GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2007

SENATE DRS35494-LNz-309B* (4/2)

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Short Title: Recommendations of MH/DD/SA Oversight Comm. (Public)

Sponsors:	Senator Nesbitt.
Referred to:	

1 A BILL TO BE ENTITLED 2 AN ACT TO ENACT VARIOUS LAWS TO IMPROVE THE MENTAL HEALTH, 3 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES SYSTEM, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT 4 5 COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, 6 AND SUBSTANCE ABUSE SERVICES. 7 The General Assembly of North Carolina enacts: 8 SECTION 1.1. Expenditure of Service Dollars. - For the purpose of mitigating cash-flow problems that many non-single-stream LMEs experience at the 9 beginning of each fiscal year, the Department of Health and Human Services, Division 10 of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall 11 12 adjust the timing and method by which allocations of service dollars are distributed to each non-single-stream LME. To this end, the allocations shall be adjusted such that at 13 the beginning of the fiscal year, the Department shall distribute not less than one-twelfth 14 15 of the LME's continuation allocation and subtract the amount of the adjusted 16 distribution from the LME's total reimbursements for the fiscal year. 17 SECTION 1.2. There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental 18 Disabilities, and Substance Abuse Services, the sum of six million dollars (\$6,000,000) 19 20 for the 2008-2009 fiscal year. These funds shall be used to support LMEs in 21 establishing additional regionally purchased and locally hosted substance abuse programs. Funds appropriated shall be for the purpose of developing and enhancing the 22 23 American Society of Addiction Medicine (ASAM) continuum of care at the community 24 level. The Department of Health and Human Services shall work with LMEs in 25 establishing these programs. 26 SECTION 1.3.(a) There is appropriated from the General Fund to the 27 Department of Health and Human Services, Division of Mental Health, Developmental

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Disabilities, and Substance Abuse Services, the sum of six hundred seventy-five
 thousand dollars (\$675,000) for the 2008-2009 fiscal year. These funds shall be used to
 contract with an outside vendor for technical assistance to LMEs that are not meeting
 the standards necessary for single-stream funding.
 SECTION 1.3.(b) The Department shall encourage the conversion of the

5 SECTION 1.3.(b) The Department shall encourage the conversion of the 6 remaining non-single-stream LMEs to single-stream funding as soon as possible. The 7 Department shall also develop standards for the removal of single-stream designation 8 for those LMEs that do not continue to comply with the applicable requirements for 9 single-stream funding.

10 **SECTION 1.4.** The Department of Health and Human Services shall 11 simplify the current State Integrated Payment and Reporting System (IPRS) to 12 encourage more providers to serve State-paid clients.

SECTION 1.5. The Department of Health and Human Services shall create a reporting system for both single-stream funding and non-unit-cost reimbursement funding that is readily comprehensible and integrates with payment systems.

The Department of Health and Human Services shall 16 SECTION 1.6. 17 determine why there have been under- and over-expenditure of State service dollars by 18 LMEs and shall take the action necessary to address the problem. In making its 19 determination, the Department shall consult with LMEs and providers. Not later than 20 January 1, 2009, the Department shall report to the House of Representatives 21 Appropriations Subcommittee on Health and Human Services, the Senate 22 Appropriations Committee on Health and Human Services, the Fiscal Research 23 Division, and the Joint Legislative Oversight Committee on Mental Health, 24 Developmental Disabilities, and Substance Abuse Services on actions taken to address 25 the problem of LME under- and over-expenditure of service dollars.

26 SECTION 1.7.(a) There is appropriated from the General Fund to the 27 General Assembly the sum of one million dollars (\$1,000,000) for the 2008-2009 fiscal 28 year. These funds shall be used to retain the services of an independent consultant to 29 perform a services gap analysis of the Mental Health, Developmental Disabilities, and 30 Substance Abuse Services System. In developing the Request for Proposal (RFP), the 31 Fiscal Research Division shall require the independent consultant to report on or before 32 May 1, 2009, its findings and recommendations to the House of Representatives 33 Appropriations Subcommittee on Health and Human Services, the Senate 34 Appropriations Committee on Health and Human Services, the Joint Legislative 35 Oversight Committee on Mental Health, Developmental Disabilities, and Substance 36 Abuse Services, and the Fiscal Research Division.

37 **SECTION 1.7.(b)** In developing its work plan, the Joint Legislative Program 38 Evaluation Oversight Committee may include a thorough performance evaluation of the 39 State's mental health agencies in the Department of Health and Human Services, 40 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services 41 and the Division of Medical Assistance. The performance evaluation shall be 42 completed not later than May 1, 2009.

43 **SECTION 2.1.(a) State-Operated Services.** – In order to temporarily 44 address high admissions to adult acute unit beds in the State psychiatric hospitals, the

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1	• 1	rtment of Health and Human Services may open and operate on a			
2		entral Regional Hospital Wake Unit on the Dorothea Dix Campus			
3	•	Wake Unit on the Dix Campus until beds become available in the			
4	system.				
5		2.1.(b) G.S. 122C-181(a)(1) reads as rewritten:			
6		ry's jurisdiction over State facilities.			
7		provided in subsection (b) of this section, the Secretary shall			
8	operate the following				
9	•	hiatric Hospitals:			
10	a.	Cherry Hospital.			
11	a1.	(Contingent effective date, see Editor's note) Central			
12		Regional Hospital.			
13	b.	(Contingent repeal date, see Editor's note) Dorothea Dix			
14		Hospital.			
15	с.	(Contingent repeal date, see Editor's note) John Umstead			
16		Hospital.			
17	d.	Broughton Hospital.			
18	<u>e.</u>	The Central Regional Hospital Wake Unit on the Dorothea Dix			
19		<u>Campus.</u> "			
20		tion expires upon the earlier of July 1, 2009, or the availability of			
21	beds at Central Region	*			
22		2.1.(c) There is appropriated from the General Fund to the			
23	A	h and Human Services the sum of five million two hundred			
24	seventy-four thousand dollars (\$5,274,000) for the 2008-2009 fiscal year. These				
25	onetime funds shall be used to support the temporary opening and operation of the				
26	Central Regional Hospital Wake Unit on the Dorothea Dix Campus.				
27		2.2.(a) G.S. 130A-383(a) reads as rewritten:			
28		ll examiner jurisdiction.			
29 20	· · · ·	eath of any person resulting from violence, poisoning, accident,			
30		occurring suddenly when the deceased had been in apparent good			
31		ended by a physician; occurring in a jail, prison, correctional			
32 33		State facilities operated in accordance with Part 5 of Article 4 of			
	—	<u>General Statutes</u> ; or in police custody; occurring pursuant to			
34 35		15 of the General Statutes; or occurring under any suspicious,			
35 36		circumstance, the medical examiner of the county in which the			
30 37	-	is found shall be notified by a physician in attendance, hospital cement officer, funeral home employee, emergency medical			
38	· ·	by any other person having suspicion of such a death. No person			
38 39					
39 40	shall disturb the body at the scene of such a death until authorized by the medical				
40 41	examiner unless in the unavailability of the medical examiner it is determined by the appropriate law enforcement agency that the presence of the body at the scene would				
42	risk the integrity of the body or provide a hazard to the safety of others. For the limited				
42 43		expression of opinion that death has occurred may be made by a			
Ъ	purposes of uns fait,	expression of opinion that death has becalled may be made by a			

1 nurse, an emergency medical technician or any other competent person in the absence of 2 a physician." 3 **SECTION 2.2.(b)** G.S. 122C-31 is amended by adding the following new 4 subsection to read: 5 "§ 122C-31. Report required upon death of client. 6 7 (g) In addition to the reporting requirements specified in subsections (a) through 8 (e) of this section, and pursuant to G.S. 130A-383, every State facility shall report the 9 death of any client of the facility, regardless of the manner of death, to the medical 10 examiner of the county in which the body of the deceased is found." 11 **SECTION 2.2.(c)** There is appropriated from the General Fund to the 12 Department of Health and Human Services the sum of one hundred fifty-five thousand 13 two hundred twenty-six dollars (\$155,226) for the 2008-2009 fiscal year. These funds 14 shall be used for one additional public health nurse consultant position and other costs 15 associated with the increased investigatory requirements of this section. **SECTION 2.2.(d)** The Commission for Mental Health, Developmental 16 17 Disabilities, and Substance Abuse Services shall study the current death reporting 18 requirements under G.S. 122C-26(5)(c) and assess the need for any additional reporting 19 requirements or modifications to existing rules or procedures. The Commission shall 20 report its findings to the Joint Legislative Oversight Committee on Mental Health, 21 Developmental Disabilities, and Substance Abuse Services not later than November 1, 22 2008. 23 SECTION 2.3. There is appropriated from the General Fund to the 24 Department of Health and Human Services, Division of Mental Health, Developmental 25 Disabilities, and Substance Abuse Services, the sum of thirty million dollars (\$30,000,000) for the 2008-2009 fiscal year. These funds shall be used to expand the 26 27 Hospital Utilization Pilot Program statewide in a manner that maintains local control of 28 funds and bed allocations, with a goal of reducing the use of State psychiatric hospital 29 beds for those individuals staying two weeks or less. 30 **SECTION 2.4.(a)** There is appropriated from the General Fund to the 31 Department of Health and Human Services, Division of Mental Health, Developmental 32 Disabilities, and Substance Abuse Services, the sum of one million one hundred 33 thirty-four thousand one hundred sixty-eight dollars (\$1,134,168) for the 2008-2009 34 fiscal year to implement three pilot programs of the Transitional Residential Treatment 35 Program. One pilot program shall be located in each of the State's three State 36 psychiatric hospital catchment areas. 37 **SECTION 2.4.(b)** The Department of Health and Human Services, Division

SECTION 2.4.(b) The Department of Health and Human Services, Division
 of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall
 develop and implement a plan for discharge planning at the local level for all disability
 groups. The Department shall implement its plan as soon as possible.

41 **SECTION 2.5.(a)** There is appropriated from the General Fund to the 42 Housing Trust Fund the sum of ten million dollars (\$10,000,000) for the 2008-2009 43 fiscal year for the Housing 400 Initiative in order to reduce the need for State 44 psychiatric hospitals in the long term. **SECTION 2.5.(b)** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of two million five hundred thousand dollars (\$2,500,000) for the 2008-2009 fiscal year to continue operating support for an estimated 500 units of the Housing 400 Initiative in order to reduce the need for State psychiatric hospitals in the long term. It is the intent of the General Assembly that these funds shall be appropriated on a recurring basis.

8 **SECTION 2.6.** Not later than October 1, 2008, the Department of Health 9 and Human Services, Division of Medical Assistance, shall provide for automatic 10 reenrollment of Medicaid recipients whose Medicaid eligibility had been cancelled 11 because of admission to the hospital. The purpose of automatic reenrollment is to 12 ensure that upon release from the hospital the eligible Medicaid recipient will have 13 uninterrupted access to care and medications under the Medicaid program.

14 SECTION 2.7. The Department of Health and Human Services, Division of 15 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall, within available resources, implement the tiered CAP-MR/DD waiver program in accordance 16 17 with Section 10.49(dd) of S.L. 2007-323. The Department shall implement the program 18 with four tiers: (i) up to ten thousand dollars (\$10,000); (ii) between ten thousand one 19 dollars (\$10,001) and twenty-five thousand dollars (\$25,000); (iii) between twenty-five 20 thousand one dollars (\$25,001) and seventy-five thousand dollars (\$75,000); and (iv) 21 greater than seventy-five thousand dollars (\$75,000).

22 SECTION 2.8. The North Carolina Institute of Medicine shall study and 23 report on the transition for persons with developmental disabilities from one life setting 24 to another, including barriers to transition and best practices in successful transitions. 25 The IOM should conduct this study using funds appropriated for IOM studies in the 26 The study should encompass at least the following topics: (i) the 2007 Session. 27 transition for adolescents leaving high school, including adolescents in foster care and 28 those in other settings; (ii) the transition for persons with developmental disabilities who 29 live with aging parents; and (iii) the transition from the developmental centers to other 30 settings.

31 **SECTION 2.9.** The Department of Health and Human Services shall review 32 State-County Special Assistance rates to establish an appropriate rate for special care 33 units for persons with a mental health disability, including individuals with Traumatic 34 Brain Injury (TBI), and shall review current rules pertaining to special care units for 35 persons with a mental health disability to determine if additional standards are 36 necessary. Effective July 1, 2008, care provided to individuals with Traumatic Brain 37 Injury shall be paid at the special care unit rate paid for care of persons with a mental 38 health disability. The Department shall report its findings and recommendations to the 39 House of Representatives Appropriations Subcommittee on Health and Human 40 Services, the Senate Appropriations Committee on Health and Human Services, the 41 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, 42 and Substance Abuse Services, and the Fiscal Research Division not later than January 43 1, 2009.

1 **SECTION 3.1.** Community Services. – In order to ensure accountability for 2 services provided and funds expended for community services, the Department of 3 Health and Human Services, Division of Mental Health, Developmental Disabilities, 4 and Substance Abuse Services, shall develop a tiered rate structure to replace the 5 blended rate currently used for community support services. Under the new tiered 6 structure, services that are necessary but do not require the skill, education, or 7 knowledge of a qualified professional should not be paid at the same rate as services 8 provided by qualified skilled professionals. The Department shall report on the 9 development of the structure to the Joint Legislative Oversight Committee (LOC) on 10 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than 11 October 1, 2008. The Department shall not implement the tiered rate structure until 12 after it has consulted with the LOC.

13 **SECTION 3.2.** The Department of Health and Human Services, Division of 14 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall 15 develop a service authorization process that separates the assessment function from the 16 service delivery function at the LME level. In developing the process, the Department 17 shall consider as an option separate LME assessment centers, the duties of which would 18 include care coordination. The Department shall report on the development of the 19 service authorization process to the Joint Legislative Oversight Committee (LOC) on 20 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than 21 October 1, 2008. The Department shall not implement the service authorization process 22 until after it has consulted with the LOC.

23 SECTION 3.3.(a) The Department of Health and Human Services shall 24 conduct a thorough study of the service authorization, utilization review, and utilization 25 management processes and shall develop a plan to return the service authorization, 26 utilization review, and utilization management functions to LMEs for all clients. Not 27 later than February 1, 2009, the Department shall report its findings and 28 recommendations to the House of Representatives Appropriations Subcommittee on 29 Health and Human Services, the Senate Appropriations Committee on Health and 30 Human Services, the Joint Legislative Oversight Committee on Mental Health, 31 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research 32 Division. The Department shall comply with the requirements of S.L. 2007-323, Section 33 The Department shall not contract with an outside vendor for service 10.49(ee). 34 authorization, utilization review, or utilization management functions, or otherwise 35 obligate the State for these functions beyond June 30, 2009. The Department shall 36 require LMEs to include in their service authorization, utilization management, and 37 utilization review a review of assessments, as well as person centered plans and random 38 or triggered audits of services and assessments.

39 **SECTION 3.3.(b)** The Department shall require that the licensed 40 professional that signs a medical order for behavioral health services must indicate on 41 the order whether the licensed professional (i) has had direct contact with the consumer, 42 and (ii) has reviewed the consumer's assessment. This requirement shall take effect no 43 later than October 1, 2008. 44

SECTION 3.4.(a) G.S. 122C-151.4 reads as rewritten:

1	"§ 122C-	151.4.	Appeal to State MH/DD/SA Appeals Panel.
2	(a)	Defin	itions. – The following definitions apply in this section:
3		(1)	"Appeals Panel" means the State MH/DD/SA Appeals Panel
4			established under this section.
5		(1a)	"Client" means an individual who is admitted to or receiving public
6			services from an area facility. "Client" includes the client's personal
7			representative or designee.
8		(1b)	"Contract" means a contract with an area authority or county program
9		. ,	to provide services, other than personal services, to clients and other
10			recipients of services.
11		(2)	"Contractor" means a person who has a contract or who had a contract
12			during the current fiscal year. year, or whose application for
13			endorsement has been denied by an area authority or county program.
14		(3)	"Former contractor" means a person who had a contract during the
15			previous fiscal year.
16	(b)	Appe	als Panel The State MH/DD/SA Appeals Panel is established. The
17	Panel sha	all con	sist of three members appointed by the Secretary. The Secretary shall
18	determine	e the qu	ualifications of the Panel members. Panel members serve at the pleasure
19	of the Sec	cretary	
20	(c)	Who	Can Appeal The following persons may appeal to the State
21	MH/DD/S	SA Ap	peals Panel after having exhausted the appeals process at the appropriate
22	area auth	ority of	r county program:
23		(1)	A contractor or a former contractor who claims that an area authority
24			or county program is not acting or has not acted within applicable
25			State law or rules in <u>denying the contractor's application for</u>
26			endorsement or in imposing a particular requirement on the contractor
27			on fulfillment of the contract;
28		(2)	A contractor or a former contractor who claims that a requirement of
29			the contract substantially compromises the ability of the contractor to
30			fulfill the contract;
31		(3)	A contractor or former contractor who claims that an area authority or
32			county program has acted arbitrarily and capriciously in reducing
33			funding for the type of services provided or formerly provided by the
34			contractor or former contractor;
35		(4)	A client or a person who was a client in the previous fiscal year, who
36			claims that an area authority or county program has acted arbitrarily
37			and capriciously in reducing funding for the type of services provided
38			or formerly provided to the client directly by the area authority or
39			county program; and
40		(5)	A person who claims that an area authority or county program did not
41		~ /	comply with a State law or a rule adopted by the Secretary or the
42			Commission in developing the plans and budgets of the area authority
43			or county program and that the failure to comply has adversely

1 2 affected the ability of the person to participate in the development of the plans and budgets.

3 Hearing. - All members of the State MH/DD/SA Appeals Panel shall hear an (d) 4 appeal to the Panel. An appeal shall be filed with the Panel within the time required by 5 the Secretary and shall be heard by the Panel within the time required by the Secretary. 6 A hearing shall be conducted at the place determined in accordance with the rules adopted by the Secretary. A hearing before the Panel shall be informal; no sworn 7 8 testimony shall be taken and the rules of evidence do not apply. The person who appeals 9 to the Panel has the burden of proof. The Panel shall not stay a decision of an area 10 authority during an appeal to the Panel.

11 Decision. - The State MH/DD/SA Appeals Panel shall make a written (e) 12 decision on each appeal to the Panel within the time set by the Secretary. A decision 13 may direct a contractor, an area authority, or a county program to take an action or to 14 refrain from taking an action, but it shall not require a party to the appeal to pay any 15 amount except payment due under the contract. In making a decision, the Panel shall 16 determine the course of action that best protects or benefits the clients of the area 17 authority or county program. If a party to an appeal fails to comply with a decision of 18 the Panel and the Secretary determines that the failure deprives clients of the area 19 authority or county program of a type of needed service, the Secretary may use funds 20 previously allocated to the area authority or county program to provide the service.

21 (f) Chapter 150B Appeal. – A person who is dissatisfied with a decision of the 22 Panel may commence a contested case under Article 3 of Chapter 150B of the General 23 Statutes. Notwithstanding G.S. 150B-2(1a), an area authority or county program is 24 considered an agency for purposes of the limited appeal authorized by this section. If 25 the need to first appeal to the State MH/DD/SA Appeals Panel is waived by the 26 Secretary, a contractor may appeal directly to the Office of Administrative Hearings 27 after having exhausted the appeals process at the appropriate area authority or county 28 program. The Secretary shall make a final decision in the contested case."

SECTION 3.4.(b) The Department of Health and Human Services shall adopt guidelines for LME periodic review and re-endorsement of providers to ensure that only qualified providers are endorsed and that LMEs hold those providers accountable for the Medicaid and State-funded services they provide.

33 SECTION 3.5.(a) Effective October 1, 2008, the catch line of G.S. 108A-79
 34 reads as rewritten:

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"§ 108A-79. Appeals.<u>Appeals of county level decisions.</u>"

36 **SECTION 3.5.(b)** Effective October 1, 2008, Article 4 of Chapter 108A of 37 the General Statutes is amended by adding the following new section to read:

38 "<u>§ 108A-79.1. Appeals by Medicaid applicants and recipients.</u>

39 (a) An action by the Department to deny, terminate, suspend, or reduce Medicaid
40 eligibility, or to deny, terminate, suspend, or reduce Medicaid services is a "contested
41 case" subject to the provisions of Chapter 150B of the General Statutes, except as
42 provided by this section. At the time of providing the notice required under subsection
43 (b) of this section, the Department shall file a petition with the Office of Administrative

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1	Hearings to determine the Medicaid applicant's or recipient's rights, duties, or
2	privileges.
3	(b) In addition to the notice requirements of G.S. 150B-23, the Department shall
4	provide within 30 days of its decision written notice to the aggrieved applicant or
5	recipient, or the applicant's or recipient's legal guardian, which notice shall include:
6	(1) An explanation of the Department's decision.
7	(2) A clear and concise statement of what service is being reduced,
8	terminated, or denied and the basis upon which the decision was made.
9	(3) A statement that the Department has filed a petition for administrative
10	review of its decision in the Office of Administrative Hearings, and
11	that the applicant or recipient has 30 days from the date of the
12	Department's decision to decide whether or not to proceed with the
13	hearing.
14	(4) A clear explanation of how the hearing will proceed, what is required
15	of the applicant in order to proceed or to decline to proceed, and that
16	the applicant or recipient may be represented by an attorney or other
17	person at the hearing. The notice shall further state that representation
18	by an attorney may be available from Disability Rights of NC legal
19	services, and attorneys working with mediation centers throughout the
20	State.
21	(5) A statement that the recipient will continue to receive Medicaid
22	services at the level provided on the day immediately preceding the
23	Department's decision pending a final decision.
24	(6) The telephone number of a contact person at the Department to
25	respond in a timely fashion to applicant or recipient questions.
26	(7) <u>A brochure supplied by the North Carolina Protection and Advocacy</u>
27	System that explains the rights of applicants and recipients under the
28	State Medical Assistance Program, including the rights to appeal
29	decisions of the Department."
30	SECTION 3.6. The Department of Health and Human Services, Division of
31	Mental Health, Developmental Disabilities, and Substance Abuse Services, shall study
32	Medicaid waivers, including 1915(b) and (c) waivers, for all LMEs. In cases where
33	Medicaid waivers are not appropriate for an LME, the Department shall identify and
34	recommend strategies to increase LME flexibility to provide case management,
35	assessment, limit provider networks, or other innovative approach for managing care.
36	Not later than March 1, 2009, the Department shall report its findings and
37	recommendations to the House of Representatives Appropriations Subcommittee on
38	Health and Human Services, the Senate Appropriations Committee on Health and
39	Human Services, the Joint Legislative Oversight Committee on Mental Health,
40	Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research
41	Division.
42	SECTION 3.7.(a) The Secretary of the Department of Health and Human
43	Services shall develop a detailed plan for General Assembly review on its

43 Services shall develop a detailed plan for General Assembly review on its 44 recommendation to merge, consolidate, or establish regional arrangements or consortia

1 of LMEs. In developing the plan, the Secretary shall consult with LMEs to obtain input 2 on the feasibility and effectiveness of potential mergers and the time frame needed to 3 fully implement the mergers, regional arrangements, or consortia at the local level. The 4 Secretary shall provide the plan to the House of Representatives Appropriations 5 Subcommittee on Health and Human Services, the Senate Appropriations Committee on 6 Health and Human Services, the Joint Legislative Oversight Committee on Mental 7 Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal 8 Research Division not later than March 1, 2009. 9 **SECTION 3.7.(b)** The Secretary of the Department of Health and Human 10 Services shall not take any action prior to January 1, 2010, that would result in the 11 merger or consolidation of LMEs operating on January 1, 2008, or that would establish 12 consortia or regional arrangements for the same purpose, except that LMEs that do not

meet the catchment area requirements of G.S. 122C-115 as of January 1, 2008, may
 initiate, continue, or implement the LMEs' merger or consolidation plans to overcome

15 noncompliance with G.S. 122C-115.

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SECTION 4. Effective date. – This act becomes effective July 1, 2008.