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
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## DMH/DD/SAS FY23 Authorized Budget vs Recent Spending

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>Actual FY20-21</th>
<th>Actual FY21-22</th>
<th>Authorized FY22-23</th>
<th>Change vs FY21-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Requirements</td>
<td>$1,847.1</td>
<td>$1,803.1</td>
<td>$1,866.7</td>
<td>$63.6</td>
</tr>
<tr>
<td>Receipts</td>
<td>$1,103.1</td>
<td>$993.4</td>
<td>$1,021.3</td>
<td>$27.9</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$744.0</strong></td>
<td><strong>$809.7</strong></td>
<td><strong>$845.4</strong></td>
<td><strong>$35.7</strong></td>
</tr>
<tr>
<td>FTE Employees</td>
<td>11,271.1</td>
<td>11,274.1</td>
<td>11,274.1</td>
<td>-</td>
</tr>
</tbody>
</table>

- 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

- Personal Services: 46%
- Aid & Public Assistance: 32%
- Intergov’t Transfers: 12%
- Other: 10%

$1.87 billion in Funding Sources

- Federal Funds: 46%
- State Appropriations: 45%
- Sales: 5%
- Other: 4%
DMH/DD/SAS FY23 Authorized Budget
Net Appropriations

$845.4 million in Net General Fund Appropriations broken down:

- **Community Services**
  - 49%
  - $389M

- **DSO HF**
  - 47%
  - $369M

- **Administration**
  - 3%
  - $27M

Net Appropriations:

- **Community Services**
  - 52%
  - $442M

- **DSO HF**
  - 45%
  - $376M

- **Administration**
  - 3%
  - $27M

February 23, 2023
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DMH/DD/SAS
Overview

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

- Single Stream Funding: 63% of $277M
- All other programs: 37% of $165M

February 23, 2023
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
Local Management Entities/Managed Care Organizations

Source: DHHS (www.ncdhhs.gov)
LME/MCO Single Stream Distribution, FY 2022-23

<table>
<thead>
<tr>
<th>Provider</th>
<th>Distribution ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance</td>
<td>$69M</td>
</tr>
<tr>
<td>Eastpointe</td>
<td>$26M</td>
</tr>
<tr>
<td>Partners</td>
<td>$52M</td>
</tr>
<tr>
<td>Sandhills</td>
<td>$38M</td>
</tr>
<tr>
<td>Trillium</td>
<td>$58M</td>
</tr>
<tr>
<td>Vaya</td>
<td>$64M</td>
</tr>
</tbody>
</table>

$306M total

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
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
## Psychiatric Hospitals FY 2021-2022 Key Statistics

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

*Source: Division of State Operated Healthcare Facilities*
DSO HF 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
DSO HF 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

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

Source: Division of State Operated Healthcare Facilities

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[Map showing locations of Walter B. Jones, Julian F. Keith, and R.J. Blackley]
DSOHF Facilities Overview

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, habilitational, 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
## Developmental Centers FY 2021-2022 Key Statistics

<table>
<thead>
<tr>
<th>Facility</th>
<th>Avg. Daily Census</th>
<th>Admissions</th>
<th>Number Served</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caswell</td>
<td>241</td>
<td>52</td>
<td>267</td>
<td>358</td>
</tr>
<tr>
<td>J. Iverson Riddle</td>
<td>242</td>
<td>49</td>
<td>253</td>
<td>285</td>
</tr>
<tr>
<td>Murdoch</td>
<td>324</td>
<td>127</td>
<td>385</td>
<td>407</td>
</tr>
</tbody>
</table>

Source: Division of State Operated Healthcare Facilities

![Map of North Carolina showing the locations of Caswell, J. Iverson Riddle, and Murdoch Developmental Centers]
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
Neuro-Medical Treatment Centers FY 2021-2022 Key Statistics

<table>
<thead>
<tr>
<th>Facility</th>
<th>Avg. Daily Census</th>
<th>Admissions</th>
<th>Number Served</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Mountain</td>
<td>123</td>
<td>26</td>
<td>137</td>
<td>156</td>
</tr>
<tr>
<td>Longleaf</td>
<td>108</td>
<td>56</td>
<td>128</td>
<td>153</td>
</tr>
<tr>
<td>O’Berry</td>
<td>148</td>
<td>71</td>
<td>157</td>
<td>183</td>
</tr>
</tbody>
</table>

Source: Division of State Operated Healthcare Facilities
DSO HF 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
## Residential Programs for Children FY 2021-2022 Key Statistics

<table>
<thead>
<tr>
<th>Facility</th>
<th>Avg. Daily Census</th>
<th>Admissions</th>
<th>Number Served</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whitaker</td>
<td>9</td>
<td>17</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>Wright</td>
<td>8</td>
<td>15</td>
<td>24</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Division of State Operated Healthcare Facilities
$1.1 Billion in DSOHF Expenditures by Facility Type, FY 2022-23

Psychiatric Hospitals 54%

Neuro-Medical 12%

Developmental Centers 28%

ADATCs 5%

Child 1%

Children’s Residential Programs
DMH/DD/SA
DSOHF FTEs

DHHS: 17,423 Total FTEs
FY 2022-23

- State Operated Healthcare Facilities: 11,024 FTEs (63%)
- All other DHHS: 6,399 FTEs (37%)
DMH/DD/SAS
DSOHF FTEs

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

- Psychiatric Hospitals: 42%
- Developmental Centers: 37%
- Neuro-Medical Centers: 16%
- ADATCs: 5%
- Children's Residential Programs: 1%

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
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

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Change in # Served</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychiatric Hospitals</td>
<td>-700</td>
<td>-32%</td>
</tr>
<tr>
<td>ADATCs</td>
<td>-1,447</td>
<td>-36%</td>
</tr>
<tr>
<td>Developmental Centers</td>
<td>-158</td>
<td>-15%</td>
</tr>
<tr>
<td>Neuro-Medical Treatment Centers</td>
<td>-126</td>
<td>-23%</td>
</tr>
<tr>
<td>Residential Programs for Children</td>
<td>-18</td>
<td>-27%</td>
</tr>
</tbody>
</table>
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.
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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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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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
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

Luke MacDonald – luke.macdonald@ncleg.gov

919-733-4910