

# FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

**Division of Mental Health, Developmental Disabilities,  
and Substance Use Services (DMH/DD/SUS)  
Division of State Operated Healthcare Facilities (DSOHF)  
Overview & Budget**

**Luke MacDonald**

Joint Senate and House Appropriations Committees  
on Health and Human Services

March 4, 2025

# DMH/DD/SUS & DSOHF

## Overview & Budget

- Authorized Budget FY 2024-25 and past spending
- DMH/DD/SUS Overview
  - Community Services (LME/MCOs)
- DSOHF Overview
  - 13 facilities
  - Over 11,000 FTEs
- Opioid Settlement Funds
- Significant budget actions from the 2023-2025 Fiscal Biennium
- Potential budget considerations in the 2025-2027 Fiscal Biennium



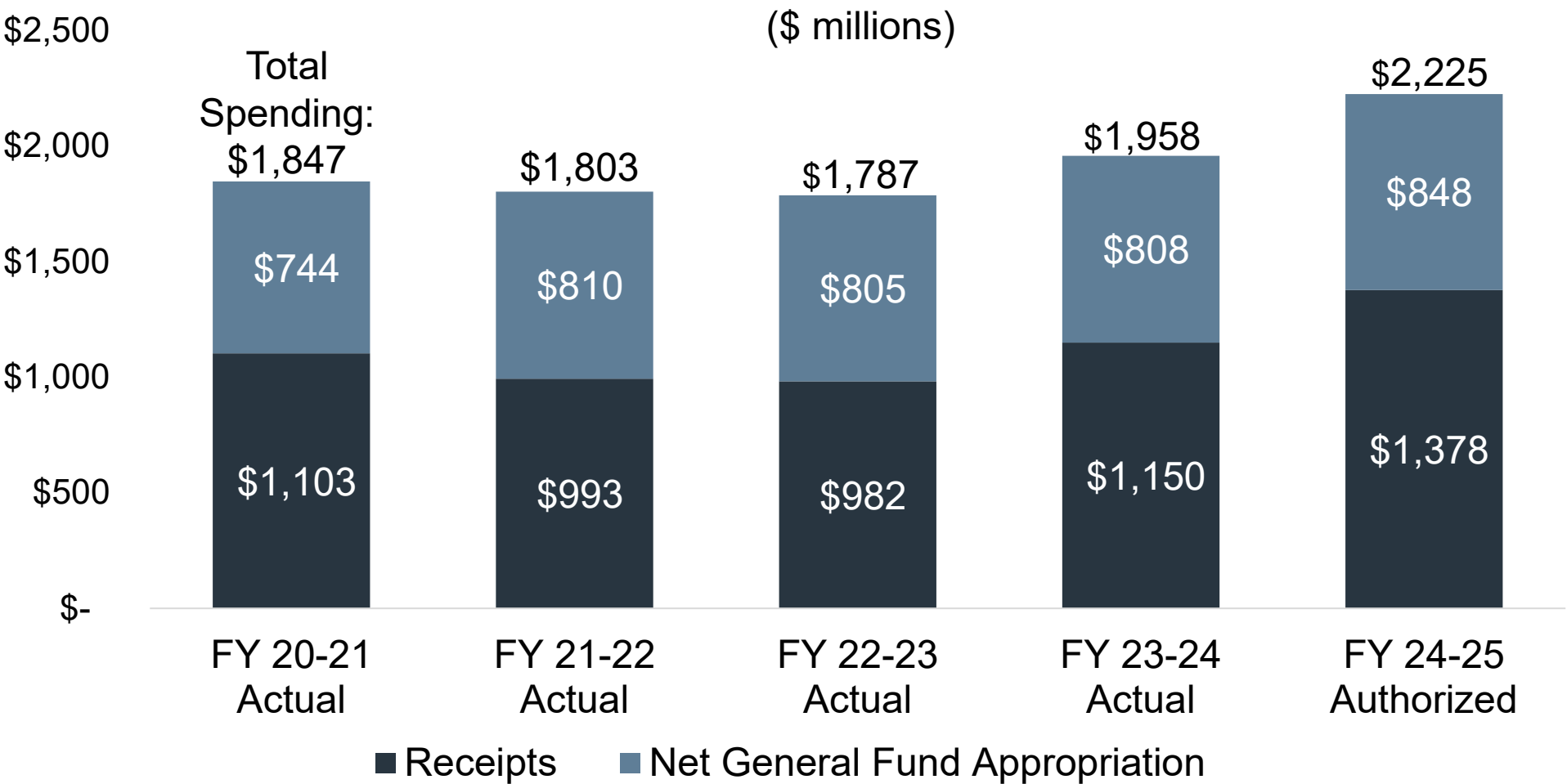
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# FY25 Authorized Budget vs Recent Spending



**11,280.3 total FTEs**

**Administration**  
220 FTEs  
17% vacant

**DMH/DD/SUS**  
46 FTEs  
24% vacant

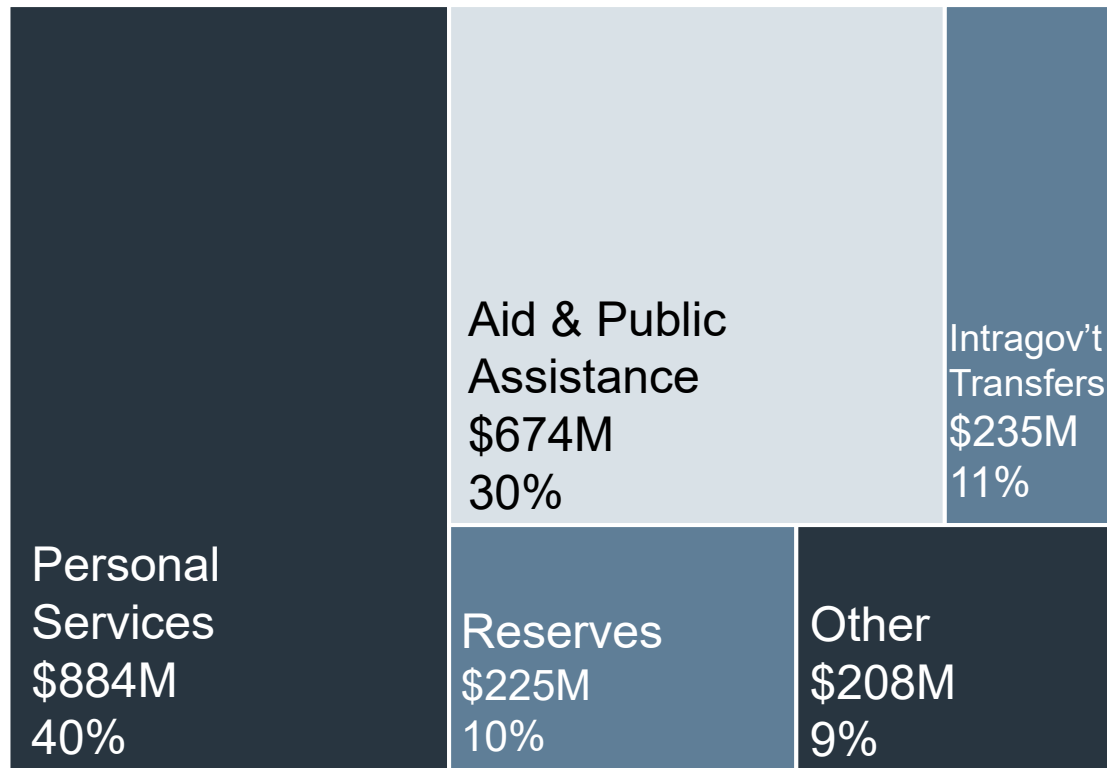
**DSOHF**  
11,014.3 FTEs  
29% vacant

**Note:** Totals may not sum due to rounding.  
**Sources:** DCDEE Budget Reports: June BD701 (FY21-FY24), December 2024 BD701 (FY25), BD307 (FY 2024-25)

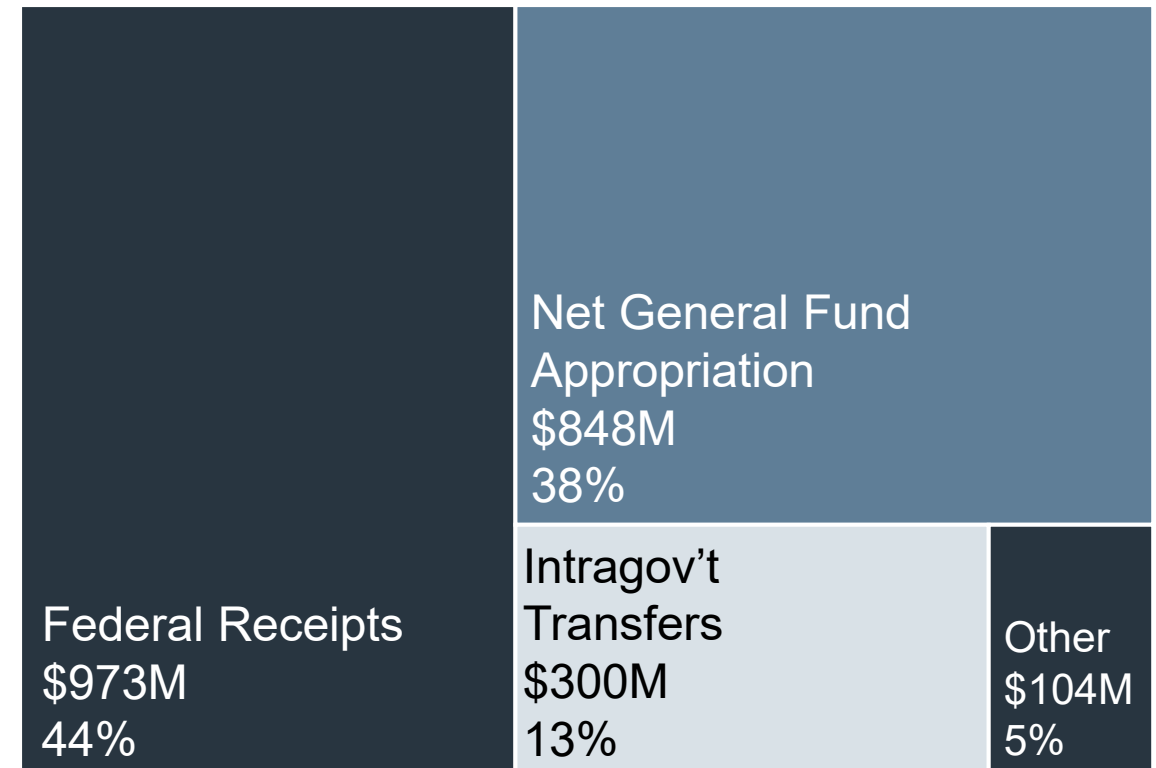
# FY25 Authorized Budget, Expenditures & Sources

Total Requirements: \$2.2 Billion

## Planned Spending

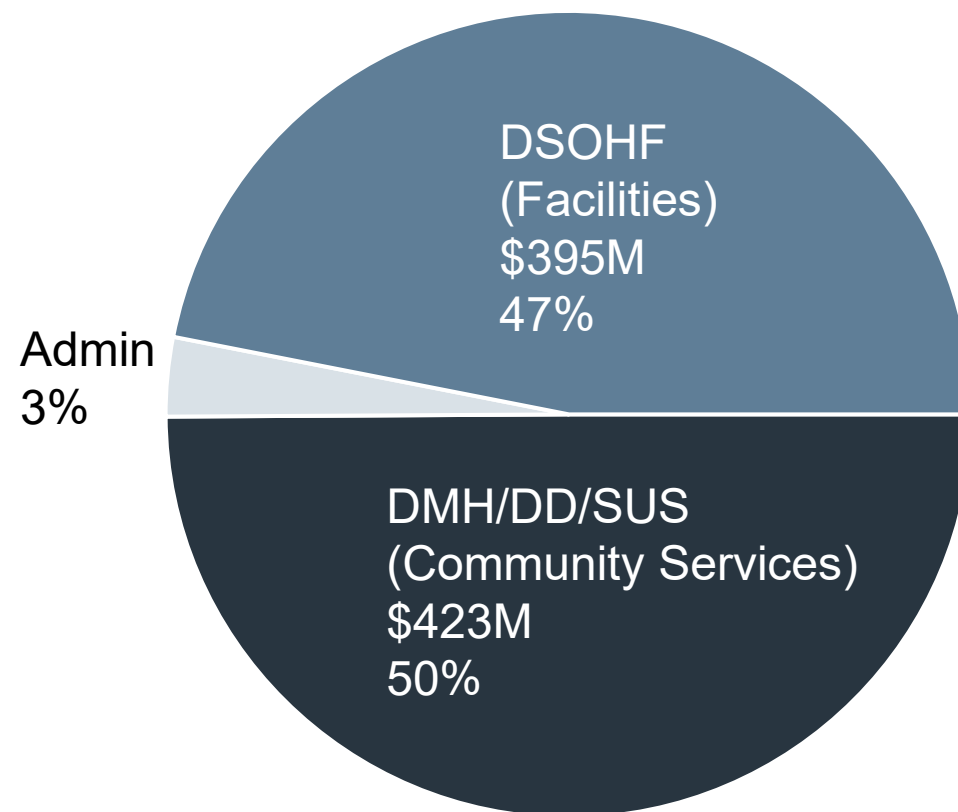


## Funding Sources



# FY25 Authorized Budget, Net GF Appropriations

Budgeted spending of \$848 million (General Fund dollars only)



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# DMH/DD/SUS Overview

Provides support and services for individuals with:

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

Excluding DSOHF and Admin, the DMH/DD/SUS budget is concentrated in Community Services

- Supports and services are often provided through Local Management Entities/Managed Care Organizations' (LME/MCOs) networks of local providers





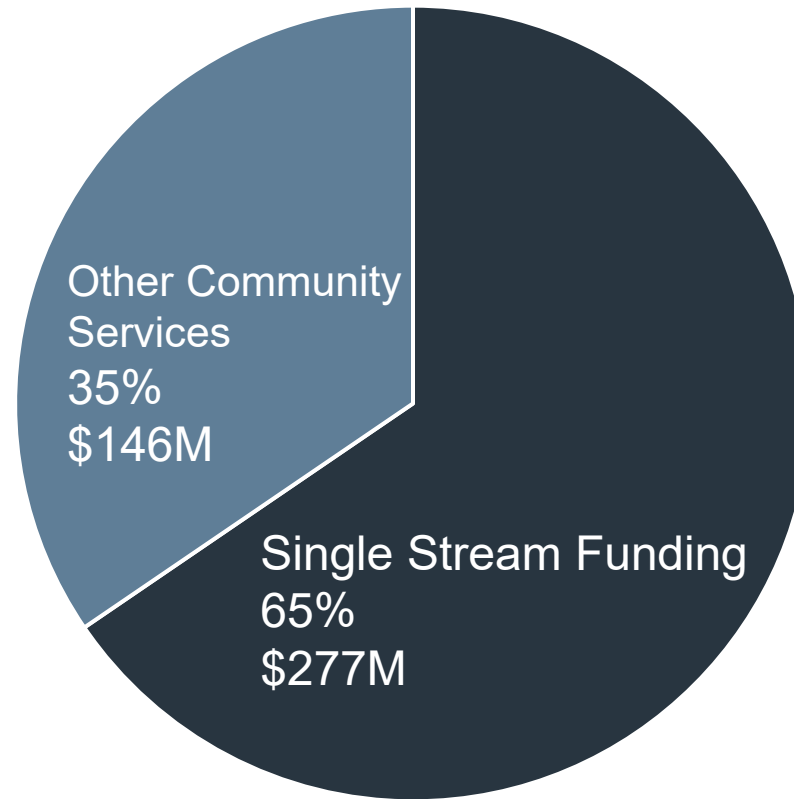
# DMH/DD/SUS Community Services

- Prevention
- Workforce Development
- Community and Crisis Services
- TBI Services and Supports
- Single Stream Funding
  - Mental health, I/DD, and substance use disorder services for uninsured and underinsured individuals
  - LME/MCOs



# FY25 Authorized Budget: Community Services, Net General Fund Appropriations

Budgeted spending of \$423 million for DMH/DD/SUS  
Community Services (General Fund dollars only)



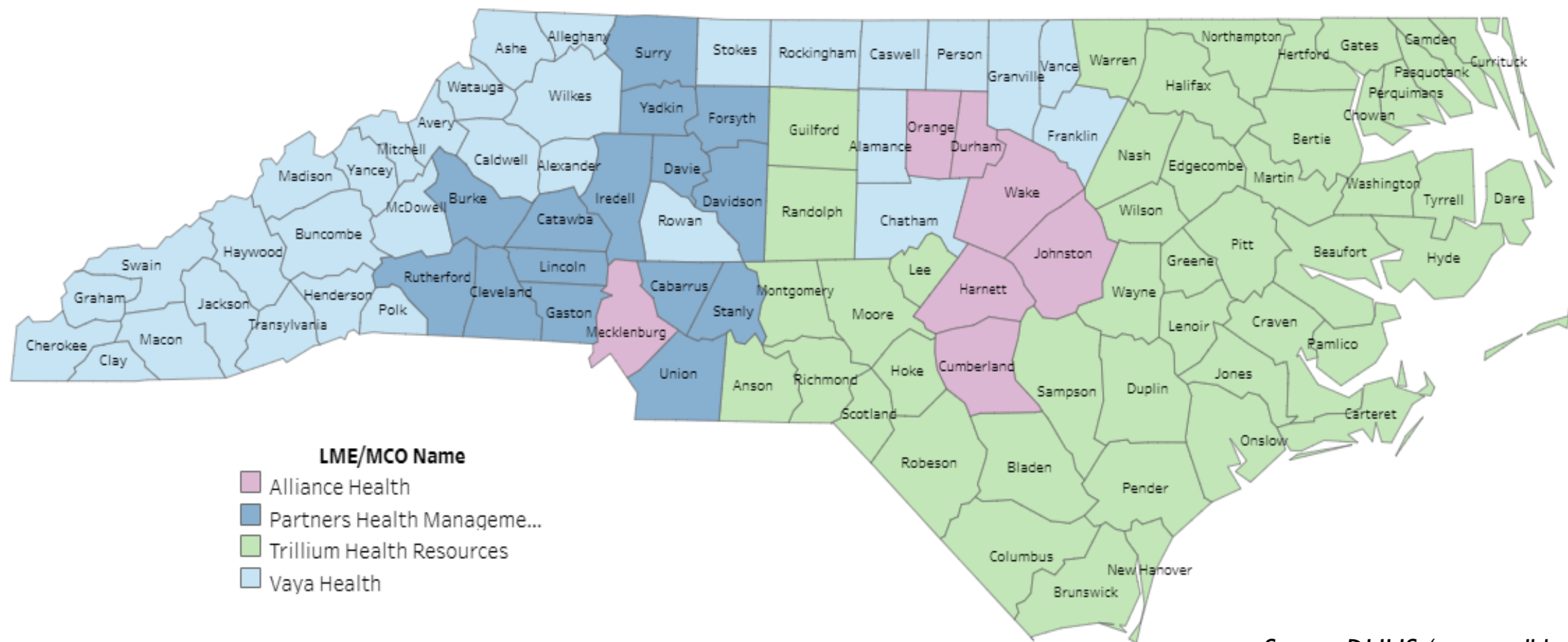
# Local Management Entities / Managed Care Organizations

4 LME/MCOs (Alliance Health, Partners Behavioral Health Management, Trillium Health Resources, and Vaya Health) manage health services for:

- Some Medicaid enrollees through:
  - Tailored Plans: the State's Medicaid population with serious mental illness, severe substance use disorders, I/DD, or TBIs (both behavioral and physical health)
  - NC Medicaid Direct (fee-for-service): Medicaid beneficiaries who are not enrolled in Managed Care (just behavioral health, I/DD, and TBI services)
- Behavioral health, I/DD, TBI services for the uninsured population



# Local Management Entities / Managed Care Organizations



Source: DHHS ([www.ncdhhs.gov](http://www.ncdhhs.gov))

# Transitions to Community Living Initiative (TCLI)

- Olmstead Act (federal): people with disabilities should receive community-based services when appropriate
- 2012: settlement with U.S. Department of Justice (US DoJ) after an assertion that the State was violating the Olmstead Act
  - Notable milestones: Supported Housing, Supported Employment, Community-Based Mental Health Services
  - Latest modification: State must comply with all outstanding provisions by July 1, 2027
- TCLI is how the State is complying with the US DoJ settlement agreement
- TCLI FY 2024-25: \$83 million across multiple DHHS divisions
  - \$23 million through DMH/DD/SUS budget
  - As of June 30, 2024: 3,654 people in Supported Housing



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# DSOHF Overview

- System of State facilities that treat adults and children with mental illness, developmental disabilities, and substance use disorder
- 13 facilities across the State
- 11,014 FTEs (FY 2024-25 Certified Budget)



# DSOHF Psychiatric Hospitals: Overview

## 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



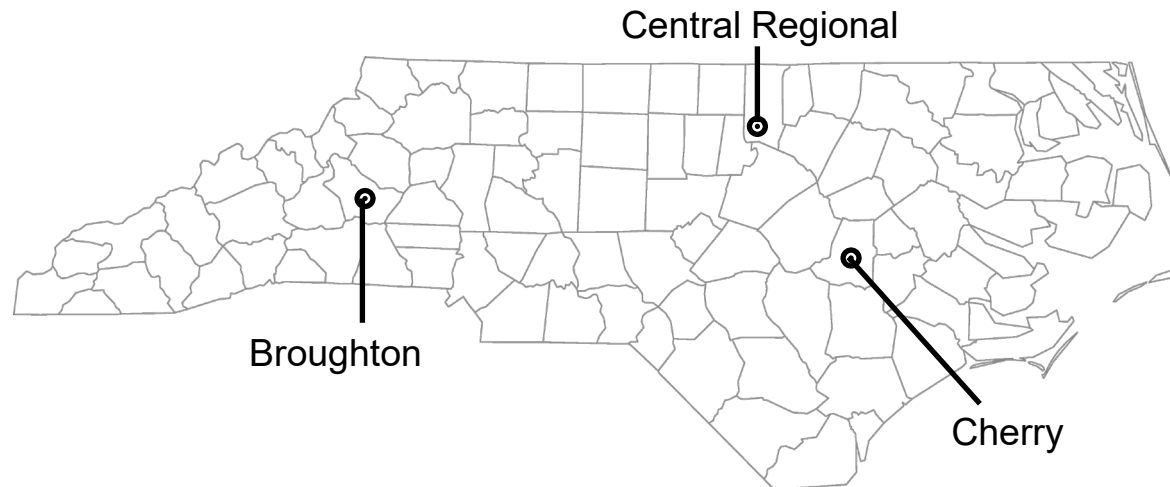


# DSOHF Psychiatric Hospitals: Overview

## Psychiatric Hospitals FY 2023-24 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity*	Median Length of Stay (days)	% Readmitted Within 30 days	Incapable to Proceed days
Broughton	168	187	321	265	86	10.5%	22,640
Cherry	155	420	502	259	29	15.0%	31,845
Central Regional	274	528	624	378	41	22.5%	17,616

*Source: Division of State Operated Healthcare Facilities*



\*Capacity if fully staffed

# DSOHF ADATCs: Overview

## Alcohol and Drug Abuse Treatment Centers (ADATCs)

- Julian F. Keith ADATC (Black Mountain, Buncombe County)
- Walter B. Jones ADATC (Greenville, Pitt County)

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

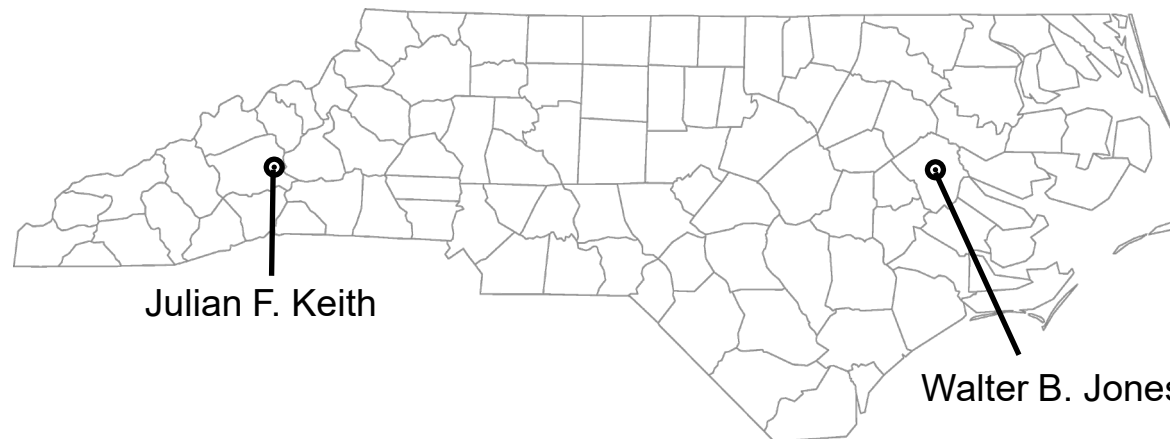


# DSOHF ADATCs: Overview

## ADATCs FY 2023-24 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity*	Median Length of Stay (days)	% Readmitted Within 30 days
Walter B. Jones	24	861	744	32	8	5.5%
Julian F. Keith	43	1,468	1,269	60	10	4.5%

*Source: Division of State Operated Healthcare Facilities*



\*Capacity if fully staffed

# DSOHF Developmental Centers: Overview

## Developmental Centers

- Caswell Developmental Center (Kinston, Lenoir County)
- J. Iverson Riddle Developmental Center (Morganton, Burke County)
- Murdoch Developmental Center (Butner, Granville County)
  - Offers some specialized programs for children

Developmental centers provide residential, medical, habitation, and other support services to individuals, with the goal of reintegrating into the community individuals:

- With I/DD, at least 18 years old (with exception of some programs at Murdoch)  
AND
- Meet Intermediate Care Facilities – Individuals with Intellectual Disabilities (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

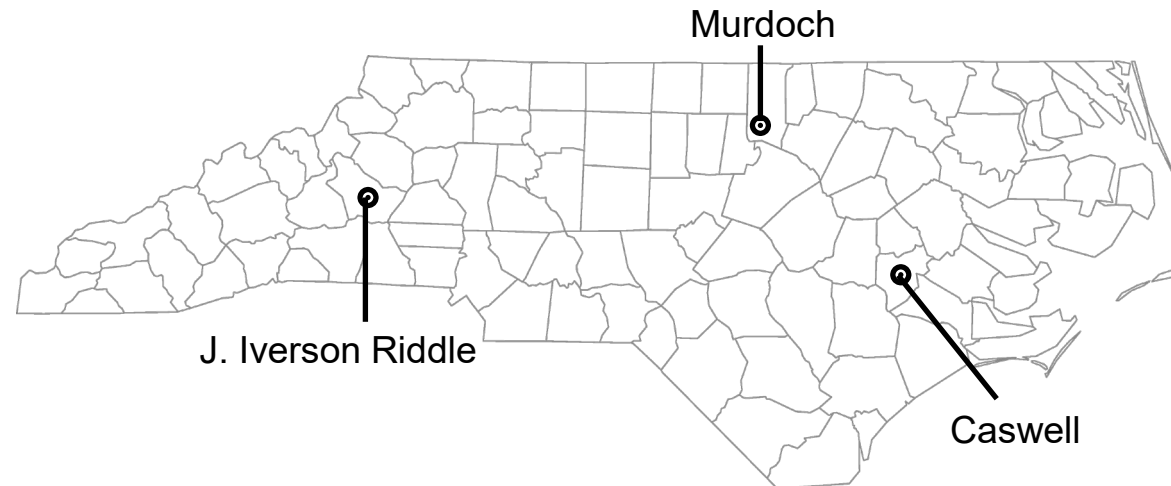


# DSOHF Developmental Centers: Overview

## Developmental Centers FY 2023-24 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity*
Caswell	221	74	235	358
J. Iverson Riddle	215	57	224	285
Murdoch	286	97	306	377

*Source: Division of State Operated Healthcare Facilities*



\*Capacity if fully staffed

# DSOHF Neuro-Medical Treatment Centers: Overview

## 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

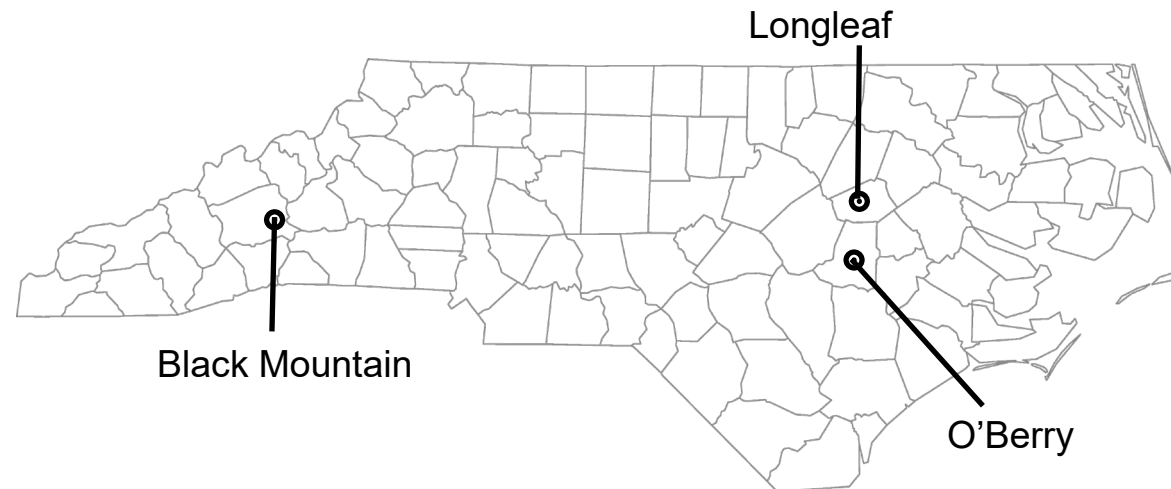


# DSOHF Neuro-Medical Treatment Centers: Overview

## Neuro-Medical Treatment Centers FY 2023-24 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity*
Black Mountain	86	23	101	163
Longleaf	89	4	101	97
O'Berry	128	73	136	144

*Source: Division of State Operated Healthcare Facilities*



\*Capacity if fully staffed

# DSOHF Residential Programs for Children: Overview

## 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



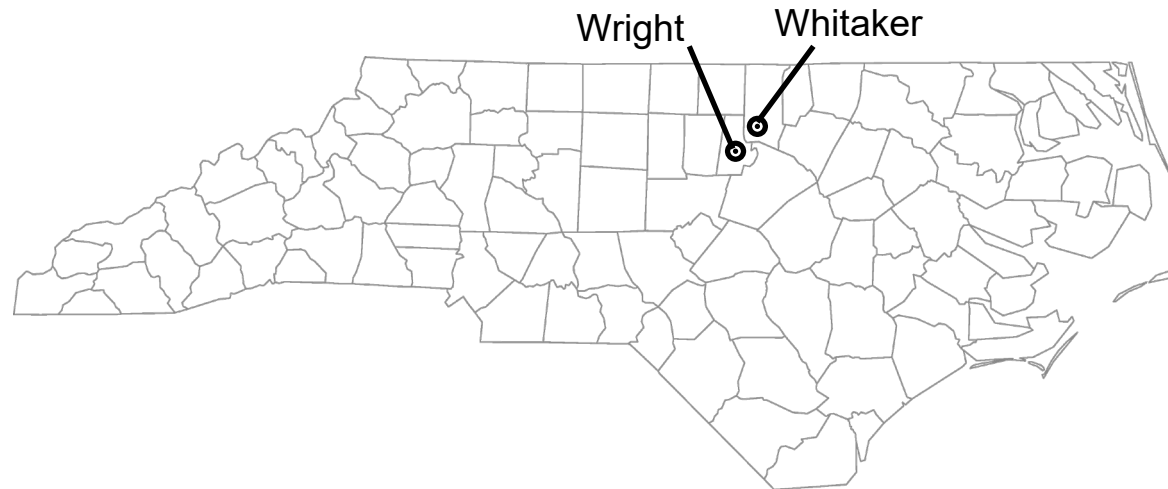


# DSOHF Residential Programs for Children: Overview

## Residential Programs for Children FY 2023-24 Key Statistics

Facility	Avg. Daily Census	Admissions	Number Served	Capacity*
Whitaker	9	16	24	12
Wright	6	24	38	16

*Source: Division of State Operated Healthcare Facilities*

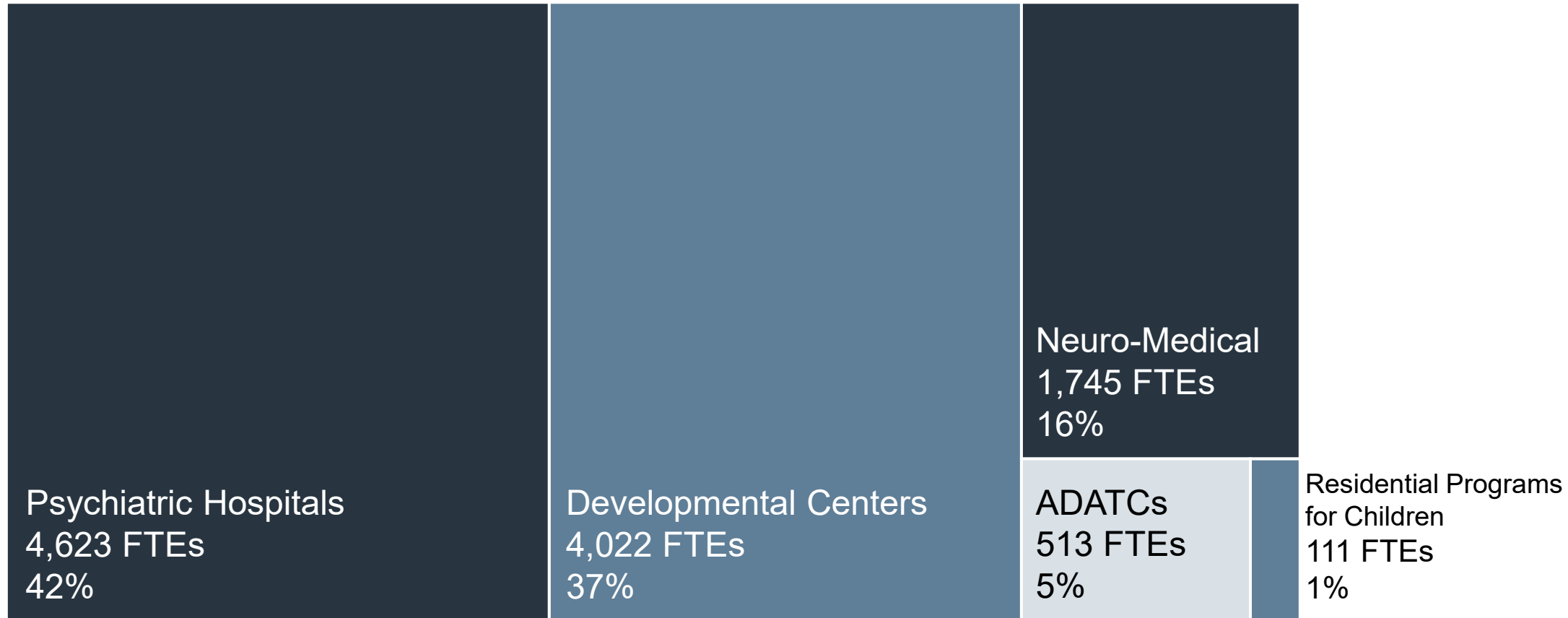


\*Capacity if fully staffed



# DSOHF Positions

## 11,014 DSOHF FTEs by Facility Type

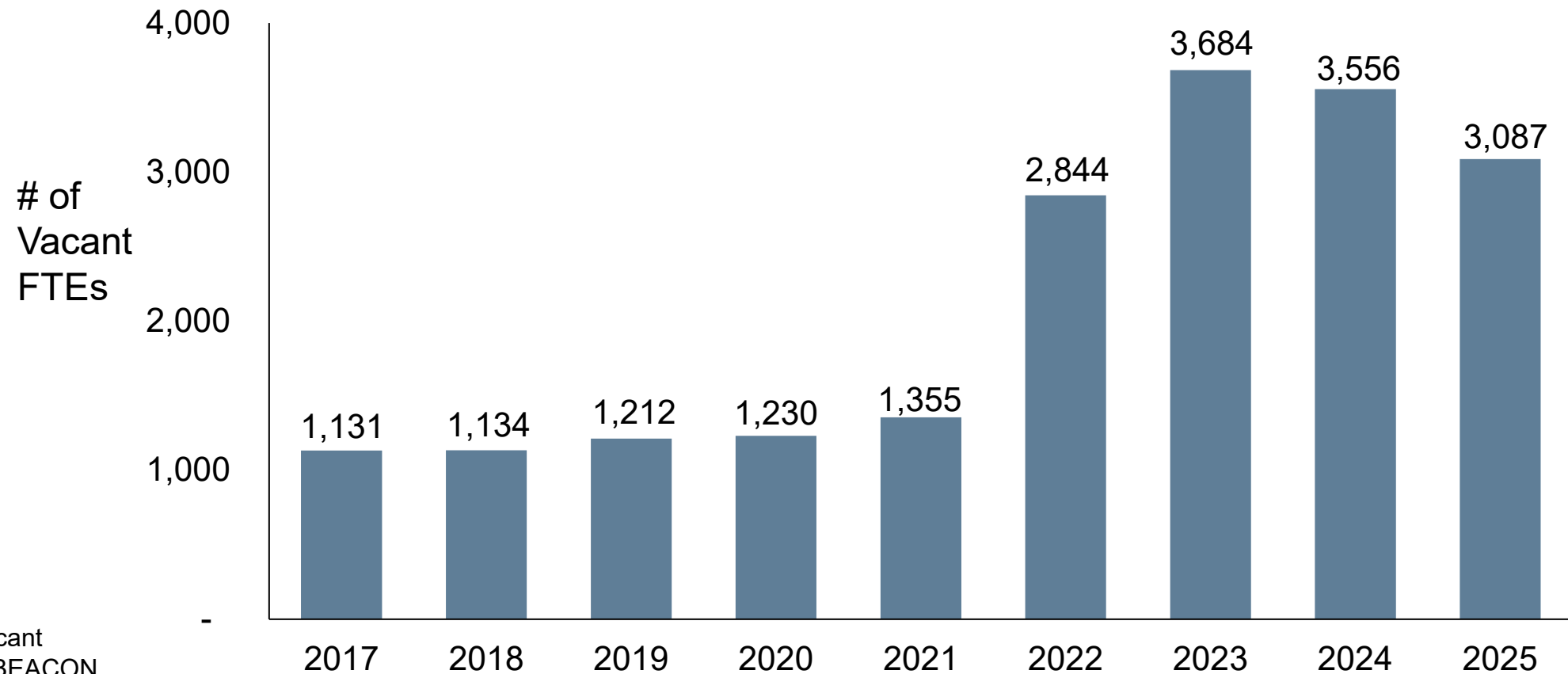


**Note:** Totals may not sum due to rounding.



# DSOHF Positions (continued)

DSOHF Vacant Positions, 2017 to 2025



Source: B0104 Vacant  
Positions Report, BEACON



# DSOHF Positions (continued)

- Over 3,000 unfilled positions, vacancy rate of ~29%
  - Vacancy rate slowly decreasing compared to 2 years ago
  - Vacancy rate still well above typical levels from before FY 2021-22 (10-12%)
- Primary consequence of vacancies: fewer people served
- Challenges of filling vacant positions at DSOHF:
  - Salaries vs competitors
  - Flexibility vs competitors (hiring timeline, incentives)
  - High acuity, behaviorally challenging patients
  - Workforce shortage
- One strategy: eliminate some vacant FTEs, reallocate funds to increase salaries for remaining FTEs to try to address recruiting/retention



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# Opioid Settlement Funds: Overview

Between 2021 and 2039, North Carolina expects to receive \$244 million from various opioid settlements (State share only)

- Does not include over \$1 billion that goes directly to counties and municipalities
- Settlement funds are deposited into the Opioid Abatement Reserve and may not be spent without an act by the General Assembly
  - SL 2021-180, 2021 Appropriations Act, Section 9F.1
- Funds may be used for “opioid remediation activities”
- Most settlements are generally front loaded: by the end of the upcoming 2025-2027 Fiscal Biennium, the State will have received \$124.9 million, over half of the total expected State share



# Opioid Settlement Funds: Overview (continued)

\$50.5 million appropriated so far

- \$16.6 million to the North Carolina Collaboratory
  - R&D grants
  - Research partnership
  - Recovery courts study
  - CORE-NC data dashboard ([ncopioidsettlement.org](https://ncopioidsettlement.org))
- \$16.5 million to DHHS to award to community providers/nonprofits
- \$9.2 million directly to various counties and nonprofit organizations
- \$6.0 million to LME/MCOs for opioid remediation programs
- \$1.8 million to DHHS for a Prescription Digital Therapeutics pilot program
- \$0.4 million for county strategic planning and technical assistance



# Opioid Settlement Funds: Future Years

Unappropriated amount expected to be available in the Opioid Abatement Reserve on June 30, 2025:

**\$43,784,373**

## Future Amounts Due

FY 2025-26	\$17,073,676
FY 2026-27	\$13,511,210
FY 2027-28	\$10,378,273
FY 2028-29	\$14,367,444
FY 2029-30	\$14,901,508
FY 2030-31	\$13,284,435
FY 2031-32	\$12,329,400
FY 2032-33	\$11,335,964
FY 2033-34	\$ 8,970,083
FY 2034-35	\$ 8,424,030
FY 2035-36	\$ 8,424,030
FY 2036-37	\$ 6,962,737
FY 2037-38	\$ 5,025,436
FY 2038-39	\$ 5,025,436

Source: North Carolina Department of Justice





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# 2023-2025 Fiscal Biennium Significant Budget Actions

## **SL 2023-134, 2023 Appropriations Act**

- \$294.5M nonrecurring from the ARPA Temporary Savings Fund
  - \$99M for re-entry and diversion programs, capacity restoration programs
  - \$80M for crisis system improvements (mobile crisis teams, crisis facilities)
  - \$40M for DSOHF workforce stabilization efforts, plus multiple other items
- \$15.6M recurring in each year of the biennium for TCLI (\$ to other divisions)
- \$5M recurring in each year for Competitive Integrated Employment
- \$9.2M in FY 2023-24 and \$10M in FY 2024-25 nonrecurring from the Opioid Abatement Reserve (opioid settlement funds)
  - \$5.5M in each year to North Carolina Collaboratory for opioid abatement R&D grants
  - \$3.7M in FY 2023-24 and \$4.5M in FY 2024-25 to various nonprofits and counties

## **2024-53, Disaster Recovery Act of 2024 - Part II**

- \$25M nonrecurring for mental health crisis supports and support for individuals with I/DD



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# 2025-2027 Fiscal Biennium Potential Budget Considerations

Decision points for the General Assembly on:

- TCLI (US DoJ Settlement)
  - Outstanding provisions: State must comply by July 1, 2027
  - Request for additional funds anticipated
- Opioid Settlement Funds
  - Over \$70 million available to appropriate
- Continue monitoring ARPA Temporary Savings Fund spending on Behavioral Health
  - Potential for expansion/continuation?



# Questions?

Luke MacDonald  
luke.macdonald@ncleg.gov  
919-733-4910

