



## DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

KODY H. KINSLEY  
SECRETARY  
MARJORIE C. DONALDSON  
CHIEF FINANCIAL OFFICER

August 14, 2024

### **SENT VIA ELECTRONIC MAIL**

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

The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 303, 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:

Pursuant to Session Law 2023-134, Section 9M.1.(c) the Department of Health and Human Services reports changes in federal fund availability for the Substance Use Prevention, Treatment, and Recovery Services Block Grant from the amounts appropriated for SFY 2024-2025; and is congruent with the requirements in Section 9M.1.(c). The attached provides the plan to adjust the block grant based on increased federal fund availability.

If you have questions or concerns, please contact me by email at [Marjorie.Donaldson@dhhs.nc.gov](mailto:Marjorie.Donaldson@dhhs.nc.gov).

Sincerely,

Marjorie C. Donaldson  
Chief Financial Officer

cc: Mark Collins, Fiscal Analyst  
Luke MacDonald, Fiscal Analyst  
Jennifer Street, Director, Div. of Budget & Analysis  
Renee Rader, Deputy Director, Deputy Director & Chief Operating Officer  
Div. of Mental Health, Developmental Disabilities and Substance Use Services  
Darryl Childers, Assistant State Budget Officer, OSBM  
Melissa Roark, Budget Analyst- OSBM

### **NC DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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## Substance Use Prevention, Treatment, and Recovery Services Block Grant

### Goal or Purpose of Block Grant

The Substance Use Prevention, Treatment, and Recovery Services Block Grant program's objective is to help plan, implement and evaluate activities that prevent and treat substance use. Funds from this grant are utilized to provide prevention, early intervention, treatment and recovery support services for individuals at risk or with a substance use disorder. These funds provide NC the flexibility to design and implement activities and services to address the complex needs of individuals, families and communities impacted by substance use disorders and associated behaviors. Specifically, block grant recipients use the awards for the following purposes: (1) Fund priority treatment and support services for individuals without insurance or for whom coverage is terminated for short periods of time; (2) Fund those priority treatment and support services that demonstrate success in improving outcomes and/or supporting recovery that are not covered by Medicaid, Medicare, or private insurance; (3) Fund primary prevention by providing universal, selective, and indicated prevention activities and services for persons not identified as needing treatment; (4) Collect performance and outcome data to determine the ongoing effectiveness of behavioral health promotion, treatment, and recovery support services.

### Federal Block Grant Financial Requirements

(Briefly describe any federal financial requirements, including caps on administrative expenses or required maintenance of effort funding. Federal and State match requirements will be addressed on the proposed allocations table.) There are several financial requirements; i.e., set-asides and/or programmatic/service conditions for the SAPTBG: (1) 20% of the award must be utilized for primary prevention services; (2) no more than 5% may be spent on administrative functions at the SSA level; (4) treatment services must address the following priority populations in this order: pregnant women who use drugs intravenously, pregnant women who use alcohol or other drugs and individuals who inject drugs. In addition to the set-aside amounts, the state is required to meet maintenance of effort for the SAPTBG overall, as well as for women's services, TB services and HIV-Early Intervention Services.

### Financial Audit Standards Assurance Statement

A state agency that receives state and federal funds and then disburses those funds to a grantee:

- Must notify each grantee, at the time the grant is made, of the purpose of the grant and of the reporting requirements established in N.C.G.S. 143C-6.14 and 09 NCAC 03M.0102-.0802. This notification is to be made annually and in writing. (This is accomplished through the contract process.)
- Is not authorized to disburse funds to grantees that are not in compliance with the reporting requirements for funds received during the prior fiscal year.
- Must also provide each grantee with the accounting forms and other reporting formats that have been prescribed by the Office of the State Auditor (OSA) and/or mandated by legislation. The OSA forms and instructions can be downloaded at <http://www.ncauditor.net/NonProfit/StateForms.aspx>
- Must develop compliance supplements that provide suggested audit procedures to independent auditors performing audits. This information is provided to the Local Government Commission within the Department of State Treasurer and published at <http://www.treasurer.state.nc.us/SLG/frslg.htm>

### Projected Federal Block Grant Funds Availability

SFY 24-25 Total Availability	
Block Grant Fund Carry Forward - SFY 23-24	\$ 25,492,148
Federal Funds Available, 4th Qtr FFY 24 (July 2024 - September 2024)	\$ 13,089,112
Federal Funds Available, First 3 Quarters FFY 25 (October 2024 - June 2025)	\$ 36,965,725
Additional Funds to be Transferred in from other Block Grants	
<b>Total Projected Block Grant Funds Available SFY 24-25 and SFY 25-26</b>	<b>\$ 75,546,985</b>

### Historical and Proposed Use of Funding

Funded Services/Activities	Description of Service/Activity	Administrating Division	SFY 23-24 Appropriated	SFY 24-25 Appropriated	Year-end Projected Expenditures SFY 23-24	Remaining Balance Projected for SFY 23-24	Requested SFY 24-25	Difference SFY 24-25	Explanation of Changes from SFY 24-25 Allocations
<b>Local Services Funding</b>									
Substance Abuse - IV Drug	The SAPTBG requires that individuals who are injecting drugs are prioritized for treatment services; therefore funds are allocated specifically for this population.	DMHDD/SAS	\$ 2,000,000	\$ 2,000,000	\$ 1,684,300	\$ 315,700	\$ 2,315,700	\$ 315,700	Non recurring increase due to excess availability.
Substance Abuse Prevention	Substance Abuse Prevention services are provided to targeted individuals at risk of using and abusing alcohol, tobacco and other drugs. Services focus on prevention, intervention, and support for individuals, families and communities at risk for substance use and abuse.	DMHDD/SAS	\$ 20,245,927	\$ 20,245,927	\$ 19,745,000	\$ 500,927	\$ 20,746,854	\$ 500,927	Non recurring increase due to excess availability.
Substance Abuse Services - Treatment for Children/Adults	SAPTBG services provided include primary prevention, American Society of Addiction Medicine (ASAM) criteria-based levels of care for Substance Use Disorders including treatment services and recovery supports. The ASAM criteria provides for levels of care from: 5 Early Intervention through Medically Managed Inpatient Services, as well as an array of withdrawal management services. Individuals applying for services are assessed for history, severity of need and other factors by a certified or licensed substance use disorder counselor or other professional, and are referred to the appropriate level of care and associated services according to ASAM criteria. Individuals may move up or down in the ASAM continuum of services depending on their level of stability and current functioning.	DMHDD/SAS	\$ 45,176,849	\$ 45,176,848	\$ 43,614,723	\$ 1,562,126	\$ 46,738,974	\$ 1,562,126	Non recurring increase due to excess availability.
Crisis Solutions Initiatives - Walk-In Crisis Center	Walk-in crisis centers are great alternatives to emergency departments in most crisis cases. They allow a person in crisis to be assessed and treated quickly by clinically appropriate staff. Crisis Centers serve as an alternative to jail or the emergency department where individuals in distress might wait for days until they get the correct treatment. They have shown to decrease the utilization of an emergency department for mental health and substance abuse crises in communities where they are located.  Walk-In Crisis Centers also offer the advantage of being more directly connected with community based alternatives for inpatient care. Due to complex regulations, ED's often have little choice but to refer to a psychiatric inpatient facility. Walk-In Crisis Centers, however, can access short term residential beds to assist a person who needs only a few days of crisis intervention for stabilization of mental health or detox needs. These Crisis Recovery Centers and Non-Hospital Detox Centers are closer to home and their ongoing support systems for most people.	DMHDD/SAS	\$ -			\$ -		\$ -	
Crisis Solutions Initiatives - Community Paramedic Mobile Crisis Management	These funds support EMS agencies to divert ED transports to alternative appropriate settings with support of the LME/MCOs and crisis providers in several counties.	DMHDD/SAS	\$ -			\$ -		\$ -	
Crisis Solutions Initiatives - Innovative Technologies	Original proposal was to fund innovative technologies, such as mobile apps, to support individuals seeking or in recovery.	DMHDD/SAS	\$ -			\$ -		\$ -	
<b>DHHS Services Funding</b>									
Competitive Block Grant (TROSA)	TROSA is an innovative, multi-year residential program that enables substance abusers to be productive, recovering individuals by providing comprehensive treatment, work-based vocational training, education, and continuing care.	DMHDD/SAS				\$ -		\$ -	
<b>DHHS Administration Funding</b>									
Administration	DMHDD/SAS Administration	DMHDD/SAS	\$ 2,297,852	\$ 2,297,852	\$ 1,320,452	\$ 977,400	\$ 3,275,252	\$ 977,400	Non recurring increase due to excess availability.
Controlled Substance Reporting System Operations and Maintenance	This statewide reporting system was established by North Carolina law to improve the state's ability to identify people who misuse prescription drugs classified as Schedule II-V controlled substances (Defined). It is also meant to assist clinicians in identifying and referring for treatment patients misusing controlled substances. The NC Commission for Mental Health, Developmental Disabilities and Substance Abuse Services, and the Division of Mental Health, Developmental Disabilities and Substance Abuse Services make rules and manage the program.	DMHDD/SAS	\$ 675,000	\$ 675,000		\$ 675,000	\$ 675,000	\$ -	
HIV Testing for Individuals in Substance Abuse Treatment	States that meet the AIDS case rate threshold, as defined by the CDC, are required to utilize 5% of their total SAPTBG award for HIV early intervention services for individuals who are participating in substance use disorder treatment. States may continue to use 5% of SAPTBG funds for this purpose for a maximum of three consecutive years in which the state does NOT meet the threshold. <b>NC will enter its 5th year of not meeting this threshold in SFY 26; therefore these funds cannot be used for HIV early intervention services. The total SAPTBG award is not reduced.</b>	DMHDD/SAS	\$ -			\$ -		\$ -	
<b>DHHS Program Services-Division of Mental Health, Developmental Disabilities, Substance Abuse Services</b>									
Crisis Solutions Initiatives - Collegiate Wellness/Addiction Recovery	These funds support collegiate recovery programs and recovery community centers located across the state. These funds were originally designated for this purpose as per Executive Order 52.	DMHDD/SAS	\$ 1,545,205	\$ 1,545,205	\$ 1,545,205	\$ -	\$ 1,545,205	\$ -	

Crisis Solutions Initiatives - Veterans Crisis	These SAPTBG funds will support the operation and coordination of four regional NC Serves networks, the measurement and evaluation of each, and subsequent Semi-Annual reporting requirements on network performance in the support of positive outcomes for Veterans with substance use disorders and co-occurring conditions. This is no longer a transfer to DMVA.	DMHDD/SAS	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -	
Substance Abuse Services - Prevention	These funds will support substance abuse and prevention services for children and adults. Three positions will be responsible for behavioral health prevention to better address the needs of youth, families and communities in preventing substance misuse.	DMHDD/SAS	\$ -			\$ -		\$ -	
Substance Abuse Services - Treatment for Children/Adults	These funds will support substance abuse and prevention services for children and adults. Six positions are for addiction and recovery specialist and assist in policy development to assist people who have stabilized in treatment and need assistance stabilizing in the community to maintain optimal level of functioning.	DMHDD/SAS	\$ -			\$ -		\$ -	
Totals			\$ 72,190,833	\$ 72,190,832	\$ 68,159,680	\$ 4,031,153	\$ 75,646,985	\$ 3,356,153	