



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

March 22, 2023

SENT VIA ELECTRONIC MAIL

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 620, Legislative Office Building
Raleigh, NC 27603

The Honorable Jim Burgin, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Larry Potts, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2016-94, Section 12F.3.(b) requires the Department of Health and Human Services to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the reserve fund for the Governor's Mental Health and Substance Use Task Force. The report shall include an explanation of the specific amounts and uses of these funds and a detailed implementation plan with key milestones, due dates, and expected outcomes. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact John Furnari, Program/Policy Analyst, at John.Furnari@dhhs.nc.gov.

Sincerely,

DocuSigned by:

A handwritten signature in black ink, appearing to read "Kody H. Kinsley".

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Kody H. Kinsley
Secretary

cc:	Mark Collins	Joyce Jones	Katherine Restrepo	Luke MacDonald
	Lisa Wilks	Amy Jo Johnson	Francisco Celis Villagrana	Theresa Matula
	Jessica Meed	Nathan Babcock	Fred Aikens	Todd Barlow

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TEL 919-855-4800 • FAX 919-715-4645

LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

March 24, 2023

SENT VIA ELECTRONIC MAIL

Mr. Brian Matteson, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Director Matteson:

Session Law 2016-94, Section 12F.3.(b) requires the Department of Health and Human Services to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the reserve fund for the Governor's Mental Health and Substance Use Task Force. The report shall include an explanation of the specific amounts and uses of these funds and a detailed implementation plan with key milestones, due dates, and expected outcomes. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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Report on Use of the Mental Health and Substance Use Task Force Reserve Fund

Session Law 2016- 94, Section 12F.3.(b)



Report to

**Joint Legislative Oversight Committee on
Health and Human Services
and
Fiscal Research Division
by**

**North Carolina
Department of Health and Human Services**

March 22, 2023

Background

S.L. 2016-94, Section 12F.3.(b) established the Mental Health and Substance Use Task Force Reserve Fund as a fund within the General Fund and mandated, notwithstanding any provision of law to the contrary, monies in the Reserve Fund shall not revert at the end of the fiscal year but shall remain available until expended. Monies in the Fund may only be expended to implement the recommendations of the Governor's Task Force; provided, however, that no funds shall be expended until both of the following conditions have been met:

Reporting Requirement

- (1) The Department of Health and Human Services shall obtain the prior approval of the Office of State Budget and Management (OSBM) on a detailed implementation plan with key milestones and due dates.
- (2) The Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division within 10 days after obtaining the approval required by subdivision (1) of this subsection. The report shall include:
 - i. an explanation of the specific amounts and uses of these funds and
 - ii. a detailed implementation plan with key milestones, due dates, and expected outcomes.

Approved Initiatives

1. Detention-based Capacity Restoration
2. Assistance in Transition from Homelessness (PATH) Program
3. Supporting Families with Justice Involved Individuals During COVID
4. Child Case Management Pilots
5. Adult Case Management Pilots
6. Law Enforcement Assisted Diversion (LEAD)

Detention-based Capacity Restoration

The Department of Health and Human Services (DHHS) Division of State-Operated Healthcare Facilities (DSOHF) received OSBM approval in March 2022 for the use of \$7.2 million from the Reserve Fund to support the initiation of three (3) detention-based capacity restoration pilots. The duration of each pilot is two years with an estimated cost of \$1.2 million per year (local labor market costs could cause the average yearly cost of each pilot to be slightly higher or lower than projected).

Capacity restoration is a court-ordered service for criminal defendants deemed to be Incapable to Proceed (ITP) to trial. The need for capacity restoration is determined by a Forensic Capacity Evaluation that determines whether an individual, due to a mental illness or intellectual and/or developmental disability, does or does not have the ability to understand the charges against them or to assist with their own defense. Historically, capacity restoration in North Carolina has only been provided by the three psychiatric hospitals operated by DSOHF. Relying solely on DSOHF's psychiatric hospitals to provide capacity restoration services impacts the availability of civil beds in these facilities.

DHHS' capacity restoration pilots will develop additional capability to provide necessary capacity restoration services. DHHS expects these pilots to demonstrate the effectiveness of capacity restoration services in alternative settings. Expected outcomes include improved access to state-operated psychiatric hospitals for civil patients and faster timelines for restoring capacity to criminal defendants awaiting trial.

Project	Key Milestones	Implementation & Due Dates	Expected Outcome
Mecklenburg Detention-based Capacity Restoration Program	Engagement with county stakeholders to outline agreement on participation	May through October 2021	Agreement on parameters of pilot
	Complete Request for Proposal (RFP) process	November 2021	Review proposals, evaluate and select vendor
	Award letter issued	August 2022	Selected vendor notified
	First program participants served	Second Quarter of SFY 2023	Decrease wait time for individuals found Incapable to Proceed (ITP) to receive capacity restoration
	Begin to evaluate data results based on key metrics	Beginning the first month of the contract and continuing	Determination of the efficacy of the pilot in decreasing wait time for CRP

		through 24 months	services
Wake County Detention-based Capacity Restoration Program	Engagement with county stakeholders to outline agreement on participation	Third quarter of SFY 2023	Agreement on parameters of pilot
	Complete Request for Proposal (RFP) process	Fourth quarter of SFY 2023	Review proposals, evaluate and select vendor
	Award letter issued	First quarter of SFY 2024	Selected vendor notified
	First program participants served	Targeted for end of first quarter of SFY 2024	Decrease wait time for individuals found Incapable to Proceed (ITP) to receive capacity restoration
	Begin to evaluate data results based on key metrics	Beginning the first month of the contract and continuing through 24 months	Determination of the efficacy of the pilot in decreasing wait time for CRP services
Cumberland County Detention-based Capacity Restoration Program	Engagement with county stakeholders to outline agreement on participation	Third and fourth quarter of SFY 2023	Agreement on parameters of pilot
	Complete Request for Proposal (RFP) process	Fourth quarter of SFY 2023	Review proposals, evaluate and select vendor
	Award letter issued	First quarter of SFY 2024	Selected vendor notified
	First program participants served	Targeted or end of first quarter of SFY 2024	Decrease wait time for individuals found Incapable to Proceed (ITP) to receive capacity restoration
	Begin to evaluate data results based on key metrics	Beginning the first month of the contract and continuing through 24 months	Determination of the efficacy of the pilot in decreasing wait time for CRP services

Assistance in Transition from Homelessness (PATH) Program

DHHS' Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) received OSBM approval in October 2021 for the use of \$215,000 in SFY 22 and the use of \$460,000 in recurring dollars from the Reserve Fund starting in SFY 23. These funds serve as the required non-Federal matching funds for the PATH grant (which requires matching funds of \$1 for every \$3 federal grant dollars).

The PATH program is funded through a grant from the United States Substance Abuse and Mental Health Services Administration (SAMHSA) and is administered by DMHDDSAS via community-based non-profit organizations. It has been difficult to attract and retain contractors to provide PATH services due to the non-Federal match requirement, as community non-profit organizations generally do not have the financial resources to meet the match.

The PATH program provides assertive and intentional outreach, engagement, and case management services to adults with serious mental illness or co-occurring disorders who are homeless or at imminent risk of becoming homeless. Veterans and formerly incarcerated individuals are identified as priority populations.

Programs have been implemented and are fully operational. Providers include:

- Coastal Horizon Center
- CommuniCare, Inc
- Diakonos, Inc.
- Interactive Resource Center
- Monarch
- Asheville Buncombe Community Christian Ministry

Key Milestones	Implementation & Due Dates	Expected Outcomes
PATH Federal Grant Application Submitted	March 20, 2023	<ul style="list-style-type: none">• Reduce number of individuals with serious mental illness who are homeless• Improve health outcomes• Increase access to housing, benefits, and other social services• Improve access to mental health, substance use and primary care services

Annual PATH program audit	March – June, 2023	<ul style="list-style-type: none"> • Ensure programs are meeting program requirements and achieving desired outcomes
PATH RFA released and new providers identified	November 2023	<ul style="list-style-type: none"> • Direct unobligated funds to areas with heavier concentrations of people who are homeless.

Supporting Families with Justice Involved Individuals During COVID

DHHS' Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) received OSBM approval in February 2021 for the use of \$9,678,942 from the Reserve Fund to support 18 contracts representing a range of diversion and re-entry programs and one Technical Assistance (TA) provider. The purpose of these contracts is to provide timely intervention for justice involved individuals with substance use disorder to divert to treatment services or to ensure access to treatment services on release from incarceration. Each organization received a two-year contract beginning April – July 2021. By the end of the 5th month, all providers had convened with the TA provider, established programs, and completed required training modules. The TA provider is responsible for providing group and one-to-one implementation support and will submit progress reports monthly. Providers are required to report key performance indicators monthly, including numbers served, demographics served, treatment compliance, and recidivism. Expected outcomes include improved access to COVID-19 vaccination, decreased recidivism, and decreased death by overdose for individuals recently released from incarceration. Invoices are submitted monthly.

Contracted Providers

	Vendor	Counties Served	Program Type	Award Amount
1	The University of North Carolina at Chapel Hill	All	Technical Assistance	\$988,757
2	The Mental Health Fund, Inc. dba Catawba Valley Behavioral Healthcare	Catawba, Burke, Lincoln	Diversion and Re-entry	\$699,998
3	Jubilee Home	Durham	Re-entry	\$290,287
4	Mediation and Restorative Justice Center, Inc.	Watauga	Diversion and Re-entry	\$532,921
5	Southlight Healthcare	Wake	Diversion and Re-entry	\$636,149
6	Morse Clinic of North Raleigh	Wake	Re-entry	\$394,419
7	Coastal Horizons Center, Inc	New Hanover	Re-entry	\$381,768
8	Metropolitan Community Health Services, Inc.	Beaufort, Martin, Washington	Diversion and Re-entry	\$695,030
9	Robeson County	Robeson	Diversion	\$282,388
10	Dare County DHHS	Dare	Diversion and Re-entry	\$700,000
11	Criminal Justice Resource Center, Orange County	Orange	Diversion and Re-entry	\$689,078
12	Guilford County Sheriff's Office	Guildford	Re-entry	\$478,030
13	Vance Recovery	Vance, Warren, Granville, Franklin	Re-entry	\$333,497

14	Caldwell County Emergency Services	Caldwell	Re-entry	\$412,160
15	Coastal Ministries dba Project Lazarus	Alexander, Alleghany, Ashe, Caldwell, Mitchell, Watauga, Wilkes, Yadkin, Yancey	Diversion and Re-entry	\$645,554
16	Hoke County Health Department	Hoke	Re-entry	\$441,507
17	Buncombe County Sheriff's Office	Buncombe, Haywood, Henderson, Madison	Diversion and Re-entry	\$697,928
18	Iredell County Emergency Medical Services	Iredell	Re-entry	\$379,482

Key Milestones	Implementation & Due Dates	Expected Outcomes
RFA posted, applicants reviewed	February 2021	<p>Identify 18 organizations to provide diversion and re-entry programs for justice involved individuals with substance use disorders in local communities</p> <p>Identify 1 technical assistance provide training and other supports to build local, community expertise</p>
Applicants selected, contracts awarded, and programs implemented	April 2021 – July 2021	<p>Divert individuals who commit low-level crimes to appropriate treatment, recovery, and other support resources</p> <p>Support individuals in navigating treatment and support options during COVID-19, as well as connecting people to appropriate treatment, recovery and other support resources upon release.</p> <p>Provide education to individuals</p>

		<p>upon release from incarceration on overdose prevention and response.</p> <p>Provide naloxone to individuals upon release</p> <p>Improve COVID vaccination rates</p>
Training and technical assistance to contracted organizations	April 2021 – ongoing	<p>Provide support to individual contractors to implement services and evaluate individual programs</p> <p>Provide individual and group training to contractors on evidence-based strategies and cultural sensitivity</p>
Program evaluation	April 2022 - ongoing	<p>Evaluate programs to ensure that desired outcomes were met. Desired outcomes include:</p> <ul style="list-style-type: none"> • Increase number of individuals in target population who received a COVID-19 vaccination • Decrease number of individuals recently released from incarceration who die of an overdose • Increase the number of justice-involved individuals who are linked to treatment and recovery services • Increase the number of justice-involved individuals who are linked to medical, housing, transportation, and other social service resources • Reduce the number of individuals with substance use disorder from entering the justice system due to low-level crimes

Child Case Management Pilots

DHHS Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) received OSBM approval in July 2017 for the use of \$4,875,000 recurring dollars from the Reserve Fund to support the implementation of the Child Tiered Case Management pilot. Implementation began in July 2017 in three (3) counties – Cumberland, Gaston and Wayne. These pilots target youth and families with exposure to trauma and high behavioral health needs who are involved with the Department of Social Services and juvenile justice programs. This specialized pilot aims to prevent out of home placements, minimize length of time in placement, and improve overall functioning. The pilot offers 3 tiers of case management, depending on the needs of the youth/family and the severity of issues.

Historical outcomes for these pilots have been positive, including decreased length of time between referral and starting of services, increased family engagement, improved social and educational functioning, reduction in mental health symptoms (i.e., depression, anxiety, conduct disorder). This project is ongoing, but key milestones and expected outcomes for SFY23/24 are listed below.

Key Milestones	Implementation & Due Dates	Expected Outcomes
Implementation of Eastpointe LME/MCO Tiered Case Management pilot	4/1/23	<ul style="list-style-type: none">• Reduced length of time from referral to receiving services• Increase family engagement• Improved social and educational/vocational functioning• Reduced mental health symptoms• Increase number of youths served in community / Decrease in number of youth served in residential settings
Implementation of Trillium LME/MCO Tiered Case Management pilot	4/1/23	<ul style="list-style-type: none">• Reduced length of time from referral to receiving services• Increase family engagement• Improved social and educational/vocational functioning• Reduced mental

		<p>health symptoms</p> <ul style="list-style-type: none"> • Increase number of youths served in community / Decrease in number of youths served in residential settings
Contract with UNC-Greensboro to provide training and technical assistance to new providers – contract execution	2/1/23	Develop training and technical assistance for existing and future program providers
Complete training with existing providers on evidence-based program model	2/1/23 – 10/31/23	Providers trained in evidence-based program models
Post RFA for additional pilot sites	7/1/23	Identify up to four (4) additional pilot sites
Award contracts for additional pilot sites and begin implementation	10/31/23	Expand pilot to other areas statewide
Complete training with new providers on evidence-based program model	2/1/23 – 10/31/23	Providers trained in evidence-based program models
Pilot evaluation	7/1/23 – 12/31/23	Evaluate pilot progress and determine need for continuation or expansion

Adult Case Management Pilots

DHHS' Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) received OSBM approval in January 2017 for the use of \$4,875,000 from the Reserve Fund to support comprehensive case management for adults.

The goal of the Comprehensive Case Management pilots is to reduce utilization of emergency departments (EDs) and behavioral health inpatient hospitalizations through the implementation of targeted and enhanced case management practices. These pilots use the Resource Intensive Comprehensive Case Management (RICCM) model and target high utilizers of EDs and behavioral health inpatient services. The original pilot began in 2017 as a partnership between Vaya Health LME/MCO, Mission Hospital, and a community provider.

Key Milestones	Implementation & Due Dates	Expected Outcomes
Complete program / pilot evaluation	June 30, 2023	<ul style="list-style-type: none">• Decrease number of ED or inpatient admissions and readmissions• Increase access to benefits, housing and other social determinants of health• Increase access to Certified Peer Support Specialists for ongoing support
Meet with internal and external stakeholders to determine if additional programs would be beneficial within current behavioral health services system	December 31, 2023	<ul style="list-style-type: none">• Determine if services are relevant in the context of the current behavioral health system

DMHDDSAS is currently evaluating this pilot and the possibility of expansion to other areas. Prior to pilot expansion, DMHDDSAS will submit a revised request to OSBM and will report on key milestones, due dates and expected outcomes, as required.

Law Enforcement Assisted Diversion (LEAD)

DHHS' Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) received OSBM approval in July 2017 for the use of \$500,000 from the Reserve Fund to support LEAD to prevent individuals with mental health and substance use disorders from entering or penetrating deeper into the criminal justice system.

These LEAD programs focused on interception of individuals using prescription opioids and heroin during interaction with law enforcement.

Partners Health, working closely with Statesville Police Department in Iredell County, and Vaya Health, working closely Waynesville Police Department in Haywood County, received continuing allocations for SFY20 and SFY21 for \$125,000 per year specifically for the LEAD. The project consisted of NC Harm Reduction employees working closely with the Police Departments to train officers in the identification of participants for diversion and to take on a small caseload of clients. Both police departments remain engaged in diversion activities and have integrated LEAD into other initiatives to improve their response to individuals with behavior health needs.

Key Milestones	Implementation & Due Dates	Outcomes
Program Completion	June 30, 2021	Developed and implemented pre-booking diversion programs to avoid unnecessary use of our criminal justice resources by intercepting individuals with mental health and/or substance use disorders during interactions with law enforcement.
Virtual Site Visits		
Waynesville PD, Haywood County	Sept. 9, 2021	DMHDDSAS conducted Virtual Sites Visits after the completion of the LEAD programs to assess and determine next steps.
Statesville PD, Iredell County	Sept. 21, 2021	Both sites declined additional funding for LEAD and have integrated this work into other initiatives.