical Treatment Centers	-126	-23%
Residential Programs for Children	-18	-27%



DMH/DD/SAS

DSOHF FTEs

DSOHF FTE Summary (1 of 2)

- Nearly 80% of these 11,000+ FTEs are concentrated in the three State Psychiatric Hospitals and the three Developmental Centers
- Current vacancy rate over 30% (over 3,600 vacancies)
 - Prior to the 2021-2023 biennium, typically 10-12% of DSOHF FTEs (approximately 1,100-1,400 FTEs) were vacant
- 63% of vacant FTEs have been vacant for more than 6 months
 - Up from 42% in 2021



DMH/DD/SAS

DSOHF FTEs

DSOHF FTE Summary (2 of 2)

- What are the funds from vacant positions used for?
 - Primarily used for OT/temp staff to avoid gaps in direct care in facilities
- Challenges of filling vacant positions at DSOHF:
 - Competitive salaries
 - Lack flexibility in hiring incentives (sign-on bonus, continuing education)
 - Hiring timeline vs competitors
 - SL 2021-180 Sec. 9F.19 tried to help address this
 - High acuity, behaviorally challenging patients
 - Recruiting (Electronic Health Record implementation just beginning)
 - Workforce shortage



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DMH/DD/SAS

Opioid Settlements

Opioid Settlement Funds (State share only):

- Between 2021 and 2039, North Carolina expects to receive \$133.4 million from various opioid settlements
 - Total does not include funds that go directly to counties & municipalities (over \$600 million)
 - \$50.5 million received by the end of FY 2024-25
 - Other settlements and additional funds are possible



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2021-2023 Significant Budget Actions

Opioid Settlement Funds (State share only):

SL 2021-180, 2021 Appropriations Act &

SL 2022-74, 2022 Appropriations Act

- \$16.5M (McKinsey settlement) appropriated in SL 2021-180
 - DHHS competitively awarding grants to providers
- \$14.8M (mostly distributors and manufacturers settlements) appropriated in SL 2022-74
 - \$6 million to LME/MCOs, \$5.6 million to the Policy Collaboratory at UNC, various other initiatives

2021-2023 Significant Budget Actions

SL 2021-180, 2021 Appropriations Act

- \$15.1M R each year for the Transitions to Community Living Initiative (US Department of Justice settlement agreement)
- \$10M R each year to stabilize and develop community-based group homes for individuals with IDD
- \$50M NR over two years to begin implementing electronic health records at DSOHF hospitals
- \$5.7M R each year for Broughton Hospital operating reserves

SL 2022-74, 2022 Appropriations Act

- \$1.3M R for 988 Crisis Helpline call center staff

QUESTIONS

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