

## S.L. 2018-5 AND OTHER LEGISLATIVE BUDGETARY HIGHLIGHTS

### Health and Human Services Budget Highlights

The Conference Report provides net appropriations of \$5.4 billion for the Department of Health and Human Services, which is a 1.9% increase or \$98 million above the amount enacted for FY 2017-18. Highlights of the Conference Committee and other legislative actions in Health and Human Services follow below:

#### Adjustments to Appropriations: Division of Public Health

- **(Page C-12, Item 26) Provides \$250,000 R to expand 2 smoking cessation programs:** Quitline NC and You Quit Two Quit.
- **(Page C-12, Item 27) Provides \$250,000 NR for tobacco prevention** activities targeted to youth and people of childbearing age.
- **(Page C-14, Item 33) Increases fee to fully fund the State's Newborn Screening Program** and expands the screening to include all of the conditions/diseases recommended by the U.S. Department of Health and Human Services. Eliminates the structural budget deficit at the State Laboratory for Public Health

#### Special Provisions: Division of Public Health

- **(Sec. 11E.1, Page 79) Increases the newborn screening fee to \$128 to support the full cost of the State's newborn screening program** and conform to the US. DHHS recommended screening panel. Authorizes DHHS to use the rulemaking process in the future to add new conditions/diseases as recommended by the U.S. DHHS.

#### Adjustments to Appropriations: Division of Child Development and Early Education

- **(Page C25, Item 55) Budgets \$50 million R in TANF block grant funds for NC Pre-K and reduces Net General Fund Appropriations by the same amount.** This adjustment does not reduce funding for NC Pre-K and the total requirements of \$163.8 million for NC Pre-K remain unchanged.
- **(Page C25, Item 57) Increases the Child Care Subsidy Market Rate for Tier 1 & 2 Counties** by providing \$3.7 million R in federal block grant funds to increase the market rate effective October 1, 2018 for infants through 5 year olds in 3-, 4- and 5 star centers and homes in Tier 1 & 2 counties to the 100<sup>th</sup> percentile of the 2015 Market Rate Study.
- **(Page C25, Item 58) Increases the Child Care Subsidy Market Rate for Tier 3 Counties** by providing \$9.8 million R in federal block grant funds to increase the market rate effective October 1, 2018 for 3 through 5 year olds in 3-, 4- and 5 star centers and homes in Tier 3 counties to the recommended rates from the 2015 Market Rate Study.

- **(Page C25, Item 59) Reduces the Child Care Subsidy Waitlist** by providing \$19.6 million R in federal block grant funds to serve an estimated 3,700 additional children in the Child Care Subsidy program.

### **Special Provisions: Division of Child Development and Early Education**

- **(Sec. 11B.2, Page 73) Separate Star-Rated License/Birth through Two Years of Age/Report** requires the Division Child Development and Early Education to develop a separate birth through two years of age, star-rated license for child care facilities. The Division must also evaluate certified religious-base child care centers rate payments and the minimum requirements for certification. The report is due November 1, 2018.

### **Adjustments to Appropriations: Division of Social Services**

- **(Page C34, Item 75) Provides \$8.6 million R in additional federal funds for the Low income Energy Assistance Program** which assists low income households with emergency heating or cooling needs.
- **(Page C37, Item 85) Provides \$8.6 million R in additional federal funds for the Crisis Intervention Program** which assists low income households with their heating bills
- **(Page C38, Item 86) Budgets \$1.3 million R for local county departments of social services to provide additional adult guardianship services.** Funding is comprised of \$987,000 of federal Social Services block grant funds and local match receipts of \$329,000.

### **Adjustments to Appropriations: Division of Aging and Adult Services**

- **(Page C47, Item 116; Page C48, Item 118) Budgets an additional \$1.1 million R to expand the Home and Community Care Block Grant (HCCBG).** Funding is comprised of federal block grant funds and local match. The HCCBG provides funding for in-home and community based services in support of older adults, allowing them to continue residing at home. Increased funding will allow an estimated 575 additional seniors to access HCCBG services.

### **Special Provisions: Division of Aging and Adult Services**

- **(Sec. 11D.1, Page 78) Plan for allowing the Eastern Band of Cherokee Indians to assume responsibility for the administering the Home and Community Care Block Grant,** directs the Department to develop and submit a plan to enable the Eastern Band

of Cherokee Indians (EBCI) to assume responsibility for administering the HCCBG on behalf of the tribe. The report is due February 1, 2019.

### **Adjustments to Appropriations: Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

- **(Page C-74, Item 171) Increases the recurring and nonrecurring reductions for Single-Stream funding** using updated projected cash balances and the solvency standards in the distribution methodology. The recurring reduction will be increased by \$438,000 and the nonrecurring reduction will be increased by \$16,584,000. LME/MCO's are required to maintain the same level of single stream service utilization as FY 2014-15.
- **(Page C-78, Item 189) Provides \$5 million R for up to 169 FTE's and other operating costs for the opening of the new Broughton Hospital**, with a future annualized cost of no more than \$19 million in total requirements and \$15.1 million state appropriations.
- **(Page C-82, Item 202) Provides \$6 million NR for a TROSA facility in the Triad Area**
- **(Page C-82, Item 203) Provides \$1.4 million NR for a facility based crisis center in Wilkes County.**
- **(Page C-84, Item 212) Provides \$10 million NR from the Dorothea Dix Property Fund for grants for additional school mental health support personnel.** Funds will be transferred to the Department of Public Instruction.

### **Special Provisions: Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

- **(Sec. 11F.2, Page 86) Extends the deadline for the purchase of psychiatric and facility based crisis beds** using Dorothea Dix Property funds appropriated in FY 2016-17. The funds must be spent or encumbered by 6/30/19 instead of 6/30/17.
- **(Sec. 11F.6, Page 87, ) Requires the Department to prepare a cost analysis of expanding the Wright School** to one facility east of Interstate 95 and one facility west of Interstate 77. The analysis must include projected operating costs over a three period, occupancy assumptions, revenues by payer and how the opening of the new facilities will impact spending and utilization of Medicaid funded services.
- **(Sec. 11F.10, Page 89) Requires the Department to implement a quarterly LME/MCO solvency range calculation** with corrective action plans required for LME/MCO's that hold cash balances of more than or less than 5% of the calculated range. The calculation will incorporate factors for incurred but not reported claims, routine net operating liabilities, reserves for catastrophic or extraordinary items, projected

operating losses, and mandated intergovernmental transfers for the subsequent 24 months and funding for reinvestment plans that contain proposed qualifying expenditures.

- **(S.L. 2018-97, Section 3.7, Budget Technical Corrections & Study) adds a new item that provides \$348,558 NR to maintain the suicide prevention lifeline** and requires the Office of State Budget and Management to include recurring funding for the hotline in the Department's base budget for FY 2019-20.

#### **Adjustments to Appropriations: Division of Medical Assistance**

- **(Pages C-88 and C-89, Items 216 and 217) Provides a combined \$360,586 R to audit county Medicaid eligibility processes.** Funds support a new contract (\$256,802 R) and 4 FTEs to oversee and monitor the contract (\$103,784 R).
- **(Page C-91, Item 224) Budgets \$3.2 million R to support 60 additional slots for the Medicaid physician upper limit payment plan** with federal receipts and intergovernmental transfers from UNC and ECU.

#### **Special Provisions: Division of Medical Assistance**

- **(Section 11H.3, Page 94) Directs the Department to pursue a federal Medicaid match for the Nurse Family Partnership Program** to be expanded statewide. The program would provide multiple home visits for a woman during her first pregnancy and continued visits for two years after the infant's birth.
- **(Section 11H.4, Page 95) Requires the Department to pursue federal approval to establish Medicaid reimbursement for ambulance transports for individuals in behavioral health crisis** to alternative locations, such as behavioral crisis centers, rather than hospital emergency departments.
- **(Section 11H.9, Page 99) Directs the Department to develop a detailed 7-year forecast for Medicaid Transformation,** including forecasted enrollments, claims run-out, capitation and fee-for-service costs, administrative expenses, and infrastructure and IT costs.
- **(S.L. 2018-97, Section 3.13, Budget Technical Corrections & Study) adds a new item that increases Medicaid rates for in-home aide services provided through the Community Alternatives Program for Disabled Adults (CAP-DA) waiver and expands Medicaid adult optical coverage** by earmarking \$7.5 million R from the Medicaid rebase for the enhancements.

#### **Special Provisions: Division of Health Benefits**

**(Section 11I.1, Page 104) Authorizes a transfer of up to \$60 million NR from the Medicaid Transformation Fund** for specified IT, time-limited staffing, and contractual needs associated with Medicaid Transformation.