

HOUSE APPROPRIATIONS SUBCOMMITTEE

ON

HEALTH AND HUMAN SERVICES

**PROPOSED REPORT
ON THE
CONTINUATION AND EXPANSION BUDGETS
2009-11**

**June 4, 2009
3:00 PM**

Health and Human Services

GENERAL FUND

Recommended Budget	FY 09-10		FY 10-11	
	\$5,536,344,939		\$5,806,560,945	
Legislative Changes				
(1.0) Division of Child Development				
1 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$62,462)	R	(\$75,601)	R
2 Eliminate Positions	(\$87,375)	R	(\$87,375)	R
Eliminates positions within the Division of Child				
	-2.00		-2.00	
3 Reduce Operating Expenses	(\$20,000)	R	(\$20,000)	R
Reduces operating expenses within the central management of Division of Child Development.				
4 Contracts	(\$131,554)	R	(\$131,554)	R
Eliminates funds to administer the testing-out of coursework allowed for lead child care teachers. As of July 2008, lead child care teachers may no longer test out of coursework; therefore, these funds are not needed. Reduces a contract for Seat Management.				
5 Child Care Subsidy Rate Reduction	(\$3,977,578)	R	(\$3,977,578)	R
Reduces the rate for funds paid to child care centers for subsidy recipients. This reduction represents a 5% rate reduction. These funds are state appropriations within the Division of Child Development and appropriated to North Carolina Partnership for Children.				
6 Child Care Subsidies	(\$16,642,440)	R	(\$16,642,440)	R
Reduces child care subsidies.				
7 Replace State Funds for Child Care Subsidy	(\$12,452,484)	NR		
Replaces State funding for child care subsidy with one-time Temporary Assistance for Needy Families Block Grant (TANF) contingency funds for FY2009-10.				
8 Increase Fees for Child Care Centers and Charge a Fee for Child Care Homes	(\$602,385)	R	(\$602,385)	R
Increases the existing child care licensure fees by 50% and reduces the State appropriations within the Division of Child Development. Imposes a new fee for child care homes equal to the amount that the smallest centers are required				

9 Federal Recovery Funds for Child Care Subsidy

Increases funds for child care subsidy to reduce the waiting list as allowed by the Federal Recovery Act by \$53,993,329. Increases funds for quality initiations, as allowed by the Federal Recover Act by \$11,519,144. Increases funds to local governments for the administration of the child care subsidy program by \$2,030,661.

10 Reduce Smart Start Funding

Reduces funds for the North Carolina Partnership for

(\$25,000,000) R (\$25,000,000) R

11 Replace State Funding for TEACH Program

Replaces State funds for the TEACH Program with federal receipts for two years.

(\$3,800,000) NR (\$3,800,000) NR

(2.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

12 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level

(\$74,408,533) R (\$91,641,479) R

13 Contracts

Reduces state funds in contracts within the Division managed by central management.

(\$1,900,000) R (\$1,900,000) R

14 Eliminate Positions

Eliminates positions within the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(\$12,858,290) R (\$12,858,290) R

-350.00

-350.00

15 Local Management Entities System Management Funds

Reduces funds for administration of Local Management

(\$7,042,440) R (\$8,521,283) R

16 Local Management Entities' Fund Balances

Reduces service funds to Local Management Entities' with fund balances by \$50 million in each year of the biennium on a non-recurring basis. The LMEs are required to spend their fund balances on services and not to reduce services.

(\$50,000,000) NR (\$50,000,000) NR

The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services is required to approve all expenditures of LME fund balances.

17 CAP/MR-DD Reduction in State Supplemental Funds

Reduces service funding for supplemental state-funded services provided to CAP/MR-DD patients. Services will still be allowed for room and boarding.

(\$16,000,000) R (\$16,000,000) R

18 Close Bed Units at Broughton and Cherry Hospitals

Reduces funds at Broughton and Cherry Hospitals. Provides \$6 million for contracts for local hospital bed capacity for mental health services.

-102.00

-102.00

19 Federal Funds Payback for Broughton Hospital

Reduces State funds due to a pay-back of federal funds expected from Centers for Medicare & Medicaid Services. An Administrative Law Judge ruled that Broughton Hospital should not have been decertified in August 2007 and that federal funding should not have been withheld. This payback of funds will replace State funds within the DMHDDSAS

(\$12,000,000) NR

20 Non-Core State Operated Services

Reduces funds for non-core mission state operated services.

(\$4,500,000) R (\$4,500,000) R

21 Non-Core Community Services

Reduces funds for non-core community services provided through local programs.

(\$4,017,219) R (\$4,017,219) R

22 Operating Expenses

Reduces funds within operating accounts within the division's central office by \$250,000. Reduces funds at the maintenance facilities by \$1,000,000.

(\$1,250,000) R (\$1,250,000) R

23 Increase Patient Receipts at Alcohol, Drug Abuse Treatment Centers

Reduces State funds at the ADATCs in anticipation of additional patient revenues collected. This is due to the increased bed capacity available at the ADATCs.

(\$662,867) R (\$1,127,895) R

24 State Funded Services

Reduces funds for state-funded services provided through Local Management Entities.

(\$50,000,000) R (\$50,000,000) R

25 State Operated Services Purchasing/Financial Savings

Reduces funds due to savings to be achieved from bulk purchasing among state-owned facilities within the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(\$2,000,000) R (\$2,000,000) R

26 Direct Payments to Providers

Reduces state funding for Local Management Entities administrative funding. The reduction represents the total funding paid for Claims Processing. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services will begin paying providers directly alleviating LMEs of claims processing responsibility.

(\$7,100,000) R (\$7,100,000) R

27 Continuation Review - Wright and Whitaker Schools

The Department of Health and Human Services will conduct a continuation review of the Wright and Whitaker Schools operated within the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. The recurring funding is eliminated for these programs and non-recurring funds will operate the program for one year. The General Assembly will decide whether to continue this program during the 2010 session based on a report to be completed by the Department.

(\$5,779,982) R (\$5,779,982) R
\$5,779,982 NR \$5,779,982 NR

House Subcommittee on Health and Human Services	FY 09-10	FY 10-11
(3.0) Division of Public Health		
28 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$8,670,368) R	(\$11,860,655) R
29 Reduce Operating Budgets Reduces operating budgets within three branches of the Division of Public Health.	(\$348,363) R	(\$348,363) R
30 Eliminate Positions within Division of Public Health Eliminates positions with the Division of Public Health, including those positions associated with the Purchase of Medical Care Services program.	(\$2,405,121) R -45.00	(\$2,405,121) R -45.00
31 Reduce AIDS Drug Assistance Program Reduces State funds used to purchase pharmaceuticals. Pharmaceuticals from the "drug reserve" inventory will be used.	(\$3,074,119) NR	(\$3,074,119) NR
32 Vital Records Fee Increase Reduces State funds by allowing Vital Records operation to become receipt-supported. Fee charged for copy of vital records increased from \$15 to \$24 per copy. Fee charged for expedited out-of-state service increased by \$5.	(\$1,226,403) R	(\$1,226,403) R
33 Reduce Funds for Public Health Incubator Program Reduces State funds for Local Health Services Incubator Grant program.	(\$950,000) R	(\$950,000) R
34 Shift Positions to Receipt Support Replaces State appropriation with federal WIC funds for public health and regional consultants.	(\$70,541) R	(\$70,541) R
35 Replace State Funds with Federal ARRA Funds for Early Intervention Replaces State appropriations with American Recovery and Reinvestment Act Funds for the Early Intervention/Infant and Toddler Program.	(\$4,000,000) NR	(\$4,000,000) NR
36 Replace State Funds with Federal Receipts Replaces State appropriations with Maternal Child Health Block Grant and Medicaid administration funds for several maternal, infant, and child programs.	(\$1,191,155) R	(\$1,191,155) R
37 Eliminate Positions and Reduce Funding for CDSA Program Eliminates nine vacant positions and reduces funding for Children's Developmental Service Agencies (CDSAs).	(\$540,054) R	(\$540,054) R
38 Reduce Funding for Accreditation of Local Health Departments Suspends for two years the Division of Public Health's evaluation and accreditation of Local Health Departments (LHDs).	(\$700,000) NR	(\$700,000) NR

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39 Transfer Funding for Tick-Borne Disease Program	(\$139,802)	R	(\$139,802)	R
Transfers the funding for the Tick-Borne Disease Program to the Division of Environmental and Natural Resources.				
40 Eliminate Kidney Disease Purchase of Medical Care Program	(\$394,255)	R	(\$394,255)	R
Eliminates the Kidney Disease Purchase of Medical Care Program that provides up to \$300 for persons with annual incomes up to 100% FPL. Persons with End-Stage Renal Disease are eligible for health care services through Medicare. The program was suspended in January 2009.				
41 Eliminate Epilepsy Purchase of Medical Care Program	(\$193,181)	R	(\$193,181)	R
Eliminates the Epilepsy Purchase of Medical Care Program that serves a minimum number of persons who have annual incomes up to 100% FPL. The program was suspended in				
42 Eliminate Adult Cystic Fibrosis Program	(\$210,088)	R	(\$210,088)	R
Eliminates the Adult Cystic Fibrosis Purchase of Medical Care program which serves a minimum number of persons. The program was suspended in January 2009.				
43 Eliminate Funding for the Early Hearing Program	(\$171,000)	R	(\$171,000)	R
Eliminates the Early Hearing Purchase of Medical Care Program that provides hearing devices for infants prior to their being found eligible for the Early Intervention Program. The program was suspended in January 2009.				
44 Eliminate Funding for Cancer Purchase of Medical Care Program	(\$2,531,934)	R	(\$2,531,934)	R
Eliminates the Cancer Purchase of Medical Care Program that provides less than comprehensive services to persons with annual incomes of under 100% FPL. The program was suspended in January 2009.				
45 Replaces Funding for Medically Fragile Children Program	(\$70,000)	R	(\$70,000)	R
Replaces State funds with federal TANF Block Grant and Social Services Block Grant funds for the daycare program for medically fragile children in Wake County. TANF and SSBG provide \$360,000 in funding for this program.				
46 Replace State Funds with Federal Receipts from Ryan White Funds	(\$209,503)	R	(\$209,503)	R
Replace State appropriations with Federal Ryan White funds for Duke University HIV/STD Pediatric Services Program.				
47 Eliminate Funding for Second Dose Chicken Pox Vaccine	(\$1,223,027)	R	(\$1,223,027)	R
Eliminates funding for the second dose of Varicella vaccine. The second dose is recommended, but not required for children born after April 2001. The second dose is not required by the Universal Vaccine Program				

48 Replace State Funds with ARRA Funds for Childhood Immunization

Replaces State appropriations with American Recovery and Reinvestment Act funds \$5,153,105 for one year to purchase of vaccines for children.

(\$5,153,105) NR

49 Replace State Funds with Third Party Receipts for Immunization

The Department of Health and Human Services will seek third party reimbursement for child and adult immunizations.

(\$4,000,000) R (\$4,000,000) R

50 Eliminate the Healthy Carolinians Program

Eliminates the Healthy Carolinians/Health Education program that establishes multi-agency partnerships at the community level to plan projects guided by the NC 2010 health objectives.

(\$995,529) R (\$995,529) R

-1.00

-1.00

51 Eliminate Oral Health Program

Eliminates the Oral Health Program that conducts dental assessments in elementary schools; provides dental education services in community settings; provides instruction on prevention measures to staff at pre-schools, and transfers \$250,000 to Local Health Departments to administer the Fluoride Rinse Program.

(\$4,235,523) R (\$4,235,523) R

-68.00

-68.00

52 Reduces Funding for Office of Chief Medical Examiner

Reduces state appropriations for the Office of Chief Medical Examiner to a level consistent with SFY 2008-09.

(\$80,000) R (\$80,000) R

53 Reduce Division of Public Health Contract Funds

Reduces state appropriations for Division of Public Health to eliminate or reduce contracts that either:

- Do not meet the Division's core mission;
- Do not provide a direct service;
- Have had unobligated funds in the past;
- Will be funded by Health & Wellness Trust Fund; or
- Have not met the goals or deliverables in the contract.

(\$10,500,000) R (\$10,500,000) R

(4.0) NC Health Choice**54 Eliminate Inflationary Increase**

Eliminates the inflation increase the in the Per Member/Per Month premium cost for Health Choice.

(\$7,076,746) R (\$7,076,746) R

55 Reduce Operating Expense

Reduces various operating accounts that historically have unobligated funds.

(\$23,645) R (\$23,645) R

56 Establish/Increase Emergency Room Co-payments for Non-emergency Visits

Reduces State funding by establishing a \$50 co-payment for non-emergency visits for families with children enrolled in Health Choice.

(\$382,665) R (\$482,728) R

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57 Increase Co-Payments for Prescription Drugs	(\$750,000)	R	(\$750,000)	R
Reduces State funding by increasing co-payments for prescription drugs: \$5 for Generic Drugs; \$5 for Brand Name Drugs without Generic Equivalent; \$5 for Brand Name Drugs for families at or below 150% federal poverty level (FPL); and \$10 for families above 151% FPL.				
58 Health Choice Enrollment Freeze	(\$2,542,557)	R	(\$2,542,557)	R
Freeze enrollment in Health Choice as of June 30, 2009. Maintains enrollment at 129,694 children during SFY 2009-10.				
(5.0) Division of Central Management and Support				
59 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$2,326,439)	R	(\$2,793,542)	R
60 Reduce Physician Loan Repayment Program	(\$210,000)	R	(\$210,000)	R
Reduces state appropriations and the number of contracts awarded by approximately eight.				
61 Reduce Psychiatric Loan Repayment Program	(\$140,000)	R	(\$140,000)	R
Reduces state appropriations and reduces the number of contracts by two from the prior year.				
62 Eliminates Loan Repayment Initiative at State Facilities	(\$868,519)	R	(\$868,519)	R
Eliminates funding that the General Assembly appropriated in the 2008 Session to recruit medical doctors to the State's mental health hospitals. To date, these funds have not been awarded.				
63 Reduce Community Health Grants	(\$140,000)	R	(\$140,000)	R
Reduces funding for the Community Health Grant program by 7%, leaving \$1,860,000 recurring. This reduction decreases the number of grants awarded annually by approximately two.				
64 Eliminate Positions	(\$1,330,221)	R	(\$1,330,221)	R
Eliminates Central Management and Support positions.				
	-18.00		-18.00	
65 Eliminate Special Appropriations	(\$1,275,000)	R	(\$1,275,000)	R
Eliminates appropriations to non-profits, including the Institute of Medicine, Food Runners, Special Olympics, ALS Association, and Action for Children.				
66 Discontinue CARE-LINE 24/7/365 Operation	(\$128,502)	R	(\$128,502)	R
Eliminates the CARE-LINE third shift.				
	-2.00		-2.00	
67 Reduce Rental Subsidy	(\$1,155,000)	NR		
Reduces funds for transfer to the North Carolina Housing Finance Agency to operate the Key Program. Approximately 310 rental units will not be ready for occupancy in FY2009-				

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68 Reduce Operating Budgets

(\$349,235) R

(\$349,235) R

Reduces operating budgets within Central Management and Support divisions and offices, including the Secretary's Office, the Administrative Support section, the Controller's Office, and the Office of Rural Health and

69 Medicaid Management Information System (MMIS) Replacement

Appropriates prior-year earned revenue of \$11,071,502 for FY 2009-10 and \$9,820,689 for FY 2010-11 to match federal funds for the MMIS Replacement project. Total receipts of \$55,357,510 for FY 2009-10 and \$49,103,445 for FY 2010-11 offset anticipated requirements.

70 Federal Recovery Funds for Weatherization Assistance

Appropriates \$131,954,536 of Federal Recovery funds for weatherization assistance to low-income North Carolinians.

(6.0) Division of Social Services

71 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level

(\$16,057,583) R

(\$14,101,113) R

72 Eliminate Positions

(\$694,570) R

(\$694,570) R

Eliminates positions within the Division of Social Services.

-22.00

-22.00

73 Reduce Operating and Contracts Budgets

(\$1,774,570) R

(\$1,774,570) R

Reduces operating and contracts budgets across all sections of the Division of Social Services.

74 Work First Cash Assistance Funding

(\$7,178,459) R

(\$7,178,459) R

Replaces State funds for Work First cash assistance payments with federal TANF Block Grant funds.

75 Electing Counties Work First State Funds

(\$2,378,213) NR

Replaces State funds with federal TANF Contingency funds for Work First cash assistance payments and Work First county block grants for Electing Counties.

76 Reduce Funds for Child Advocacy Centers

(\$115,000) R

(\$115,000) R

Reduces funding for the twenty-one (21) accredited child advocacy centers statewide. During its 2008 Session, the General Assembly increased recurring state appropriations by \$350,000. This reduction leaves \$460,000 in total

77 Reduce Funds for Family Resource Centers

(\$200,000) R

(\$200,000) R

Reduces state appropriations for Family Resource Centers.

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78 Replace State Funds for Maternity Home Services

(\$105,002) R

(\$105,002) R

Replaces state funding for Maternity Home Services with federal TANF Block Grant funds. There are fifteen maternity homes in nine counties providing services to approximately 190 women.

79 Reduce Funds for NC Reach(\$1,500,000) R
(\$1,668,250) NR

(\$1,500,000) R

Temporarily suspends state funding for NC Reach post-secondary scholarships in FY2009-10, and reduces recurring funding. \$3,168,250 is appropriated from the Escheat Fund in each year to continue funding for scholarships.

80 Recovery Funds for Foster Care and Adoption Assistance

(\$2,203,516) NR

(\$1,126,866) NR

Reduces state appropriations to reflect enhanced federal participation for Title IV-E adoption and foster care assistance payments, effective through December 31, 2010.

81 Federal Recovery Funds for Child Support Enforcement

(\$2,214,542) NR

Reduces state appropriations and budgets federal funds to reflect the temporary reinstatement of federal matching of child support incentive funds.

82 Reduce State Funding for Child Welfare Collaborative

(\$96,246) R

(\$96,246) R

Maintains state funding to support the sixty-eight (68) current Child Welfare Collaborative students. The Collaborative provides financial, educational, and employment support for selected social work students.

83 Budget Over-realized Receipts

(\$600,000) R

(\$600,000) R

Budgets over-realized Child Support Enforcement receipts.

84 Reduce State Aid to Counties

(\$5,473,985) R

(\$5,473,985) R

Reduces state funding to support costs associated with county administration of public assistance programs.

85 Eliminate Funding for Child Support Offices

(\$4,082,811) R

Eliminates state funding for the sixteen state-operated child support offices, and requires the twenty-eight (28) counties served by these offices to fund their operation.

86 Reduce State/County Special Assistance Rates

(\$3,286,280) R

(\$4,381,707) R

Effective October 1, 2009, retracts the state/county special assistance rate increase made effective January 1, 2009, and holds disenfranchised recipients harmless for the change in the standard of need.

87 Decrease Foster Care & Adoption Assistance Rates

\$1,174,026 NR

(\$1,122,638) R

Retracts the standard board rate increases made effective January 1, 2009.

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(7.0) Office of Education Services			
88 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$471,414)	R	(\$523,322) R
89 Reduce Operating Budget Reduces operating and contract budgets office-wide.	(\$1,661,090)	R	(\$1,661,090) R
90 Eliminate Positions Eliminates five (5) vacant positions at the North Carolina Schools for the Deaf (NCSD), eleven (11) positions at Eastern North Carolina School for the Deaf (ENCSD), fourteen (14) at Governor Morehead School for the Blind (GMS), and two (2) at Governor Morehead Preschool.	(\$1,350,212)	R	(\$1,350,212) R
	-32.00		-32.00
91 Eliminate Governor Morehead School Short-Term Outreach Program Eliminates the Short Term Outreach program, which provides weekly camps for approximately 70 children annually to develop orientation and mobility, money-handling, and other skills.	(\$151,679)	R	(\$151,679) R
	-3.00		-3.00
92 Reduce Family Resource Center Funds Reduces funds for the Beginnings for Parents of Hearing Impaired Children contract.	(\$229,151)	R	(\$229,151) R
93 Transfer from OES Trust Fund Transfers \$175,321 of available cash balance from various funds within budget code 64424 to Nontax Revenue to support residential school operations.			
94 Reduce Funding for Residential Schools Reduces funding for the North Carolina School for the Deaf, Eastern North Carolina School for the Deaf, and Governor Morehead School for the Blind.	(\$1,500,000)	R	(\$1,500,000) R
(8.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing			
95 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$181,228)	R	(\$240,170) R
96 Eliminate Positions Eliminates positions within the Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing.	(\$130,777)	R	(\$130,777) R
	-3.00		-3.00
97 Reduce Operating Budget Reduces operating budgets division-wide.	(\$107,712)	R	(\$107,712) R

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98 Replace State Funds with Federal Receipts Budgets Basic Support Vocational Rehabilitation Grant funds and reduces state appropriations.	(\$150,000) R	(\$150,000) R
99 Service Rate Adjustment Reduces medical eye care, vocational rehabilitation, and independent living provider reimbursement rates by 5.5% for FY2009-10 and 6% for FY2010-11.	(\$145,992) R	(\$159,264) R
100 Transfer from Telecommunications Relay Trust Fund Transfers \$8,500,000 of available cash balance from the Telecommunications Relay Trust fund, budget code 67425, to Nontax Revenue to support General Fund appropriations.		
101 Replace State Funds with Federal Recovery Funds Reduces state funds for the older blind individuals program and budgets federal recovery funds for vocational rehabilitation services (\$2,974,779) and the older blind individuals independent living program (\$1,042,363).	(\$260,590) NR	(\$260,590) NR
(9.0) Division of Vocational Rehabilitation		
102 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$1,181,339) R	(\$1,511,633) R
103 Eliminate Positions Eliminates positions within the Division of Vocational Rehabilitation.	(\$329,960) R -3.00	(\$329,960) R -3.00
104 Reduce Basic Support Case Services Reduces State appropriations for non-medical consumer purchases.	(\$3,612,025) R	(\$3,612,025) R
105 Reduce Funds for Independent Living Reduces state appropriations for independent living	(\$1,500,000) R	(\$1,500,000) R
106 Service Rate Adjustment Reduces vocational rehabilitation and independent living provider reimbursement rates by 5.5% for FY2009-10 and 6% for FY2010-11.	(\$155,619) R	(\$169,766) R
107 Replace State Funds with Federal Recovery Funds Replaces state funds for the independent living program and budgets anticipated federal recovery funds for vocational rehabilitation services (\$15,054,229) and independent living (\$402,340).	(\$201,170) NR	(\$201,170) NR

House Subcommittee on Health and Human Services	FY 09-10		FY 10-11
(10.0) Division of Aging and Adult Services			
108 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$2,323)	R	(\$6,382) R
109 Eliminate Positions	(\$16,025)	R	(\$16,025) R
Eliminates positions within the Division of Aging and Adult Services.	-1.00		-1.00
110 Eliminate Quality Improvement Consultation Program	(\$190,204)	R	(\$190,204) R
Eliminates a contract and position that supported a Quality Improvement Program pilot for Adult Care Homes.	-1.00		-1.00
111 Eliminate Senior Center Outreach Program	(\$100,000)	R	(\$100,000) R
Eliminates funding for the Senior Center Outreach Program, previously allocated to the 17 Area Agencies on Aging to promote the use of services available through senior			
112 Reduce Home and Community Care Block Grant	(\$2,594,744)	R	(\$2,594,744) R
Continues reduction taken in current fiscal year in the Home and Community Care Block Grant.			
113 Operating Reductions	(\$90,466)	R	(\$90,466) R
Continues Governor's reduction on travel, supplies, printing, and other operating expenses.			
114 Replace Home and Community Care Block Grant Funds	(\$1,384,392)	NR	
Replace funding for the Home and Community Care Block Grant, which provides funding for in-home and community-based services for seniors. The reduction in State appropriations will be offset by federal recovery funds for senior nutrition services.			
115 Senior Community Service Employment			
The Senior Community Service Employment Program (SCSEP) places economically disadvantaged individuals 55 years of age and older with an income at or below 125% of the federal poverty level into part-time community service programs while transitioning clients into unsubsidized employment. Currently, five Area Agencies on Aging provide employment services in 25 counties. \$621,560 in federal recovery funds will be available to support the program. Twenty percent of funds must be spent in the current year. The remaining funds (\$497,248) and the required local match (\$55,250) are budgeted as receipt-supported			
(11.0) Division of Medical Assistance			
116 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level	(\$507,391,540)	R	(\$738,471,757) R

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117 Phased-out County Share Increases appropriations for Medicaid due to the final phase-out of the county share, effective July 1, 2009.	\$254,466,128 R	\$264,390,307 R
118 Projected Medicaid Growth Adjusts continuation budget to allow for caseload growth.	\$147,360,758 R	\$260,454,571 R
119 End County Participation Ends county participation in Medicaid, including any cost settlements or adjustments, as of June 1, 2009.	(\$4,738,858) R	(\$4,738,858) R
120 Provider Rate Reductions Reduces Medicaid provider rates by 5.5% in FY 2010 and 6% in FY 2011. Applies to all public and private providers except for federally qualified health centers, rural health centers, school-based and school linked health centers, State institutions, hospital outpatient, pharmacy, and the non-inflationary components of the case-mix reimbursement system for skilled nursing facilities.	(\$148,393,793) R	(\$161,884,138) R
121 Modify Personal Care Services Benefits Reduces personal care services benefits to reduce overutilization of services. Effective October 1, 2009.	(\$49,341,460) R	(\$62,326,055) R
122 Reduce Personal Care Services in Adult Care Homes Reduces appropriation for personal care services provided in adult care homes.	(\$10,000,000) R	(\$10,000,000) R
123 Reduce Community Support Services Reduces community support services in the first year, to begin phasing out service completely in the second year. Retains 25% of funding in second year to account for EPSDT services.	(\$59,772,501) R	(\$116,530,001) R
124 Eliminates PT/OT/ST Eliminates funding for physical therapy, occupational therapy, and speech therapy, an optional service in Medicaid. Retains 20% of funding for EPSDT services for children.	(\$15,633,333) R	(\$18,760,000) R
125 Reduce Group Homes Reduces funding for High Risk Intervention Level III and IV group homes. Retains 35% of funding for transitions to other services.	(\$31,721,919) R	(\$45,109,244) R
126 Reduces Adult Optical Reduces adult optical services and supplies, an optional service in Medicaid.	(\$3,201,911) R	(\$3,842,293) R
127 Implement a Preferred Drug List Implements a preferred drug list, including atypical antipsychotics. Savings include supplemental rebates.	(\$40,000,000) R	(\$50,000,000) R

House Subcommittee on Health and Human Services	FY 09-10		FY 10-11	
128 Reimbursement for Prescription Drugs Changes reimbursement for prescription drugs from Average Wholesale Price (AWP) - 10% to Wholesale Acquisition Cost (WAC) + 7%.	(\$10,457,042)	R	(\$13,942,723)	R
129 Reduce Dispensing Fee for Prescription Drugs Reduces dispensing fee for both brand and generic drugs.	(\$1,250,595)	R	(\$1,649,455)	R
130 Dental Coverage Reduces by 50% the funding for dental benefits for adults, an optional service in Medicaid.	(\$15,879,224)	R	(\$20,057,967)	R
131 Limit transplants to solid tissue Limits transplants paid by Medicaid to solid tissue only.	(\$2,916,667)	R	(\$3,500,000)	R
132 Dental Policy Adjustments Reduces appropriations based on dental policy changes on sealants and imaging.	(\$3,689,582)	R	(\$4,427,500)	R
133 Orthotics and Prosthetics Coverage Reduces orthotics and prosthetics coverage, an optional service in Medicaid.	(\$2,267,877)	R	(\$2,885,284)	R
134 Emergency Room Copayment for Nonemergency Visits Establishes a \$50 copayment for nonemergency visits to emergency departments.	(\$2,975,070)	R	(\$3,945,037)	R
135 Increase Copays on Services Increases copays on Medicaid services by \$2.	(\$3,098,256)	R	(\$3,717,908)	R
136 Eliminate HIV Case Management Eliminates funds for HIV case management services.	(\$1,671,299)	R	(\$2,111,115)	R
137 Consolidate Case Management Services Reduces appropriations by consolidating case management services throughout the Medicaid program.	(\$53,730,905)	R	(\$85,463,000)	R
138 Increase CCNC Savings Reduces appropriations through greater case management by Community Care of North Carolina.	(\$88,105,041)	R	(\$96,844,004)	R
139 Imaging Contract Reduces appropriations for labs and imaging by utilizing a vendor to contain costs.	(\$8,111,250)	R	(\$8,237,322)	R
140 Institute Nursing Home Rate Reduction Institutes an additional rate reduction for nursing homes.	(\$9,195,114)	R	(\$9,776,920)	R
141 Single Source Durable Medical Equipment (DME) Reduces appropriations for DME by purchasing in bulk from a single source.	(\$3,509,312)	R	(\$4,211,174)	R

House Subcommittee on Health and Human Services	FY 09-10		FY 10-11	
142 Freeze CAP Slots Freezes Community Alternative Programs slots for disabled adults and people with mental retardation and developmental disabilities.	(\$14,646,956)	R	(\$15,274,842)	R
143 Reduce Hospice Services Reduces funding for hospice services, an optional service in Medicaid.	(\$5,000,000)	R	(\$5,000,000)	R
144 Eliminate MH Residential Services - Therapeutic Camps Eliminates funding for therapeutic camps for teens with behavioral and substance abuse problems, an optional Medicaid service.	(\$1,573,100)	R	(\$2,236,981)	R
145 Mandate Use of Web-based PASARR Mandates the use of the web-based PASARR screening for mental health issues for nursing facilities and adult care	(\$350,000)	R	(\$350,000)	R
146 Adult Care Homes Special Care Unit Moratorium Institutes a moratorium on special care unit beds in adult care homes.	(\$474,231)	R	(\$597,152)	R
147 Establishes Provider Enrollment Fee Establishes a \$100 enrollment fee for Medicaid providers, payable upon initial enrollment and every three years thereafter.	(\$1,500,000)	R	(\$1,500,000)	R
148 Contract Adjustments Reduces various administrative contracts.	(\$1,594,749)	R	(\$1,594,749)	R
149 Quarterly Printing of Medicaid ID cards Reduces appropriations by printing Medicaid identification cards on a quarterly basis instead of monthly.	(\$1,750,000)	R	(\$1,750,000)	R
150 Mandate EFT Payments Reduces appropriations by mandating payment of claims by electronic fund transfers.	(\$472,500)	R	(\$472,500)	R
151 Mandate Electronic Claims Filing Reduces appropriations by mandating that providers billing Medicaid file claims electronically.	(\$1,200,000)	R	(\$1,200,000)	R
152 Eliminate Positions Eliminates positions within the Division of Medical Assistance.	(\$559,031)	R	(\$559,031)	R
	-11.00		-11.00	
153 Enhance Third Party Liability Recoveries and Cost Avoidance Reduces medical assistance payments by increasing payment by third parties and increasing cost avoidance through better utilization of technology and other Medicaid cost-containment activities.	(\$20,000,000)	R	(\$20,000,000)	R

154 Implement False Claims Act

(\$2,229,757) R

Increases the amount North Carolina can retain from fraud and abuse recoveries by implementing provisions that meet federal False Claims Act standards. The 10% bonus is expected to generate about \$2.4 million annually. Of the amount collected, \$176,068 will be used to support 5 positions at the Attorney General's Office to implement the act. Net collections will be offset by a reduction to State appropriations.

155 Eliminates Funding for CCNC-Health Choice

(\$900,000) R

(\$900,000) R

Eliminates the per member/per month payment to the Community Care of North Carolina networks associated with Health Choice enrollees.

156 Reduction in Medical Assistance Payments

(\$807,007,555) NR

(\$465,968,593) NR

Reduces Medical Assistance payments to be offset by federal recovery funds.

(12.0) Division of Health Service Regulation

157 Hospice Facilities Annual Fee

(\$79,200) R

(\$79,200) R

Establishes an annual fee for hospice facilities.

158 Operating Freeze

(\$466,688) R

(\$466,688) R

Continues freeze on operating expenses from the FY 2008-09 budget (Other Operating - 2xxx-5xxx, Fund 1311 Rent/Lease-Bldg/Office).

159 Eliminate Positions

(\$444,518) R

(\$444,518) R

Eliminates positions within the Division of Health Service Regulation.

-5.00

-5.00

160 Adjust Continuation Budget to FY 2008-09 Authorized Budget Level

(\$190,134) R

(\$208,088) R

161 Increase Fees for License Renewals

(\$1,093,788) R

(\$1,093,788) R

Increases licensing fees to health care facilities regulated by the division and reduces State appropriation in a similar amount. The cost of administering the licensure program is shared with facilities.

162 Eliminate Two Vacant Positions in Medical Facilities Construction

(\$164,640) R

(\$164,640) R

Eliminates two vacant positions in the Medical Facilities Construction Section, which review construction plans, make on-site inspections, and provide consultation to ensure compliance with federal and State standards. The reduction will reduce the number of section staff to 63 FTEs.

-2.00

-2.00

House Subcommittee on Health and Human Services

FY 09-10

FY 10-11

163 Charge Fee for Initial Facility License

(\$29,202) R

(\$29,202) R

Reduces State appropriations by amount generated by initial facility license fees for new facilities. Fees would apply to adult care homes, hospitals, home care, nursing homes, and mental health facilities.

Total Legislative Changes

(\$1,072,590,556) R

(\$1,376,378,606) R

(\$902,698,928) NR

(\$523,351,356) NR

Total Position Changes

-671.00

-671.00

Revised Budget

\$3,561,055,455

\$3,906,830,983

GENERAL ASSEMBLY OF NORTH CAROLINA



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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H45(S10.1)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **CHILD CARE SUBSIDY RATES**

2 **SECTION 10.1.(a)** The maximum gross annual income for initial eligibility,
3 adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the
4 State median income, adjusted for family size.

5 **SECTION 10.1.(b)** Fees for families who are required to share in the cost of care
6 shall be established based on a percent of gross family income and adjusted for family size.
7 Fees shall be determined as follows:

8 FAMILY SIZE	9 PERCENT OF GROSS FAMILY INCOME
10 1-3	10%
11 4-5	9%
12 6 or more	8%.

13 **SECTION 10.1.(c)** Payments for the purchase of child care services for
14 low-income children shall be in accordance with the following requirements:

- 15 (1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106
16 and licensed child care centers and homes that meet the minimum licensing
17 standards that are participating in the subsidized child care program shall be
18 paid the one-star county market rate or the rate they charge privately paying
19 parents, whichever is lower.
- 20 (2) Licensed child care centers and homes with two or more stars shall receive
21 the market rate for that rated license level for that age group or the rate they
22 charge privately paying parents, whichever is lower.
- 23 (3) Nonlicensed homes shall receive fifty percent (50%) of the county market
24 rate or the rate they charge privately paying parents, whichever is lower.
- 25 (4) Maximum payment rates shall also be calculated periodically by the
26 Division of Child Development for transportation to and from child care
27 provided by the child care provider, individual transporter, or transportation
28 agency, and for fees charged by providers to parents. These payment rates
29 shall be based upon information collected by market rate surveys.

30 **SECTION 10.1.(d)** Provisions of payment rates for child care providers in counties
31 that do not have at least 50 children in each age group for center-based and home-based care
32 are as follows:

- 33 (1) Except as applicable in subdivision (2) of this subsection, payment rates
34 shall be set at the statewide or regional market rate for licensed child care
35 centers and homes.
- 36 (2) If it can be demonstrated that the application of the statewide or regional
37 market rate to a county with fewer than 50 children in each age group is
lower than the county market rate and would inhibit the ability of the county

1 to purchase child care for low-income children, then the county market rate
2 may be applied.

3 **SECTION 10.1.(e)** A market rate shall be calculated for child care centers and
4 homes at each rated license level for each county and for each age group or age category of
5 enrollees and shall be representative of fees charged to parents for each age group of enrollees
6 within the county. The Division of Child Development shall also calculate a statewide rate and
7 regional market rates for each rated license level for each age category.

8 **SECTION 10.1.(f)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
9 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the
10 program that provides for the purchase of care in child care facilities for minor children of
11 needy families. No separate licensing requirements shall be used to select facilities to
12 participate. In addition, child care facilities shall be required to meet any additional applicable
13 requirements of federal law or regulations. Child care arrangements exempt from State
14 regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the
15 requirements established by other State law and by the Social Services Commission.

16 County departments of social services or other local contracting agencies shall not
17 use a provider's failure to comply with requirements in addition to those specified in this
18 subsection as a condition for reducing the provider's subsidized child care rate.

19 **SECTION 10.1.(g)** Payment for subsidized child care services provided with Work
20 First Block Grant funds shall comply with all regulations and policies issued by the Division of
21 Child Development for the subsidized child care program.

22 **SECTION 10.1.(h)** Noncitizen families who reside in this State legally shall be
23 eligible for child care subsidies if all other conditions of eligibility are met. If all other
24 conditions of eligibility are met, noncitizen families who reside in this State illegally shall be
25 eligible for child care subsidies only if at least one of the following conditions is met:

- 26 (1) The child for whom a child care subsidy is sought is receiving child
27 protective services or foster care services.
- 28 (2) The child for whom a child care subsidy is sought is developmentally
29 delayed or at risk of being developmentally delayed.
- 30 (3) The child for whom a child care subsidy is sought is a citizen of the United
31 States.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H46(S10.2)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **CHILD CARE ALLOCATION FORMULA**

2 **SECTION 10.2.(a)** The Department of Health and Human Services shall allocate
3 child care subsidy voucher funds to pay the costs of necessary child care for minor children of
4 needy families. The mandatory thirty percent (30%) Smart Start subsidy allocation under
5 G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
6 allocation. The Department of Health and Human Services shall use the following method
7 when allocating federal and State child care funds, not including the aggregate mandatory thirty
8 percent (30%) Smart Start subsidy allocation:

9 (1) Funds shall be allocated to a county based upon the projected cost of serving
10 children under age 11 in families with all parents working who earn less than
11 seventy-five percent (75%) of the State median income.

12 (2) No county's allocation shall be less than ninety percent (90%) of its State
13 fiscal year 2001-2002 initial child care subsidy allocation.

14 **SECTION 10.2.(b)** The Department of Health and Human Services may reallocate
15 unused child care subsidy voucher funds in order to meet the child care needs of low-income
16 families. Any reallocation of funds shall be based upon the expenditures of all child care
17 subsidy voucher funding, including Smart Start funds, within a county.

18 **SECTION 10.2.(c)** Notwithstanding subsection (a) of this section, the Department
19 of Health and Human Services shall allocate up to twenty million dollars (\$20,000,000) in
20 federal block grant funds and State funds appropriated for fiscal years 2009-2010 and
21 2010-2011 for child care services. These funds shall be allocated to prevent termination of
22 child care services. Funds appropriated for specific purposes, including targeted market rate
23 adjustments given in the past, may also be allocated by the Department separately from the
24 allocation formula described in subsection (a) of this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H47(S10.3)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 ***CHILD CARE FUNDS MATCHING REQUIREMENT***

2 **SECTION 10.3.** No local matching funds may be required by the Department of
3 Health and Human Services as a condition of any locality's receiving its initial allocation of
4 child care funds appropriated by this act unless federal law requires a match. If the Department
5 reallocates additional funds above twenty-five thousand dollars (\$25,000) to local purchasing
6 agencies beyond their initial allocation, local purchasing agencies must provide a twenty
7 percent (20%) local match to receive the reallocated funds. Matching requirements shall not
8 apply when funds are allocated because of a disaster as defined in G.S. 166A-4(1).

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H48(S10.4)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *FACILITATE AND EXPEDITE USE OF CHILD CARE SUBSIDY FUNDS*

2 **SECTION 10.4.** The Division of Child Development of the Department of Health
3 and Human Services shall adopt temporary policies that facilitate and expedite the prudent
4 expenditure of child care subsidy funds. These policies will address the following:

- 5 (1) Permitting the local purchasing agencies to issue time-limited vouchers to
6 assist counties in managing onetime, nonrecurring subsidy funding.
- 7 (2) Extending the current 30/60 day job search policy to six months when a
8 recipient experiences a loss of employment.
- 9 (3) Providing an upfront job search period of six months for applicants who
10 have lost employment since October 1, 2008.
- 11 (4) Providing a job search period of six months for recipients that complete
12 school and are entering the job market.
- 13 (5) Notwithstanding any other provision of law, extending the 24-month
14 education time limit for an additional 12 months for a child care recipient
15 who has lost a job since October 1, 2008, or otherwise needs additional
16 training to enhance his or her marketable skills for job placement due to the
17 economic downturn and who has depleted his or her 24-month allowable
18 education time.
- 19 (6) Lowering the number of hours a parent must be working in order to be
20 eligible for subsidy to assist parents who are continuing to work but at
21 reduced hours.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H49(S10.5)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 ***CHILD CARE REVOLVING LOAN***

2 **SECTION 10.5.** Notwithstanding any law to the contrary, funds budgeted for the
3 Child Care Revolving Loan Fund may be transferred to and invested by the financial institution
4 contracted to operate the Fund. The principal and any income to the Fund may be used to make
5 loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's
6 cost of operating the Fund, or pay the Department's cost of administering the program.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H52(S10.7)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES*
2 *ENHANCEMENTS*

3 **SECTION 10.7.(a)** Administrative costs shall be equivalent to, on an average
4 statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide
5 allocation to all local partnerships. For purposes of this subsection, administrative costs shall
6 include costs associated with partnership oversight, business and financial management,
7 general accounting, human resources, budgeting, purchasing, contracting, and information
8 systems management.

9 **SECTION 10.7.(b)** The North Carolina Partnership for Children, Inc., and all local
10 partnerships shall use competitive bidding practices in contracting for goods and services on
11 contract amounts as follows:

- 12 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures
13 specified by a written policy to be developed by the Board of Directors of
14 the North Carolina Partnership for Children, Inc.
- 15 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen
16 thousand dollars (\$15,000), three written quotes.
- 17 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than
18 forty thousand dollars (\$40,000), a request for proposal process.
- 19 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
20 proposal process and advertising in a major newspaper.

21 **SECTION 10.7.(c)** The North Carolina Partnership for Children, Inc., and all local
22 partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the
23 total amount budgeted for the program in each fiscal year of the biennium as follows:
24 contributions of cash equal to at least fifteen percent (15%) and in-kind donated resources equal
25 to no more than five percent (5%) for a total match requirement of twenty percent (20%) for
26 each fiscal year. The North Carolina Partnership for Children, Inc., may carry forward any
27 amount in excess of the required match for a fiscal year in order to meet the match requirement
28 of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to
29 the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for
30 the purpose of the match requirement of this subsection. Volunteer services that qualify as
31 professional services shall be valued at the fair market value of those services. All other
32 volunteer service hours shall be valued at the statewide average wage rate as calculated from
33 data compiled by the Employment Security Commission in the Employment and Wages in
34 North Carolina Annual Report for the most recent period for which data are available.
35 Expenses, including both those paid by cash and in-kind contributions, incurred by other
36 participating non-State entities contracting with the North Carolina Partnership for Children,
37 Inc., or the local partnerships, also may be considered resources available to meet the required
38 private match. In order to qualify to meet the required private match, the expenses shall:

- 1 (1) Be verifiable from the contractor's records.
- 2 (2) If in-kind, other than volunteer services, be quantifiable in accordance with
- 3 generally accepted accounting principles for nonprofit organizations.
- 4 (3) Not include expenses funded by State funds.
- 5 (4) Be supplemental to and not supplant preexisting resources for related
- 6 program activities.
- 7 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
- 8 be necessary and reasonable for the proper and efficient accomplishment of
- 9 the Program's objectives.
- 10 (6) Be otherwise allowable under federal or State law.
- 11 (7) Be required and described in the contractual agreements approved by the
- 12 North Carolina Partnership for Children, Inc., or the local partnership.
- 13 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
- 14 partnership by the contractor in the same manner as reimbursable expenses.

15 Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year shall
16 result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent
17 fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for
18 compiling information on the private cash and in-kind contributions into a report that is
19 submitted to the Joint Legislative Commission on Governmental Operations in a format that
20 allows verification by the Department of Revenue. The same match requirements shall apply to
21 any expansion funds appropriated by the General Assembly.

22 **SECTION 10.7.(d)** The Department of Health and Human Services shall continue
23 to implement the performance-based evaluation system.

24 **SECTION 10.7.(e)** The Department of Health and Human Services and the North
25 Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early
26 Childhood Education and Development Initiatives for State fiscal years 2009-2010 and
27 2010-2011 shall be administered and distributed in the following manner:

- 28 (1) Capital expenditures are prohibited for fiscal years 2009-2010 and
- 29 2010-2011. For the purposes of this section, "capital expenditures" means
- 30 expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
- 31 (2) Expenditures of State funds for advertising and promotional activities are
- 32 prohibited for fiscal years 2009-2010 and 2010-2011.

33 **SECTION 10.7.(f)** A county may use the county's allocation of State and federal
34 child care funds to subsidize child care according to the county's Early Childhood Education
35 and Development Initiatives Plan as approved by the North Carolina Partnership for Children,
36 Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child
37 care providers shall, at a minimum, comply with the applicable requirements for State licensure
38 pursuant to Article 7 of Chapter 110 of the General Statutes.

39 **SECTION 10.7.(g)** For fiscal years 2009-2010 and 2010-2011, The North Carolina
40 Partnership for Children and the local partnerships shall spend at the level required in order to
41 draw down all federal recovery funds for child care subsidies. The Department of Health and
42 Human Services shall determine the level of funds that need to be expended in order to draw
43 down all federal recovery funds.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H73

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *TASK FORCE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION*
2 *AND CARE*

3 **SECTION 10.7A.(a)** Intent. It is the intent of the General Assembly that not later
4 than July 1, 2010, certain agencies and programs relating to early childhood education and care
5 shall be consolidated.

6 **SECTION 10.7A.(b)** Task Force Established. There is established the Joint
7 Legislative Task Force on the Consolidation of Early Childhood Education and Care (Task
8 Force). The Department of Health and Human Services and the Department of Public
9 Instruction shall work with the Task Force to develop a Consolidation Plan (Plan) to implement
10 the Plan as approved by the 2010 Regular Session of the 2009 General Assembly.

11 **SECTION 10.7A.(c)** Task Force Membership.

12 (1) Appointments to the Task Force shall be as follows:

- 13 a. Three members of the House of Representatives appointed by the
14 Speaker of the House of Representatives.
- 15 b. Three members of the Senate appointed by the President Pro
16 Tempore of the Senate.
- 17 c. Three members appointed by the Governor.

18 (2) Ex-officio members. For the purpose of providing needed expertise and
19 advising, but also to avoid potential conflicts of interest, the following
20 members shall serve as ex officio nonvoting members, appointed by the
21 Governor.

- 22 a. A representative of the Division of Child Development of the
23 Department of Health and Human Services.
- 24 b. A representative of the Department of Public Instruction.
- 25 c. A representative of a local board of education.
- 26 d. A representative of institutions of higher education appointed by the
27 Board of Governors of The University of North Carolina.
- 28 e. A representative of local providers of early childhood education and
29 development services.
- 30 f. A representative from Head Start agencies located in the State,
31 including migrant and seasonal Head Start programs and Indian Head
32 Start programs.
- 33 g. The State Director of the Head Start Collaboration.
- 34 h. A representative of the State agency responsible for programs under
35 part C of the Individuals with Disabilities Education Act (IDEA).
- 36 i. A representative of the Division of Mental Health, Developmental
37 Disabilities and Substance Abuse Services.

- 1 j. Any additional ad hoc members deemed beneficial to achieve the
2 goals of the Task Force.

3 Appointments to the Task Force shall be made no later than September 1, 2009.

4 Vacancies in the Task Force or a vacancy as chair of the Task Force resulting from the
5 resignation of a member or otherwise shall be filled in the same manner in which the original
6 appointment was made.

7 **SECTION 10.7A.(d)** Duties of the Task Force.

- 8 (1) In consultation with the Department of Health and Human Services and the
9 Department of Public Instruction, develop a Plan for a highly coordinated
10 and efficient system of early childhood education and care.
- 11 (2) Not later than January 15, 2010, establish and appoint a transition team to
12 implement the Plan approved by the General Assembly. The transition team
13 shall be responsible for guiding the transition from the multi-agency/multi-
14 program system now in place to a consolidated system and to ensure
15 continuity and quality of existing services to young children, families, and
16 early childhood programs and personnel.
- 17 (3) Adhere to the following principles in the development and implementation
18 of the Plan approved by the General Assembly.
- 19 a. Ensuring high quality programs.
 - 20 b. Ensuring core functions remain intact.
 - 21 c. Maintaining the strengths and effectiveness of each program.
 - 22 d. Identifying and proposing efficiencies.
 - 23 e. Identifying needed improvements.
 - 24 f. Streamlining administrative savings.
 - 25 g. Promoting a seamless delivery of services from birth through
26 kindergarten.
 - 27 h. Any other principles the Task Force deems relevant.
- 28 (4) Consider the following agencies and functions for consolidation:
- 29 a. The North Carolina Partnership for Children, Inc.
 - 30 b. The "More At Four" Program.
 - 31 c. Title I Prekindergarten programs.
 - 32 d. Preschool Exceptional Children.
 - 33 e. Early Intervention programs.
 - 34 f. Head Start Collaboration.
 - 35 g. Child Care Regulatory and Subsidy.
 - 36 h. Licensing and Regulatory Functions.
 - 37 i. Workforce Professional Development and Recognition.
 - 38 j. Quality Initiatives.
- 39 (5) Consult with appropriate State departments, agencies, and board
40 representatives on issues related to early childhood education and care.
- 41 (6) In developing the Plan, review and consider the proposal included in
42 Ensuring School Readiness for North Carolina's Children: Bringing the
43 Parts Together to Create an Integrated Early Care and Education System,
44 November, 2004.

45 **SECTION 10.7A.(e)** Chair; Meetings. – The Speaker of the House of
46 Representatives and the President Pro Tempore of the Senate shall each designate one member
47 to serve as cochair of the Task Force.

1 The cochairs shall call the initial meeting of the Task Force on or before October 1,
2 2009. The Task Force shall subsequently meet upon such notice and in such manner as its
3 members determine. A majority of the members of the Task Force shall constitute a quorum.

4 **SECTION 10.7A.(f)** Expenses of Members. – Members of the Task Force shall
5 receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or
6 138-6, as appropriate.

7 **SECTION 10.7A.(g)** Cooperation by Government Agencies. – The Task Force
8 may call upon any department, agency, institution, or officer of the State or any political
9 subdivision thereof for facilities, data, or other assistance.

10 **SECTION 10.7A.(h)** Report. – The Task Force shall report its findings and
11 recommendations by January 15, 2010, to Joint Legislative Oversight Committee on
12 Government Operations, the House of Representatives Appropriations Subcommittee on Health
13 and Human Services, the Senate Appropriations Committee on Health and Human Services, the
14 House of Representatives Subcommittee on Education, the Senate Appropriations Committee
15 on Education, and the Fiscal Research Division. The Task Force shall terminate upon filing its
16 final report.

17 **SECTION 10.7A.(i)** Proposal. -- After reviewing the report submitted by the Task
18 Force, the House of Representatives Appropriations Subcommittee on Health and Human
19 Services, the Senate Appropriations Committee on Health and Human Services, the House of
20 Representatives Appropriations Subcommittee on Education, and the Senate Appropriations
21 Committee on Education shall develop language and a budget proposal by May 30, 2010, to
22 present to the 2010 Regular Session of the 2009 General Assembly to implement the
23 consolidation of early childhood education and care programs, which consolidation shall
24 become effective July 1, 2010.

25 **SECTION 10.7A.(j)** Funding. – The Legislative Services Officer shall allocate
26 funds to carry out the duties of the Task Force.

27 **SECTION 10.7A.(k)** Effective date. This section becomes effective July 1, 2009.
28 Effective July 1, 2010, the Consolidation as contained in the Plan approved by the 2010
29 Regular Session of the 2009 General Assembly, shall be implemented.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H50(S10.10)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL*
2 *SERVICES*

3 **SECTION 10.10.** The Division of Child Development of the Department of Health
4 and Human Services shall increase the allowance that county departments of social services
5 may use for administrative costs from four percent (4%) to five percent (5%) of the county's
6 total child care subsidy funds allocated in the Child Care Development Fund Block Grant plan.
7 The increase shall be effective for the 2009-2010 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H32(S10.12)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *MENTAL HEALTH CHANGES*

2 **SECTION 10.12.(a)** For the purpose of mitigating cash flow problems that many
3 non-single-stream local management entities (LMEs) experience at the beginning of each fiscal
4 year, the Department of Health and Human Services, Division of Mental Health,
5 Developmental Disabilities, and Substance Abuse Services, shall adjust the timing and method
6 by which allocations of service dollars are distributed to each non-single-stream LME. To this
7 end, the allocations shall be adjusted such that at the beginning of the fiscal year the
8 Department shall distribute not less than one-twelfth of the LME's continuation allocation and
9 subtract the amount of the adjusted distribution from the LME's total reimbursements for the
10 fiscal year.

11 **SECTION 10.12.(b)** The Department shall evaluate the need to continue the
12 temporary operation of Wake Hospital for one additional year and provide a recommendation
13 to the Governor no later than February 15, 2010. Notwithstanding any other provision of law
14 to the contrary, the Office of State Budget and Management shall establish the positions for the
15 hospital unit on the Dorothea Dix campus as time-limited positions.

16 **SECTION 10.12.(c)** Of the funds appropriated in this act to the Department of
17 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
18 Substance Abuse Services, the sum of fourteen million one hundred forty-nine thousand one
19 hundred fifteen dollars (\$14,149,115) for the 2009-2010 fiscal year and the sum of fourteen
20 million one hundred forty-nine thousand one hundred fifteen dollars (\$14,149,115) for the
21 2010-2011 fiscal year shall be allocated for the purchase of local inpatient psychiatric beds or
22 bed days. These beds or bed days shall be distributed across the State according to need as
23 determined by the Department. The Department shall enter into contracts with the LMEs and
24 community hospitals for the management of these beds or bed days. Local inpatient psychiatric
25 beds or bed days shall be managed and controlled by the LME, including the determination of
26 which local or State hospital the individual should be admitted to pursuant to an involuntary
27 commitment order. Funds shall not be allocated to LMEs but shall be held in a statewide
28 reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse
29 Services to pay for services authorized by the LMEs and billed by the hospitals through the
30 LMEs. LMEs shall remit claims for payment to the Division within 15 working days of receipt
31 of a clean claim from the hospital and shall pay the hospital within 30 working days of receipt
32 of payment from the Division. If the Department determines (i) that an LME is not effectively
33 managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days
34 in the local hospital not being utilized while demand for services at the State psychiatric
35 hospitals has not reduced, or (ii) the LME has failed to comply with the prompt payment
36 provisions of this subsection, the Department may contract with another LME to manage the
37 beds or bed days, or, notwithstanding any other provision of law to the contrary, may pay the
38 hospital directly. The Department shall develop reporting requirements for LMEs regarding

1 the utilization of the beds or bed days. Funds appropriated in this section for the purchase of
2 local inpatient psychiatric beds or bed days shall be used to purchase additional beds or bed
3 days not currently funded by or through LMEs and shall not be used to supplant other funds
4 available or otherwise appropriated for the purchase of psychiatric inpatient services under
5 contract with community hospitals, including beds or bed days being purchased through
6 Hospital Utilization Pilot funds appropriated in S.L. 2007-323. Not later than March 1, 2010,
7 the Department shall report to the House of Representatives Appropriations Subcommittee on
8 Health and Human Services, the Senate, the Joint Legislative Oversight Committee on Mental
9 Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research
10 Division on a uniform system for beds or bed days purchased (i) with local funds, (ii) from
11 existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) purchased using
12 funds appropriated under this subsection.

13 **SECTION 10.12.(d)** The Secretary of the Department of Health and Human
14 Services shall not take any action prior to January 1, 2010, that would result in the merger or
15 consolidation of LMEs operating on January 1, 2008, or that would establish consortia or
16 regional arrangements for the same purpose, except that LMEs that do not meet the catchment
17 area requirements of G.S. 122C-115 as of January 1, 2010, may initiate, continue, or implement
18 the LMEs' merger or consolidation plans to overcome noncompliance with G.S. 122C-115.
19 This subsection does not prohibit LME's from voluntarily merging if they are contiguous or
20 consolidating administrative functions.

21 **SECTION 10.12.(e)**

- 22 (1) The Department of Health and Human Services, Division of Mental Health,
23 Developmental Disabilities, and Substance Abuse Services shall create an
24 "incurred but not reported" category of expenditures such that services are
25 paid based on the actual date of services rather than the date when the
26 invoice is received. The Department may only implement this change with
27 the approval of the Office of State Budget and Management.
- 28 (2) The Department of Health and Human Services, Division of Mental Health,
29 Developmental Disabilities, and Substance Abuse Services may require that
30 providers of mental health, developmental disabilities, and substance abuse
31 services submit bills to the LME for State-funded services within 60 days of
32 the date the services were provided.

33 **SECTION 10.12.(f)** The Department of Health and Human Services may create a
34 midyear process by which it can reallocate State service dollars away from LMEs that do not
35 appear to be on track to spend the LMEs' full appropriation and towards LMEs that appear able
36 to spend the additional funds.

37 **SECTION 10.12.(g)**

- 38 (1) The Department of Health and Human Services, Division of Mental Health,
39 Developmental Disabilities, and Substance Abuse Services, shall continue
40 implementation of the current Supports Intensity Scale (SIS) assessment tool
41 pilot project if the pilot project has demonstrated that the SIS tool:
- 42 a. Is effective in identifying the appropriate array and intensity of
43 services, including residential supports or placement, for individuals
44 assessed.
- 45 b. Is valid for determining intensity of support related to resource
46 allocation for CAP-MR/DD, public and private ICF-MR facilities,
47 developmental disability group homes, and other State- or federally
48 funded services.

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- c. Is used by an assessor that does not have a pecuniary interest in the determinations resulting from the assessment.
 - d. Determines the level of intensity and type of services needed from developmental disability service providers.
- (2) The Department shall report on the progress of the pilot project by May 1, 2010. The Department shall submit the report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. The report shall include the following:
- a. The infrastructure that will be needed to assure that the administration of the assessment tool is independent from service delivery, the qualifications of assessors, training and management of data, and test-retest accountability.
 - b. The cost to: (i) purchase the tool, (ii) implement the tool, (iii) provide training, and (iv) provide for future expansion of the tool statewide.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H54(S10.13)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

- 1 *REENACT 2007 SPECIAL PROVISION ON COLLABORATION ON SCHOOL-BASED*
- 2 *CHILD AND FAMILY TEAM INITIATIVE*
- 3 **SECTION 10.13.** Section 10.9 of S.L. 2007-323 is reenacted for the 2009-2011
- 4 fiscal biennium.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H31(S10.15)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *SUBSTANCE ABUSE TASK FORCE RECOMMENDATIONS/AVAILABILITY OF*
2 *SUBSTANCE ABUSE TREATMENT*

3 **SECTION 10.15.(a)** Consistent with G.S. 122C-2, the General Assembly strongly
4 encourages Local Management Entities (LMEs) to use a portion of the funds appropriated for
5 substance abuse treatment services to support prevention and education activities.

6 **SECTION 10.15.(b)** An LME may use up to one percent (1%) of funds allocated
7 to it for substance abuse treatment services to provide nominal incentives for consumers who
8 achieve specified treatment benchmarks, in accordance with the federal substance abuse and
9 mental health services administration best practice model entitled Contingency Management.

10 **SECTION 10.15.(c)** In providing treatment and services for adult offenders and
11 increasing the number of Treatment Accountability for Safer Communities (TASC) case
12 managers, local management entities shall consult with TASC to improve offender access to
13 substance abuse treatment and match evidence-based interventions to individual needs at each
14 stage of substance abuse treatment. Special emphasis should be placed on intermediate
15 punishment offenders, community punishment offenders at risk for revocation, and Department
16 of Correction (DOC) releasees who have completed substance abuse treatment while in
17 custody.

18 **SECTION 10.15.(d)** In providing drug treatment court services, LMEs shall
19 consult with the local drug treatment court team and shall select a treatment provider that meets
20 all provider qualification requirements and the drug treatment court's needs. A single treatment
21 provider may be chosen for non-Medicaid-eligible participants only. A single provider may be
22 chosen who can work with all of the non-Medicaid-eligible drug treatment court participants in
23 a single group. During the 52-week drug treatment court program, participants shall receive an
24 array of treatment and aftercare services that meets the participant's level of need, including
25 step-down services that support continued recovery.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H55(S10.16)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *TOTAL QUALITY MANAGEMENT*

2 **SECTION 10.16.** The Secretary of the Department of Health and Human Services
3 shall implement a Total Quality Management Program in hospitals and other State facilities for
4 the purpose of providing a high level of customer service by well-trained staff throughout the
5 organization. The focus of this management approach shall be on meeting customer needs by
6 providing high-quality services.

7 The Department shall involve staff at all levels of the organization by soliciting
8 suggestions and input into decision making by managers. The Department shall create staff
9 committees composed of a representative distribution of rank and file employees, to evaluate
10 policy changes and identify training opportunities and other necessary improvements.

11 The Department shall submit a report on the status of the Total Quality Management
12 Program, including any activities associated with its implementation within State facilities, to
13 the Senate Appropriations Committee on Health and Human Services, the House of
14 Representatives Appropriations Subcommittee on Health and Human Services, the Joint
15 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance
16 Abuse Services, and the Fiscal Research Division not later than December 1, 2009.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H41(S10.18)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *IOM STUDIES*

2 **SECTION 10.18.(a)** Funds appropriated in this act to the Department of Health
3 and Human Services for North Carolina Institute of Medicine (NCIOM) may be used to study
4 the following:

- 5 (1) The availability of Medicaid and State-funded mental health, developmental
6 disability, and substance abuse services to active duty, reserve, and veteran
7 members of the military and National Guard. The study should discuss the
8 current availability of services, the extent of use, and any gaps in services.
- 9 (2) Issues related to cost, quality, and access to appropriate and affordable
10 health care for all North Carolinians. The NC Institute of Medicine (IOM)
11 may use funds appropriated for the 2007-2009 fiscal biennium to continue
12 the work of its Health Access Study Group to study these issues. The Health
13 Access Study Group may include in its study the matters contained in
14 Sections 31.1, 31.2, and 31.3 of S.L. 2008-181, and may also monitor federal
15 health-related legislation to determine how the legislation would impact
16 costs, quality, and access to health care.
- 17 (3) Short-term and long-term strategies to address issues within adult care
18 homes that provide residence to persons who are frail and elderly and to
19 persons suffering from mental illness.

20 **SECTION 10.18.(b)** The Institute shall make an interim report to the Governor's
21 Office, the Joint Legislative Health Care Oversight Committee, and the Joint Legislative
22 Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse
23 Services no later than January 15, 2010, which may include recommendations and proposed
24 legislation, and shall issue its final report with findings, recommendations, and suggested
25 legislation to the 2011 General Assembly upon its convening. In the event members of the
26 General Assembly serve on the IOM Health Access Study Group, they shall receive per diem,
27 subsistence, and travel allowances in accordance with G.S. 120-3.1. The Health Access Study
28 Group may include in its study the matters contained in Sections 31.1, 31.2, and 31.3 of S.L.
29 2008-181, and may also monitor federal health-related legislation to determine how the
30 legislation would impact costs, quality, and access to health care.

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GENERAL ASSEMBLY OF NORTH CAROLINA

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DRAFT
SPECIAL PROVISION



2009-DHHS-H12

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *ALLOCATION OF RECURRING CUT IN MH/DD/SA SERVICES*

2 **SECTION 10.18A.** The Division of Mental Health, Developmental Disabilities,
3 and Substance Abuse Services shall allocate the fifty million dollars (\$50,000,000) recurring
4 reduction in services in an equitable manner across all LME's based on population and the
5 current services funding allocation.

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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H4

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *TREATMENT OUTCOMES AND PROGRAM PERFORMANCE SYSTEM FORM*
2 *REQUIREMENT CHANGE*

3 **SECTION 10.18B.** For the 2009-2011 fiscal biennium only, the Department of
4 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
5 Substance Abuse Services, shall suspend the use of the North Carolina Treatment Outcomes
6 and Program Performance Systems (TOPPS) form for mental health patients that do not have
7 substance abuse issues.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H5

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **MULTI-COUNTY LME FUND BALANCE REQUIREMENTS**

2 **SECTION 10.19A.(a)** Notwithstanding any other provision of law to the contrary,
3 requirements for the maintenance, deposit, and withdrawal from a multicounty LME's fund
4 balance are as follows:

- 5 (1) The Department of Health and Human Services shall allocate the non-
6 recurring reduction in State funds in each fiscal year on a pro rata basis to
7 each multi-county LME based on the LME's fund balance. The Department
8 shall not allocate State funds to the LME until the LME has supplanted its
9 pro rata reduction from its fund balance to provide services to non-Medicaid
10 eligible IPRS clients.
- 11 (2) LME's shall use funds in the LME's fund balance to supplant non-recurring
12 reductions in State funds for the 2009-2010 fiscal year and the 2010-2011
13 fiscal year in an amount equal to or greater than the non-recurring reduction
14 in State funds in each fiscal year. Fund balance funds used to supplant non-
15 recurring reductions shall be used exclusively to provide services to LME
16 clients. In no event shall the LME reduce or otherwise adversely affect
17 services due to non-recurring reductions in State funds in each fiscal year.
- 18 (3) LME's shall not use fund balance funds for any purpose other than to
19 provide services to LME clients, even if funds in the fund balance exceed
20 what is necessary to provide services for the 2009-2010 and 2010-2011
21 fiscal years.
- 22 (4) The use of fund balance monies to provide services is subject to the prior
23 approval of the Department of Health and Human Services, Division of
24 Mental Health, Developmental Disabilities, and Substance Abuse Services.
25 The Division shall track fund balance usage of each LME to ensure that the
26 amount used from the fund balance in each fiscal year is at least equal to the
27 nonrecurring reduction in State funds for that fiscal year, and is used to
28 provide services and for no other purpose.
- 29 (5) Reimbursements received from the Department of Health and Human
30 Services after July 1, 2009, for services provided in the 2008-2009, 2009-
31 2010, and 2010-2011 fiscal years, shall not be deposited in the LME's fund
32 balance but shall be used to continue to provide services in each fiscal year.

33 **SECTION 10.19A.(b)** The Department of Health and Human Services, Division of
34 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall require
35 quarterly reporting from single county LME's in a format that will enable the Division to
36 determine if any funds in the county's fund balance are funds allocated for but not used to
37 provide mental health, developmental disabilities, and substance abuse services. The
38 Department of Health and Human Services shall report the results of the quarterly reports to the

1 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and
2 Substance Abuse Services, the House of Representative Appropriations Subcommittee on
3 Health and Human Services, the Senate Appropriations Committee on Health and Human
4 Services, and the Fiscal Research Division on or before May 1, 2010.

5 **SECTION 10.19A.(c)** The Department of Health and Human Services, Division of
6 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop
7 categories reflecting the source and original purpose of MH/DD/SA funds in an LME or county
8 fund balance.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H57(S10.20)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *TRANSITION OF UTILIZATION MANAGEMENT OF COMMUNITY-BASED*
2 *SERVICES TO LOCAL MANAGEMENT ENTITIES*

3 **SECTION 10.20.** Consistent with the findings of the Mercer evaluation of Local
4 Management Entities (LMEs), the Department of Health and Human Services shall collaborate
5 with LMEs to enhance their administrative capabilities to assume utilization management
6 responsibilities for the provision of community-based mental health, developmental disabilities,
7 and substance abuse services. The Department may, with approval of the Office of State
8 Budget and Management, use funds available to implement this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H13

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **WESTERN REGIONAL MAINTENANCE OPERATIONS**

2 **SECTION 10.21A.(a)** In coordination with Broughton Hospital, the Western
3 School for the Deaf, the J. Iverson Riddle Developmental Center, and elected representatives of
4 the workers in each trade assigned to Western Regional Maintenance (WRM), the Department
5 of Health and Human Services shall develop and implement a plan for western regional
6 maintenance operations that increases efficiency, improves facility support, and is more
7 responsive to WRM customers. The plan shall provide for the following:

- 8 (1) WRM programs shall be decentralized;
9 (2) Staff shall be assigned directly to each facility and shall report to designated
10 facility managers.
11 (3) Supervisors shall be responsible for filling work orders and supervising team
12 members. Eliminate supervisor positions that are not needed to effectively
13 carry-out all supervisory duties.
14 (4) Make available to each supported organization general maintenance workers
15 to allow the completion of simple tasks without requiring work orders
16 through a central location.
17 (5) The maintenance programs of each facility shall share equipment and
18 expertise to the extent possible to achieve savings.

19 **SECTION 10.21A.(b)** The Department of Health and Human Services shall report
20 on the implementation of these changes not later than October 1, 2009 to the House of
21 Representative Appropriations Subcommittee on Health and Human Services, the Senate
22 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.
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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

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SPECIAL PROVISION



2009-DHHS-H77

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **IMPLEMENTATION PLAN FOR FOUR TIERS OF CAP-MR/DD PROGRAM**

2 **SECTION 10.21B.** For the purposes of improving efficiency in the expenditure of
3 available funds and effectively identifying and meeting the needs of CAP-MR/DD eligible
4 individuals, on or before January 1, 2010, the Department of Health and Human Services,
5 Division of Medical Assistance, in conjunction with the Division of Mental Health,
6 Developmental Disabilities, and Substance Abuse Services, shall submit a State Plan
7 amendment to the Centers for Medicare and Medicaid services for the implementation of Tiers
8 1 through 4 of the CAP-MR/DD program. The State Plan amendment shall describe the
9 implementation of Tiers 1 and 4 and the proposed implementation of Tiers 2 and 3, and
10 revisions of Tier 4, and shall include detail on each of the following:

- 11 a. The array and intensity level of services that will be available under
12 each of the four Tiers;
- 13 b. The range of costs for the array and intensity level of services under
14 each of the four Tiers;
- 15 c. How the relative intensity of need for each current and future
16 CAP-MR/DD eligible individual will be reliably determined; and
- 17 d. How the determination of intensity of need will be used to assign
18 individuals appropriately into one of the four Tiers.

19 The Department may develop an application to the Centers for Medicare and
20 Medicaid services for additional Medicaid waivers for Tiers 2 and 3 of
21 CAP/MR-DD program. The Department shall not submit the application
22 until after it has submitted the State Plan amendment required under this
23 subdivision. Nothing in this subdivision obligates the General Assembly to
24 appropriate additional funds for the CAP-MR/DD waiver.

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2009-DHHS-H58(S10.23)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES*
2 *INITIATIVE*

3 **SECTION 10.23.(a)** Funds appropriated in this act from the General Fund to the
4 Department of Health and Human Services for the Community-Focused Eliminating Health
5 Disparities Initiative (CFEHDI) shall be used to provide grants-in-aid to local public health
6 departments, American Indian tribes, and faith-based and community-based organizations to
7 close the gap in the health status of African-Americans, Hispanics/Latinos, and American
8 Indians as compared to the health status of white persons. These grants shall focus on the use of
9 preventive measures to support healthy lifestyles. The areas of focus on health status shall be
10 infant mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and
11 homicides and motor vehicle deaths.

12 **SECTION 10.23.(b)** Funds appropriated in this act to the Department of Health
13 and Human Services, Division of Public Health, for the CFEHDI shall be awarded as a
14 grant-in-aid to honor the memory of the following recently deceased members of the General
15 Assembly: Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne Lucas, and
16 William Martin. These funds shall be used for concerted efforts to address large gaps in health
17 status among North Carolinians who are African-American, as well as disparities among other
18 minority populations in North Carolina.

19 **SECTION 10.23.(c)** The Department of Health and Human Services shall report
20 on the following with respect to funds appropriated to the CFEHDI for the 2009-2010 fiscal
21 year. The report shall address the following:

- 22 (1) Which community programs and local health departments received CFEHDI
23 grants.
- 24 (2) The amount of funding each program or local health department received.
- 25 (3) Which of the minority populations were served by the programs or local
26 health departments.
- 27 (4) Which counties were served by the programs or local health departments.
- 28 (5) What activities were planned and implemented by the programs or local
29 health departments to fulfill the community focus of the CFEHDI program.
- 30 (6) How the activities implemented by the programs or local health departments
31 fulfilled the goal of reducing health disparities among minority populations.

32 The report shall also include specific activities undertaken pursuant to subsection (a)
33 of this section to address large gaps in health status among North Carolinians who are
34 African-American and other minority populations in this State. The Department shall submit
35 the report not later than March 15, 2010, to the House of Representatives Appropriations
36 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
37 and Human Services, and the Fiscal Research Division.

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2009-DHHS-H7(S10.25)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *AIDS DRUG ASSISTANCE PROGRAM*

2 **SECTION 10.25.(a)** For the 2009-2010 and 2010-2011 fiscal years, the
3 Department may, within existing Aids Drug Assistance Program (ADAP) resources, adjust the
4 financial eligibility criterion of the ADAP up to an amount not exceeding three hundred percent
5 (300%) of the federal poverty level in order to serve as many eligible North Carolinians living
6 with HIV disease as possible within existing resources plus any new federal resources. If a
7 waiting list develops as a result of the eligibility criterion being raised, the Department shall
8 give first priority to those individuals on the waiting list with income at or below one hundred
9 twenty-five percent (125%) of the federal poverty level, and second priority to those
10 individuals with income above one hundred twenty-five percent (125%) and at or below two
11 hundred fifty percent (250%) of federal poverty guidelines.

12 **SECTION 10.25.(b)** The Department of Health and Human Services (DHHS) shall
13 work with the Department of Correction (DOC) to use DOC funds to purchase pharmaceuticals
14 for the treatment of DOC inmates with HIV/AIDS in a manner that allows these funds to be
15 accounted for as State matching funds in DHHS drawing down federal Ryan White funds.

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2009-DHHS-H59(S10.26)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **PUBLIC HEALTH IMPROVEMENT PLAN**

2 **SECTION 10.26.(a)** The Department of Health and Human Services (DHHS) shall
3 develop a five-year Public Health Improvement Plan (Plan) by March 31, 2010. In developing
4 the Plan the Secretary shall:

- 5 (1) Adopt a list of services and activities performed by local health departments
6 that qualify as core public health functions of statewide significance.
- 7 (2) Adopt a list of performance measures with the intent of improving health
8 status indicators applicable to core public health functions of statewide
9 significance that local health departments (LHDs) must provide.
- 10 (3) Identify a set of health status indicators to be given priority by LHDs.

11 Under the Plan, all priorities and health status indicators must incorporate as an essential
12 activity the disparity of diseases amongst populations and locales.

13 **SECTION 10.26.(b)** In order for measurable benefits to be realized through the
14 implementation of the Plan, the Plan shall include the adoption of levels of performance
15 necessary to promote:

- 16 (1) Uniformity across local health departments,
- 17 (2) Best evidence-based services,
- 18 (3) National standards of performance,
- 19 (4) Innovations in public health practice, and
- 20 (5) Reduction of geographic and racial health disparities.

21 LHDs shall have the flexibility and opportunity to use the resources available to achieve the
22 required performance measures in a manner that best suits the LHD.

23 **SECTION 10.26.(c)** The Plan will address the need to provide county health
24 departments with financial incentives to encourage and increase local investment in public
25 health functions. County governments shall not supplant existing local funding with State
26 incentive resources. The Secretary may revise the list of activities and performance measures as
27 appropriate, but before doing so, the Secretary shall provide a written explanation of the
28 rationale for the addition, deletion, or revision.

29 **SECTION 10.26.(d)** In developing the Plan the Secretary shall establish and chair
30 the Public Health Improvement Plan Task Force (Task Force), the members and expertise of
31 which shall include:

- 32 (1) Local health departments,
- 33 (2) Department staff,
- 34 (3) Individuals and entities with expertise in the development of performance
35 measures, accountability, and systems management,
- 36 (4) Experts in development of evidence-based medical guidelines or public
37 health practice guidelines, and
- 38 (5) Individuals and entities that will be affected by the performance measures.

1 **SECTION 10.26.(e)** The implementation schedule for the Plan shall be as follows:

- 2 (1) July 1, 2009, establish the Task Force to develop the Plan,
- 3 (2) March 31, 2010, submit the Plan to the 2010 Regular Session of the 2009
4 General Assembly,
- 5 (3) July 1, 2010, implement the Plan, and
- 6 (4) November 15, 2011, and annually thereafter, report on Plan implementation.

7 **SECTION 10.26.(f)** The Department will identify the programmatic activities and
8 funding in the Division of Public Health associated with the core functions and activities in the
9 Plan. Funds associated with these activities shall be subject to a flexible spending formula
10 adopted by the Department, as follows:

- 11 (1) Beginning in SFY 2010-2011, the flexible spending formula will begin to
12 replace the current spending with a more effective method of funding public
13 health activities at the local level and achieving the results expected.
- 14 (2) The Task Force shall identify a reliable and consistent source of State
15 revenue to fund the flexible spending formula.
- 16 (3) If sufficient additional revenue is available to implement the Plan, a separate
17 set-aside of available funds would be created. This set-aside would be
18 available to contiguous LHDs that seek to address a specific women's health,
19 child health, or adult health disease or chronic condition, and in doing so,
20 choose to merge into a single Local Health District, thus saving
21 administrative dollars to be focused on public health issues.

22 **SECTION 10.26.(g)** Funds appropriated to the Department for flexible spending
23 shall be distributed to county health departments as follows:

- 24 (1) Each of the county health departments will receive a base amount to be
25 determined by the DHHS.
- 26 (2) The balance of funds in the Flexible Spending Account is to be distributed to
27 the counties on the basis of a formula that takes into consideration the
28 following elements:
 - 29 a. Population,
 - 30 b. Per capita income,
 - 31 c. Rates of:
 - 32 1. Infant mortality,
 - 33 2. Teenage pregnancy,
 - 34 3. Tobacco use,
 - 35 4. Cancer,
 - 36 5. Heart disease,
 - 37 6. Diabetes, and
 - 38 7. Stroke.
 - 39 d. Percent of minorities in the county,
 - 40 e. Body Mass Index (BMI) of public school students, and
 - 41 f. Other factors as the Secretary may find necessary to achieve the
42 goals of the Plan.
- 43 (3) The use of the funds by the LHD would reflect the core public health
44 functions. It will be incumbent upon the LHD to use the funds in a manner
45 that assures its achievement of the performance measures adopted by the
46 Secretary.

47 **SECTION 10.26.(h)** To ensure compliance with Department directives, the Task
48 Force shall consider requiring each county health department to submit to the Secretary such
49 data as the Secretary determines is necessary to allow the Secretary to assess whether the

1 county health department has used the funds in a manner consistent with achieving the
2 performance measures associated with this Plan.

3 **SECTION 10.26.(i)** Beginning November 15, 2011, and biannually thereafter, the
4 Secretary shall report to the Governor and the General Assembly on:

- 5 (1) The distribution of funds to LHDs,
- 6 (2) The use of these funds by LHDs,
- 7 (3) The specific effect the funding from this Plan has had on:
 - 8 a. LHDs' performance,
 - 9 b. Health status indicators, and
 - 10 c. Health disparities.

11 The Secretary's initial report will focus on implementation. Subsequent reports will evaluate
12 trends in performance and expenditures.

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2009-DHHS-H16

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

- 1 ***REPLACEMENT OF RECEIPTS FOR CHILD DEVELOPMENT SERVICE AGENCIES***
- 2 **SECTION 20.26A.** Receipts earned by the Child Development Service Agencies
- 3 (CDSAs) from any public or private third party payor shall be budgeted on a recurring basis to
- 4 replace reductions in State appropriations to CDSAs.

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2009-DHHS-H60(S10.27)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **HEALTH INFORMATION TECHNOLOGY**

2 **SECTION 10.27.(a)** The Department of Health and Human Services, in
3 cooperation with the State Chief Information Officer and the North Carolina Office of
4 Economic Recovery and Investment, shall coordinate health information technology (HIT)
5 policies and programs within the State of North Carolina. The Department's goal in
6 coordinating State HIT policy and programs shall be to avoid duplication of efforts and to
7 ensure that each State agency, public entity, and private entity that undertakes health
8 information technology activities associated with the American Recovery and Reinvestment
9 Act of 2009 (ARRA) does so within the area of its greatest expertise and technical capability,
10 and in a manner that supports coordinated State and national goals, which shall include at least
11 all of the following:

- 12 (1) Ensuring that patient health information is secure and protected, in
13 accordance with applicable law.
- 14 (2) Improving health care quality, reducing medical errors, reducing health
15 disparities, and advancing the delivery of patient-centered medical care.
- 16 (3) Providing appropriate information to guide medical decisions at the time and
17 place of care.
- 18 (4) Ensuring meaningful public input into HIT infrastructure development.
- 19 (5) Improving the coordination of information among hospitals, laboratories,
20 physician offices, and other entities through an effective infrastructure for
21 the secure and authorized exchange of health care information.
- 22 (6) Improving public health services and facilitating early identification and
23 rapid response to public health threats and emergencies, including
24 bioterrorist events and infectious disease outbreaks.
- 25 (7) Facilitating health and clinical research.
- 26 (8) Promoting early detection, prevention, and management of chronic diseases.

27 **SECTION 10.27.(b)** The Department of Health and Human Services shall
28 establish and direct a HIT management structure that is efficient and transparent and that is
29 compatible with the Office of the National Health Coordinator for Information Technology
30 (National Coordinator) governance mechanism. The HIT management structure shall be
31 responsible for all of the following:

- 32 (1) Developing a State plan for implementing and ensuring compliance with
33 national HIT standards, and for the most efficient, effective, and widespread
34 adoption of HIT.
- 35 (2) Ensuring that (i) specific populations are effectively integrated into the State
36 plan, including aging populations, populations requiring mental health
37 services, and populations utilizing the public health system; and (ii)

1 unserved and underserved populations receive priority consideration for HIT
2 support.

- 3 (3) Identifying all HIT stakeholders and soliciting feedback and participation
4 from each stakeholder in the development of the State plan.
- 5 (4) Ensuring that existing HIT capabilities are considered and incorporated into
6 the State plan.
- 7 (5) Identifying and eliminating conflicting HIT efforts where necessary.
- 8 (6) Identifying available resources for the implementation, operation, and
9 maintenance of health information technology, including, but not limited to,
10 the ARRA, with emphasis on identifying resources and available
11 opportunities for North Carolina institutions of higher learning, including
12 The University of North Carolina and its constituent institutions,
13 notwithstanding G.S. 147-33.80.
- 14 (7) Ensuring that the appropriate State entities receive all the necessary
15 information and support to successfully compete for funding included in the
16 ARRA.
- 17 (8) Ensuring that potential State plan participants are aware of HIT policies and
18 programs and the opportunity for improved health information technology.
- 19 (9) Monitoring HIT efforts and initiatives in other States and replicating
20 successful efforts and initiatives in North Carolina.
- 21 (10) Monitoring the development of the National Coordinator's strategic plan and
22 ensuring that all stakeholders are aware of and in compliance with its
23 requirements.
- 24 (11) Monitoring the progress and recommendations of the HIT Policy and
25 Standards Committees and ensuring that all stakeholders remain informed of
26 the Committee's recommendations.
- 27 (12) Monitoring all studies and reports provided to the United States Congress
28 and reporting to the Joint Legislative Oversight Committee on Information
29 Technology and the Fiscal Research Division on the impact of report
30 recommendations on State efforts to implement coordinated HIT.

31 **SECTION 10.27.(c)** Beginning October 1, 2009, the Department of Health and
32 Human Services shall provide quarterly written reports on the status of HIT efforts to the
33 Senate Appropriations Committee on Health and Human Services, the House of
34 Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal
35 Research Division. The report shall include the following:

- 36 (1) Current status of federal HIT initiatives.
- 37 (2) Current status of State HIT efforts and initiatives among both public and
38 private entities.
- 39 (3) A breakdown of current public and private funding sources and dollar
40 amounts for State HIT initiatives.
- 41 (4) Department efforts to coordinate HIT initiatives within the State, and any
42 obstacles or impediments to coordination.
- 43 (5) HIT research efforts being conducted within the State, and sources of
44 funding for research efforts.
- 45 (6) Opportunities for stakeholders to participate in HIT funding and other efforts
46 and initiatives during the next quarter.
- 47 (7) Issues associated with the implementation of HIT in North Carolina and
48 recommended solutions to these issues.

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2009-DHHS-H8(S10.28)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *HOSPITAL-ACQUIRED INFECTIONS*

2 **SECTION 10.28.** The Department of Health and Human Services shall apply for
3 federal funds that are available through P.L. 111-15, the American Recovery and Reinvestment
4 Act, to implement a mandatory Statewide hospital-acquired infections surveillance and
5 reporting system, as recommended by the Joint Study Committee on Hospital Infection Control
6 and Disclosure.

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2009-DHHS-H9(S10.30)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *FACILITATION OF ENROLLMENT AND REENROLLMENT OF ELIGIBLE*
2 *CHILDREN IN MEDICAID AND NC HEALTH CHOICE*

3 **SECTION 10.30.** The Department of Health and Human Services shall increase its
4 efforts to simplify the eligibility determination and recertification process to facilitate the
5 enrollment and reenrollment of eligible Medicaid and NC Health Choice individuals. The
6 Department shall also:

- 7 (1) Explore various opportunities through public awareness campaigns and
8 enlisting community organizations to alert families of the opportunities of
9 Medicaid and NC Health Choice to provide preventive health care to their
10 children; and
11 (2) Pursue opportunities in the federal Children's Health Insurance Program
12 Reauthorization Act (CHIPRA) to enhance outreach efforts and enrollment
13 for children in Medicaid and NC Health Choice. These enhancements may
14 include funding for outreach and enrollment activities and implementation of
15 the "Express Lane" option that uses agencies that determine eligibility for
16 TANF, IV-D SNAP, Head Start, and School Lunch programs to enroll
17 children.

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2009-DHHS-H10(S10.31)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *NC HEALTH CHOICE TRANSITION*

2 **SECTION 10.31.(a)** The Secretary of the Department of Health and Human
3 Services shall develop and implement a plan for assuming administrative responsibility for the
4 North Carolina Health Choice for Children program by transitioning all administrative
5 oversight activities from the Executive Administrator and Board of Trustees of the State Health
6 Plan for Teachers and State Employees to the Division of Medical Assistance. The transition
7 of all administrative oversight from the State Health Plan to the Division of Medical Assistance
8 shall be completed not later than July 1, 2010. The Secretary shall report to the Joint
9 Legislative Health Care Oversight Committee and the Committee on Employee Hospital and
10 Medical Benefits at least 30 days prior to effecting the transition of the responsibilities for the
11 administration from the Executive Administrator and Board of Trustees of the State Health
12 Plan for Teachers and State Employees to the Department.

13 **SECTION 10.31.(b)** In consultation with the Department of Health and Human
14 Services, Division of Medical Assistance, and other appropriate organizations, the Office of
15 State Budget and Management (OSBM) shall conduct an independent analysis of the cost to
16 determine appropriate staffing levels to manage and implement the transition of NC Health
17 Choice from the State Health Plan to the Division to ensure that the transition of NC Health
18 Choice occurs with minimal disruption and that the Division has adequate staffing and an
19 organizational structure that fits with its existing structure. The Office of State Budget and
20 Management shall report with staffing recommendations by March 1, 2010, to the Senate
21 Appropriations Committee on Health and Human Services, the House of Representatives
22 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
23 Division.

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2009-DHHS-H62(S10.33)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *NC HEALTH CHOICE MEDICAL POLICY*

2 **SECTION 10.33.** Unless required for compliance with federal law, the Department
3 shall not change medical policy affecting the amount, sufficiency, duration, and scope of NC
4 Health Choice health care services and who may provide services until the Division of Medical
5 Assistance has prepared a five-year fiscal analysis documenting the increased cost of the
6 proposed change in medical policy and submitted it for Departmental review. If the fiscal
7 impact indicated by the fiscal analysis for any proposed medical policy change exceeds one
8 million dollars (\$1,000,000) in total requirements for a given fiscal year, then the Department
9 shall submit the proposed medical policy change with the fiscal analysis to the Office of State
10 Budget and Management and the Fiscal Research Division. The Department shall not
11 implement any proposed medical policy change exceeding one million dollars (\$1,000,000) in
12 total requirements for a given fiscal year unless the source of State funding is identified and
13 approved by the Office of State Budget and Management. For medical policy changes
14 exceeding one million dollars (\$1,000,000) in total requirements for a given fiscal year that are
15 required for compliance with federal law, the Department shall submit the proposed medical
16 policy or policy interpretation change with a five-year fiscal analysis to the Office of State
17 Budget and Management prior to implementing the change. The Department shall provide the
18 Office of State Budget and Management and the Fiscal Research Division a quarterly report
19 itemizing all medical policy changes with total requirements of less than one million dollars
20 (\$1,000,000).

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2009-DHHS-H14(S10.34)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *NC HEALTH CHOICE ENROLLMENT FREEZE*

2 **SECTION 10.34.** The Department of Health and Human Services shall not enroll
3 any more than 129,694 children in the NC Health Choice for Children Program during the
4 2009-2010 fiscal year.

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2009-DHHS-H84(S10.35)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *NCHC FUNDS REDUCTION/CCNC*

2 **SECTION 10.35.(a)** Effective July 1, 2009, G.S. 108A-70.21(b) reads as rewritten:

3 "(b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,
4 copayments, and other cost sharing charges, health benefits coverage provided to children
5 eligible under the Program shall be equivalent to coverage provided for dependents under the
6 Predecessor Plan.

7 In addition to the benefits provided under the Predecessor Plan, the following services and
8 supplies are covered under the Health Insurance Program for Children established under this
9 Part:

- 10 (1) Oral examinations, teeth cleaning, and topical fluoride treatments twice
11 during a 12-month period, full mouth X-rays once every 60 months,
12 supplemental bitewing X-rays showing the back of the teeth once during a
13 12-month period, sealants, extractions, other than impacted teeth or wisdom
14 teeth, therapeutic pulpotomies, space maintainers, root canal therapy for
15 permanent anterior teeth and permanent first molars, prefabricated stainless
16 steel crowns, and routine fillings of amalgam or other tooth colored filling
17 material to restore diseased teeth.
- 18 (1a) Orthognathic surgery to correct functionally impairing malocclusions when
19 orthodontics was approved and initiated while the child was covered by
20 Medicaid and the need for orthognathic surgery was documented in the
21 orthodontic treatment plan.
- 22 (2) Vision: Scheduled routine eye examinations once every 12 months, eyeglass
23 lenses or contact lenses once every 12 months, routine replacement of
24 eyeglass frames once every 24 months, and optical supplies and solutions
25 when needed. Optical services, supplies, and solutions must be obtained
26 from licensed or certified ophthalmologists, optometrists, or optical
27 dispensing laboratories. Eyeglass lenses are limited to single vision, bifocal,
28 trifocal, or other complex lenses necessary for a Plan enrollee's visual
29 welfare. Coverage for oversized lenses and frames, designer frames,
30 photosensitive lenses, tinted contact lenses, blended lenses, progressive
31 multifocal lenses, coated lenses, and laminated lenses is limited to the
32 coverage for single vision, bifocal, trifocal, or other complex lenses provided
33 by this subsection. Eyeglass frames are limited to those made of zylonite,
34 metal, or a combination of zylonite and metal. All visual aids covered by this
35 subsection require prior approval. Upon prior approval refractions may be
36 covered more often than once every 12 months.
- 37 (3) Hearing: Auditory diagnostic testing services and hearing aids and
38 accessories when provided by a licensed or certified audiologist,

1 otolaryngologist, or other approved hearing aid specialist. Prior approval is
2 required for hearing aids, accessories, earmolds, repairs, loaners, and rental
3 aids.

4 (4) Over the counter medications: Selected over the counter medications
5 provided the medication is covered under the State Medical Assistance Plan.
6 Coverage shall be subject to the same policies and approvals as required
7 under the Medicaid program.

8 (5) Routine diagnostic examinations and tests: annual routine diagnostic
9 examinations and tests, including x-rays, blood and blood pressure checks,
10 urine tests, tuberculosis tests, and general health check-ups that are
11 medically necessary for the maintenance and improvement of individual
12 health are covered.

13 No benefits are to be provided for services and materials under this subsection that do not
14 meet the standards accepted by the American Dental Association.

15 The Department shall provide services to children enrolled in the NC Health Choice
16 Program through Community Care of North Carolina ([CCNC](#)) and shall pay Community Care
17 of North Carolina providers for these services as allowed under Medicaid. [The Department
18 shall pay for these services only if sufficient information is available to the Department for
19 utilization management of the services provided through CCNC.](#)"

20 **SECTION 10.35.(b)** The Department of Health and Human Services, Division of
21 Medical Assistance, shall reduce or eliminate funding for per member, per month fees paid to
22 Community Care of North Carolina (CCNC) if sufficient information is not available to the
23 Department for utilization management of the provider services.

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2009-DHHS-H85

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **REPORT ON DHHS POSITION ELIMINATIONS**

2 **SECTION 10.35A.** The Secretary of the Department of Health and Human
3 Services may achieve the savings from position eliminations by reducing a lesser number of
4 positions than prescribed in the money report for Department of Health and Human Services.
5 The Secretary shall report on the number of positions eliminated in the budget for FY2009-10.
6 The report shall include the total number of positions, including positions filled and vacant
7 positions, and savings generated through salary and fringe benefits and any severance paid out.
8 The Secretary shall submit the report to the House of Representative Appropriations
9 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
10 and Human Services, and the Fiscal Research Division on or before March 1, 2010.

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2009-DHHS-H28(S10.36)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **COMMUNITY CARE OF NORTH CAROLINA**

2 **SECTION 10.36.(a)** Given the primary care case management foundation
3 established by Community Care of North Carolina (CCNC), the Department shall build upon
4 that foundation to ensure quality care and cost control of CCNC by implementing the activities
5 listed in subsection (b) of this section.

6 **SECTION 10.36.(b)** The Department shall contract with CCNC to manage the care
7 of Medicaid recipients, through a per member, per month reimbursement. In the contract, the
8 Department shall ensure that CCNC is striving to follow tenets adapted from the National
9 Committee of Quality Assurance's (NCQA) national measures for Medical Homes Models. The
10 CCNC networks must demonstrate proficiency in all of the following areas:

- 11 (1) Written standards for patient access and patient communication.
- 12 (2) Use of data to show patients are meeting these standards.
- 13 (3) Adoption and implementation of evidence-based guidelines for priority
14 diseases and conditions identified by the Department.
- 15 (4) Active support, monitoring, follow-up, and documentation on patient
16 self-management.
- 17 (5) Tracking system to test and identify abnormal results, and follow-up in a
18 timely manner.
- 19 (6) Tracking referrals from and to other acute and long-term care facilities and
20 providers, so as to provide continuous management of patient care.
- 21 (7) Measurement of clinical and/or service performance by physician or across a
22 practice.
- 23 (8) Reporting performance according to baseline data and performance
24 measures established by the Department's Independent Advisory Group
25 across CCNC networks, practices, and physicians to achieve the maximum
26 savings possible through improvement in the quality of care.

27 **SECTION 10.36.(c)** By July 1, 2009, or as soon as possible thereafter, the
28 Department shall establish an Independent Advisory Group (IAG) for the purpose of
29 developing targeted (i) baseline data, (ii) clinically acceptable performance measures that
30 recognize nationally accredited treatment protocols, and (iii) patient, physician, and practice
31 goals that improve quality of care, and realize necessary savings within Medicaid. The
32 members of the IAG shall have demonstrated experience in actuarial analysis, health policy
33 analysis, medical practice, hospital administration, or management of long-term chronic
34 conditions. The IAG and the Department shall ensure the following:

- 35 (1) The IAG shall begin work immediately so that baseline data, clinically
36 acceptable performance measures, and practice goals to improve quality and
37 cost savings can be implemented no later than January 1, 2010.

- 1 (2) The Department shall prepare a report to the General Assembly on the
2 baseline data, clinically acceptable performance measures, and practice goals
3 adopted by the IAG, and the improved quality and cost savings expected as a
4 result of their implementation. This report will be due January 31, 2010.
- 5 (3) The IAG shall establish baseline information and performance measures for
6 the diseases and conditions listed in this subdivision, the focus of which
7 shall be on Medicaid recipients who are children, adults, and those who are
8 aged, blind, or disabled. The diseases and conditions shall include all of the
9 following:
10 a. Asthma
11 b. Diabetes
12 c. Heart disease,
13 d. Chronic Obstructive Pulmonary Disease
14 e. Mental illness
15 f. Substance abuse
16 g. Obesity
17 h. High risk maternity care
- 18 (4) The baseline information, performance measures, and practice and physician
19 goals developed for the continuing care of Medicaid recipients, who are also
20 eligible for Medicare shall include attention to all of the following for this
21 population:
22 a. Increased primary care visit rate
23 b. Hospital admission rate
24 c. Hospital readmission rate
25 d. Emergency department visit rate
26 e. Mortality rate
27 f. Prescription drug management, including:
28 1. Number of prescriptions prescribed,
29 2. Number of generic versus brand-name prescriptions, and
30 3. Reconciliation of a patient's prescriptions between hospital,
31 nursing facility, and primary care physician.

32 **SECTION 10.36.(c1)** Beginning July 1, 2010, and every six months thereafter, the
33 Department shall submit a report to the House of Representatives Appropriations
34 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
35 and Human Services, the Senate Appropriations Committee on Health and Human Services,
36 and the Fiscal Research Division evaluating the performance of each of the 14 CCNC networks
37 based upon (i) CCNC performance measures, (ii) performance measures adopted by the IAG,
38 and (iii) nationally accepted evidence-based performance measures.

39 **SECTION 10.36.(d)** The Department shall conduct a Request for Proposal (RFP)
40 process to solicit bids from qualified outside entities with proven experience in conducting
41 actuarial and health care studies and evaluations to annually report on the Medicaid cost
42 savings achieved by the CCNC networks during a 12-month period.

43 **SECTION 10.36.(e)** The contractor's report, information, and data shall be in a
44 format that allows the Department to manipulate and assess the performance of CCNC as a
45 whole and for its 14 networks individually. Not later than October 1, 2010, the Department
46 shall provide to the Senate Appropriations Committee on Health and Human Services, the
47 House of Representatives Appropriations Subcommittee on Health and Human Services, and
48 the Fiscal Research Division copies of the contractor's report for CCNC activities conducted
49 during the 2009-2010 fiscal year. The Department shall provide these copies to the Senate

1 Appropriations Committee on Health and Human Services, the House of Representatives
2 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
3 Division annually thereafter.

4 **SECTION 10.36.(f)** Under the Children's Health Insurance Program
5 Reauthorization Act, P.L. 111-1, the U.S. Secretary of Health and Human Services is directed
6 to:

- 7 (1) Develop a standardized reporting format that encourages states to report
8 information regarding the quality of pediatric health care delivered through
9 the State Children's Health Insurance Program, and
- 10 (2) Establish a set of pediatric quality measures not later than January 1, 2011.

11 Given this directive, the IAG shall develop targeted baseline data, clinically
12 acceptable performance measures that recognize nationally accredited treatment protocols, and
13 patient, physician, and practice goals that improve quality of care, in order to realize necessary
14 savings within North Carolina's Health Choice program. The IAG shall begin this effort so that
15 baseline data, clinically acceptable performance measures, and practice goals to improve
16 quality and cost savings can be implemented by July 1, 2010, the date on which the Department
17 of Health and Human Services, Division of Medical Assistance assumes management
18 responsibility of the Health Choice program from the State Health Plan.

GENERAL ASSEMBLY OF NORTH CAROLINA

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DRAFT
SPECIAL PROVISION



2009-DHHS-H83(S10.37)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *COMMUNITY HEALTH CENTER CHANGES*

2 **SECTION 10.37.** Of the funds appropriated in this act for Community Health
3 Grants, the sum of one million eight hundred sixty thousand dollars (\$1,860,000) in recurring
4 funds for the 2009-2010 fiscal year and the sum of one million eight hundred sixty thousand
5 dollars (\$1,860,000) for the 2010-2011 fiscal year shall be allocated as grants on a competitive
6 basis to rural health centers, free clinics, public health departments, school-based health
7 centers, qualified health centers, and other nonprofit organizations that provide primary care
8 and preventive health services to uninsured and indigent persons.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H66(S10.38)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *LIABILITY INSURANCE*

2 **SECTION 10.38.(a)** The Secretary of the Department of Health and Human
3 Services, the Secretary of the Department of Environment and Natural Resources, and the
4 Secretary of the Department of Correction may provide medical liability coverage not to
5 exceed one million dollars (\$1,000,000) per incident on behalf of employees of the
6 Departments licensed to practice medicine or dentistry, on behalf of all licensed physicians who
7 are faculty members of The University of North Carolina who work on contract for the
8 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for
9 incidents that occur in Division programs, and on behalf of physicians in all residency training
10 programs from The University of North Carolina who are in training at institutions operated by
11 the Department of Health and Human Services. This coverage may include commercial
12 insurance or self-insurance and shall cover these individuals for their acts or omissions only
13 while they are engaged in providing medical and dental services pursuant to their State
14 employment or training.

15 **SECTION 10.38.(b)** The coverage provided under this section shall not cover any
16 individual for any act or omission that the individual knows or reasonably should know
17 constitutes a violation of the applicable criminal laws of any state or the United States or that
18 arises out of any sexual, fraudulent, criminal, or malicious act or out of any act amounting to
19 willful or wanton negligence.

20 **SECTION 10.38.(c)** The coverage provided pursuant to this section shall not
21 require any additional appropriations and shall not apply to any individual providing
22 contractual service to the Department of Health and Human Services, the Department of
23 Environment and Natural Resources, or the Department of Correction, with the exception that
24 coverage may include physicians in all residency training programs from The University of
25 North Carolina who are in training at institutions operated by the Department of Health and
26 Human Services and licensed physicians who are faculty members of The University of
27 North Carolina who work for the Division of Mental Health, Developmental Disabilities, and
28 Substance Abuse Services.

GENERAL ASSEMBLY OF NORTH CAROLINA

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SPECIAL PROVISION



2009-DHHS-H65(S10.40)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES*

2 **SECTION 10.40.** Subject to rules adopted by the State Controller, an employee of
3 the Department of Health and Human Services may authorize, in writing, the periodic
4 deduction from the employee's salary or wages for employment by the State, a designated lump
5 sum to be paid to satisfy the cost of services received for child care provided by the
6 Department.

GENERAL ASSEMBLY OF NORTH CAROLINA

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SPECIAL PROVISION



2009-DHHS-H68(S10.41)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)*
2 *FUNDS/IMPLEMENTATION OF MMIS*

3 **SECTION 10.41.(a)** Of the funds appropriated in this act to the Department of
4 Health and Human Services (Department) from prior year earned revenues received by the
5 Department for the Medicaid Management Information System (MMIS), the sum of eleven
6 million seventy-one thousand five hundred two dollars (\$11,071,502) for fiscal year 2009-2010
7 and the sum of nine million eight hundred twenty thousand six hundred eighty-nine dollars
8 (\$9,820,689) for fiscal year 2010-2011 shall be (i) deposited to the Department's information
9 technology budget code and (ii) used to match federal funds for the procurement, design,
10 development, and implementation of the new MMIS system and to fund the central
11 management of the project. In the event that the Department does not receive prior year earned
12 revenues in these amounts, the Department is authorized with approval of the Office of State
13 Budget and Management to use other over-realized receipts to the level appropriated in this act
14 for MMIS expenditures.

15 **SECTION 10.41.(b)** The Department shall make full development of the
16 replacement MMIS a top priority. During the development and implementation of MMIS, the
17 Department shall develop plans to ensure the timely and effective implementation of
18 enhancements to the system to provide the following capabilities:

- 19 (1) Receiving and tracking premium or other payments required by law.
- 20 (2) Compatibility with the administration of the Health Information System.

21 The Department shall make every effort to expedite the implementation of the
22 enhancements. The Office of Information Technology Services shall work in cooperation with
23 the Department to ensure the timely and effective implementation of the MMIS and
24 enhancements. The contract between the Department and the contract vendor shall contain an
25 explicit provision requiring that the MMIS have the capability to fully implement the
26 administration of NC Health Choice, NC Kids' Care, Ticket to Work, Families Pay Part of the
27 Cost of Services under the CAP-MR/DD, CAP Children's Program, and all relevant Medicaid
28 waivers and the Medicare 646 waiver as it applies to Medicaid eligibles. The Department must
29 have detailed cost information for each requirement before signing the contract. Any contract
30 between the Department and a vendor for the MMIS that does not contain the explicit provision
31 required under this subsection is void on its face. Notwithstanding any other provision of law to
32 the contrary, the Secretary of the Department does not have the authority to sign a contract for
33 the MMIS if the contract does not contain the explicit provision required under this section.

34 **SECTION 10.41.(c)** Notwithstanding G.S. 114-2.3, the Department shall engage
35 the services of private counsel with the pertinent information technology and computer law
36 expertise to review requests for proposals and to negotiate and review contracts associated with
37 MMIS. The counsel engaged by the Department shall review the MMIS contract between the

1 Department and the vendor to ensure that the requirements of subsection (a) of this section are
2 met in their entirety.

3 **SECTION 10.41.(d)** The Department shall develop a comprehensive schedule for
4 the development and implementation of the MMIS that fully incorporates federal and State
5 project management and review requirements. The Department shall ensure that the schedule
6 is as accurate as possible. Any changes to the design, development, and implementation
7 schedule shall be reported as part of the Department's quarterly MMIS reporting requirements.
8 The Department shall submit the schedule to the Chairs of the House of Representatives
9 Committee on Appropriations and the House of Representatives Subcommittee on Health and
10 Human Services, the Chairs of the Senate Committee on Appropriations and the Senate
11 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.
12 Any change to key milestones in either schedule shall be immediately reported to the Chairs of
13 the House of Representatives Committee on Appropriations and the House of Representatives
14 Subcommittee on Health and Human Services, the Chairs of the Senate Committee on
15 Appropriations and the Senate Appropriations Committee on Health and Human Services, and
16 the Fiscal Research Division with a full explanation of the reason for the change.

17 **SECTION 10.41.(e)** Beginning July 1, 2009, the Department shall make quarterly
18 reports on changes in the functionality and projected costs of the MMIS. The first quarterly
19 submission shall contain a final report on the contract award to include total costs and
20 functionality of the MMIS. Each report shall be made to the Chairs of the House of
21 Representatives Committee on Appropriations and the House of Representatives Subcommittee
22 on Health and Human Services, the Chairs of the Senate Committee on Appropriations and the
23 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
24 Division. A copy of the final report on the contract award shall also be submitted to the Joint
25 Legislative Commission on Governmental Operations.

26 **SECTION 10.41.(f)** Upon initiation of the NC MMIS Program Reporting and
27 Analytics Project and the Division of Health Services Regulation Project, the Department shall
28 submit all reports regarding functionality, schedule, and cost in the next regular cycle of
29 reporting identified in subsections (d) and (e) of this section. The Department shall ensure that
30 the solution developed in the Reporting and Analytics Project supports the capability, in its
31 initial implementation, to interface with the North Carolina Teachers' and State Employees'
32 Health Plan. The costs for this capability shall be negotiated prior to the award of the
33 Reporting and Analytics contract. The Reporting and Analytics solution must be completed
34 simultaneously with the replacement MMIS.

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DRAFT
SPECIAL PROVISION



2009-DHHS-H69(S10.42)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY*
2 *(NC FAST) FUNDS*

3 **SECTION 10.42.** The sum of eighteen million three hundred twenty-seven
4 thousand four hundred seventy-eight dollars (\$18,327,478) is appropriated from Budget Code
5 24441, Fund Code 2006, to the Department of Health and Human Services, Division of Central
6 Management Services, for the 2009-2010 fiscal year. These funds shall be used for the
7 development and implementation of North Carolina Families Accessing Services Through
8 Technology (NC FAST). Funds will be placed in the Department's information technology
9 budget code and will match federal funds for project implementation.

GENERAL ASSEMBLY OF NORTH CAROLINA

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DRAFT
SPECIAL PROVISION



2009-DHHS-H20(S10.43)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *PROGRAM ON PREVENTION OF ABUSE AND NEGLECT*

2 **SECTION 10.43.(a)** The Children's Trust Fund, a program on prevention of abuse
3 and neglect, is transferred from the Department of Public Instruction to the Division of Social
4 Services in the Department of Health and Human Services, as if by a Type I transfer as defined
5 in G.S. 143A-6, with all the elements of such a transfer.

6 **SECTION 10.43.(b)** G.S. 7B-1301 reads as rewritten:

7 "**§ 7B-1301. Program on Prevention of Abuse and Neglect.**

8 (a) The ~~State Board of Education~~ Department of Health and Human Services, through
9 the ~~Department of Public Instruction~~ Division of Social Services, shall implement the Program
10 on Prevention of Abuse and Neglect. The ~~Department of Public Instruction~~ Division of Social
11 Services ~~subject to the approval of the State Board of Education~~, shall provide the staff and
12 support services for implementing this program.

13 (b) In order to carry out the purposes of this Article:

14 (1) ~~The Department of Public Instruction shall review applications and make~~
15 ~~recommendations to the State Board of Education concerning the awarding~~
16 ~~of contracts under this Article.~~

17 (2) The ~~State Board of Education~~ Division of Social Services shall review
18 applications and contract with public or private nonprofit organizations,
19 agencies, schools, or with qualified individuals to operate community-based
20 educational and service programs designed to prevent the occurrence of
21 abuse and neglect. Every contract entered into by the ~~State Board of~~
22 ~~Education~~ Division of Social Services shall contain provisions that at least
23 twenty-five percent (25%) of the total funding required for a program be
24 provided by the administering organization in the form of in-kind or other
25 services and that a mechanism for evaluation of services provided under the
26 contract be included in the services to be performed. In addition, every
27 proposal to the ~~Department of Public Instruction~~ Division of Social Services
28 for funding under this Article shall include assurances that the proposal has
29 been forwarded to the local department of social services for comment so
30 that the ~~Department of Public Instruction~~ Division of Social Services may
31 consider coordination and duplication of effort on the local level as criteria
32 in making recommendations ~~to the State Board of Education~~.

33 (3) The ~~State Board of Education with the assistance of the Department of~~
34 ~~Public Instruction~~ Division of Social Services shall develop appropriate
35 guidelines and criteria for awarding contracts under this Article. These
36 criteria shall include, but are not limited to: documentation of need within
37 the proposed geographical impact area; diversity of geographical areas of
38 programs funded under this Article; demonstrated effectiveness of the

1 proposed strategy or program for preventing abuse and neglect;
2 reasonableness of implementation plan for achieving stated objectives;
3 utilization of community resources including volunteers; provision for an
4 evaluation component that will provide outcome data; plan for dissemination
5 of the program for implementation in other communities; and potential for
6 future funding from private sources.

7 (4) The ~~State Board of Education with the assistance of the Department of~~
8 ~~Public Instruction~~ Division of Social Services shall develop guidelines for
9 regular monitoring of contracts awarded under this Article in order to
10 maximize the investments in prevention programs by the Children's Trust
11 Fund and to establish appropriate accountability measures for administration
12 of contracts.

13 (5) The ~~State Board of Education~~ Division of Social Services shall develop a
14 State plan for the prevention of abuse and neglect for submission to the
15 Governor, the President of the Senate, and the Speaker of the House of
16 Representatives.

17 (c) To assist in implementing this Article, the ~~State Board of Education~~ Division of
18 Social Services may accept contributions, grants, or gifts in cash or otherwise from persons,
19 associations, or corporations. All monies received by the ~~State Board of Education~~ Division of
20 Social Services from contributions, grants, or gifts and not through appropriation by the
21 General Assembly shall be deposited in the Children's Trust Fund. Disbursements of the funds
22 shall be on the authorization of the ~~State Board of Education or that Board's duly authorized~~
23 ~~representative~~ Department of Health and Human Services. In order to maintain an effective
24 expenditure and revenue control, the funds are subject in all respects to State law and
25 regulations, but no appropriation is required to permit expenditure of the funds.

26 (d) Programs contracted for under this Article are intended to prevent abuse and neglect
27 of juveniles. Abuse and neglect prevention programs are defined to be those programs and
28 services which impact on juveniles and families before any substantiated incident of abuse or
29 neglect has occurred. These programs may include, but are not limited to:

- 30 (1) Community-based educational programs on prenatal care, perinatal bonding,
31 child development, basic child care, care of children with special needs, and
32 coping with family stress; and
33 (2) Community-based programs relating to crisis care, aid to parents, and
34 support groups for parents and their children experiencing stress within the
35 family unit.

36 (e) No more than twenty percent (20%) of each year's total awards may be utilized for
37 funding State-level programs to coordinate community-based programs."

38 **SECTION 10.43.(c)** G.S. 7B-1302 reads as rewritten:

39 **"§ 7B-1302. Children's Trust Fund.**

40 (a) There is established a fund to be known as the "Children's Trust Fund," in the
41 Department of State Treasurer, which shall be funded by a portion of the marriage license fee
42 under G.S. 161-11.1 and a portion of the special license plate fee under G.S. 20-81.12. The
43 money in the Fund shall be used by the ~~State Board of Education~~ Division of Social Services to
44 fund abuse and neglect prevention programs so authorized by this Article.

45 (b) The Department of ~~Public Instruction~~ Health and Human Services shall report
46 annually on revenues and expenditures of the Children's Trust Fund to the Joint Legislative
47 Commission on Governmental Operations."

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DRAFT
SPECIAL PROVISION



2009-DHHS-H36(S10.44)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE*
2 *ENHANCEMENTS*

3 **SECTION 10.44.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
4 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
5 children and families in cases of abuse, neglect, and dependency where a child is at imminent
6 risk of removal from the home and to children and families in cases of abuse where a child is
7 not at imminent risk of removal. The Program shall be developed and implemented statewide
8 on a regional basis. The IFPS shall ensure the application of standardized assessment criteria
9 for determining imminent risk and clear criteria for determining out-of-home placement.

10 **SECTION 10.44.(b)** The Department of Health and Human Services shall require
11 that any program or entity that receives State, federal, or other funding for the purpose of
12 Intensive Family Preservation Services shall provide information and data that allows for:

- 13 (1) An established follow-up system with a minimum of six months of
14 follow-up services.
- 15 (2) Detailed information on the specific interventions applied, including
16 utilization indicators and performance measurement.
- 17 (3) Cost-benefit data.
- 18 (4) Data on long-term benefits associated with Intensive Family Preservation
19 Services. This data shall be obtained by tracking families through the
20 intervention process.
- 21 (5) The number of families remaining intact and the associated interventions
22 while in IFPS and 12 months thereafter.
- 23 (6) The number and percentage by race of children who received Intensive
24 Family Preservation Services compared to the ratio of their distribution in
25 the general population involved with Child Protective Services.

26 **SECTION 10.44.(c)** The Department shall establish performance-based funding
27 protocol and shall only provide funding to those programs and entities providing the required
28 information specified in subsection (b) of this section. The amount of funding shall be based on
29 the individual performance of each program.

30 **SECTION 10.44.(d)** The Department shall publish an annual report on the
31 Intensive Family Preservation Services Program, including the information and data under
32 subdivisions (b)(2) through (b)(6) of this section.

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SPECIAL PROVISION



2009-DHHS-H23(S10.45)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

2 **SECTION 10.45.(a)** The maximum rates for State participation in the foster care
3 assistance program are established on a graduated scale as follows:

- 4 (1) \$390.00 per child per month for children aged birth through 5;
5 (2) \$440.00 per child per month for children aged 6 through 12; and
6 (3) \$490.00 per child per month for children aged 13 through 18.

7 **SECTION 10.45.(b)** The maximum rates for the State adoption assistance program
8 are established consistent with the foster care rates as follows:

- 9 (1) \$390.00 per child per month for children aged birth through 5;
10 (2) \$440.00 per child per month for children aged 6 through 12; and
11 (3) \$490.00 per child per month for children aged 13 through 18.

12 **SECTION 10.45.(c)** In addition to providing board payments to foster and
13 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of
14 the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose
15 shall be used to provide medical training in avoiding HIV transmission in the home.

16 **SECTION 10.45.(d)** The maximum rates for the State participation in HIV foster
17 care and adoption assistance are established on a graduated scale as follows:

- 18 (1) \$800.00 per child per month with indeterminate HIV status;
19 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;
20 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and
21 (4) \$1,600 per child per month terminally ill with complex care needs.

22 **SECTION 10.45.(e)** The State and a county participating in foster care and
23 adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of the cost
24 of care for a child placed by a county department of social services or child placing agency in a
25 family foster home or residential child care facility. A county shall be held harmless from
26 contributing fifty percent (50%) of the nonfederal share of the cost for a child placed in a
27 family foster home or residential child care facility under an agreement with that provider as of
28 October 31, 2008, until the child leaves foster care or experiences a placement change.

29 **SECTION 10.45.(f)** The Department of Health and Human Services may establish
30 foster care and adoption assistance rates based on the United States Department of Agriculture
31 (USDA) "Expenditures on Children by Families" index subject to State appropriations for each
32 fiscal year.

33 **SECTION 10.45.(g)** This section becomes effective July 1, 2009, and applies to
34 payments made on or after that date.

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SPECIAL PROVISION



2009-DHHS-H37(S10.46)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *CHILD SUPPORT PROGRAM/ENHANCED STANDARDS*

2 **SECTION 10.46.** G.S. 110-129.1(a) is amended by adding the following new
3 subdivision to read:

4 "(a) In addition to other powers and duties conferred upon the Department of Health and
5 Human Services, Child Support Enforcement Program, by this Chapter or other State law, the
6 Department shall have the following powers and duties:

7 ...

8 (8) Implement and maintain performance standards for each of the State and
9 county child support enforcement offices across the State. The performance
10 standards shall include the following:

11 a. Cost per collections.

12 b. Consumer satisfaction.

13 c. Paternity establishments.

14 d. Administrative costs.

15 e. Orders established.

16 f. Collections on arrearages.

17 g. Location of absent parents.

18 h. Other related performance measures.

19 The Department shall monitor the performance of each office and shall
20 implement a system of reporting that allows each local office to review its
21 performance as well as the performance of other local offices. The
22 Department shall publish an annual performance report that includes the
23 statewide and local office performance of each child support office."

GENERAL ASSEMBLY OF NORTH CAROLINA

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DRAFT
SPECIAL PROVISION



2009-DHHS-H3

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES*

2 **SECTION 10.46A.(a)** G.S. 110-141 reads as rewritten:

3 "**§ 110-141. Effectuation of intent of Article.**

4 The North Carolina Department of Health and Human Services shall supervise the
5 administration of ~~this~~the program in accordance with federal law and shall cause the provisions
6 of this Article to be effectuated and to secure child support from absent, deserting, abandoning
7 and nonsupporting parents.

8 ~~Effective July 1, 1986, the entity, whether the board of county commissioners or the~~
9 ~~Department of Health and Human Services, that is administering, or providing for the~~
10 ~~administration of, this program in each county on June 30, 1986, shall continue to administer,~~
11 ~~or provide for the administration of, this program in that county, with one exception. If a~~
12 ~~county program is being administered by the Department of Health and Human Services on~~
13 ~~June 30, 1986, and if the board of county commissioners of this county desires on or after that~~
14 ~~date to assume responsibility for the administration of the program, the board of county~~
15 ~~commissioners shall notify the Department of Health and Human Services between July 1 and~~
16 ~~September 1 of the current fiscal year. The obligations of the board of county commissioners to~~
17 ~~assume responsibility for the administration of the program shall not commence prior to July 1~~
18 ~~of the subsequent fiscal year. Until that time, it is the responsibility of the Department of Health~~
19 ~~and Human Services to administer or provide for the administration of the program in the~~
20 ~~county.~~

21 Effective July 1, 2010, each child support enforcement program being administered by the
22 Department of Health and Human Services on behalf of counties shall be administered, or the
23 administration provided for, by the board of county commissioners of those counties. Until July
24 1, 2010, it shall be the responsibility of the Department of Health and Human Services to
25 administer or provide for the administration of the program in those counties.

26 A county may negotiate alternative arrangements to the procedure outlined in G.S. 110-130
27 for designating a local person or agency to administer the provisions of this Article in that
28 county."

29 **SECTION 10.46A.(b)** Counties affected by this section shall submit plans to the
30 Department of Health and Human Services, Division of Social Services, no later than January
31 1, 2010, outlining the proposed operation of child support enforcement programs. The Division
32 shall establish the criteria to be included within county plans for operations and review
33 submitted plans to ensure the appropriate transitioning of administrative and programmatic
34 responsibility.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H38(S10.47)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *CHILD CARING INSTITUTIONS*

2 **SECTION 10.47.** Until the Social Services Commission adopts rules setting
3 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
4 maximum reimbursement for child caring institutions shall not exceed the rate established for
5 the specific child caring institution by the Department of Health and Human Services, Office of
6 the Controller. In determining the maximum reimbursement, the State shall include county and
7 IV-E reimbursements.

GENERAL ASSEMBLY OF NORTH CAROLINA

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SPECIAL PROVISION



2009-DHHS-H39(S10.48)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *SPECIAL CHILDREN ADOPTION FUND*

2 **SECTION 10.48.** Part 4 of Article 2 of Chapter 108A of the General Statutes is
3 amended by adding the following new section to read:

4 "§ 108A-50.2. Special Children Adoption Fund.

5 (a) Funds appropriated by the General Assembly in the Current Operations
6 Appropriations Act shall be used to support the Special Children Adoption Fund. The Division
7 of Social Services of the Department of Health and Human Services, in consultation with the
8 North Carolina Association of County Directors of Social Services and representatives of
9 licensed private adoption agencies, shall develop guidelines for the awarding of funds to
10 licensed public and private adoption agencies upon the adoption of children described in
11 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund
12 by participating agencies shall be used exclusively to enhance the adoption services. No local
13 match shall be required as a condition for receipt of these funds. In accordance with State rules
14 for allowable costs, the Special Children Adoption Fund may be used for post-adoption
15 services for families whose income exceeds two hundred percent (200%) of the federal poverty
16 level.

17 (b) Of the total funds appropriated for the Special Children Adoption Fund each year,
18 twenty percent (20%) of the total funds available shall be reserved for payment to participating
19 private adoption agencies. If the funds reserved in this subsection for payments to private
20 agencies have not been spent on or before March 31 of each State fiscal year, the Division of
21 Social Services may reallocate those funds, in accordance with this section, to other
22 participating adoption agencies.

23 (c) The Division of Social Services shall monitor the total expenditures in the Special
24 Children Adoption Fund and redistribute unspent funds to ensure that the funds are used in
25 accordance with the guidelines established in subsection (a) of this section."

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2009-DHHS-H40(S10.49)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 ***LIMITATION ON STATE ABORTION FUND***

2 **SECTION 10.49.** The limitations on funding of the performance of abortion
3 established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section
4 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2009-2010 and 2010-2011 fiscal
5 years.

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2009-DHHS-H25(S10.50)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT*
2 *FUND*

3 **SECTION 10.50.(a)** There is appropriated from the Escheat Fund income to the
4 Department of Health and Human Services the sum of three million one hundred sixty-eight
5 thousand two hundred fifty dollars (\$3,168,250) for the 2009-2010 fiscal year and the sum of
6 three million one hundred sixty-eight thousand two hundred fifty dollars (\$3,168,250) for the
7 2010-2011 fiscal year. There is appropriated from the General Fund to the Department of
8 Health and Human Services the sum of one million six hundred sixty-eight thousand two
9 hundred fifty dollars (\$1,668,250) for the 2010-2011 fiscal year. These funds shall be used to
10 support the child welfare postsecondary support program for the educational needs of foster
11 youth aging out of the foster care system and special needs children adopted from foster care
12 after age 12 by providing assistance with the "cost of attendance" as that term is defined in 20
13 U.S.C. § 10871l. The Department shall collaborate with the State Education Assistance
14 Authority to develop policies and procedures for the distribution of these funds.

15 If the interest income generated from the Escheat Fund is less than the amounts
16 referenced in this section, the difference may be taken from the Escheat Fund principal to reach
17 the appropriations referenced in this section; however, under no circumstances shall the
18 Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

19 Funds appropriated by this section shall be allocated by the State Education
20 Assistance Authority.

21 The purpose for which funds are appropriated under this section is in addition to
22 other purposes for which Escheat Fund income is distributed under G.S. 116B-7 and shall not
23 be construed to otherwise affect the distribution of funds under G.S. 116B-7.

24 Funds appropriated under this section from the Escheat Fund that remain
25 uncommitted as of the end of a fiscal year shall be returned to the Escheat Fund.

26 **SECTION 10.50.(b)** Of the funds appropriated from the General Fund to the
27 Department of Health and Human Services the sum of fifty thousand dollars (\$50,000) for the
28 2009-2010 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 2010-2011 fiscal
29 year shall be allocated to the North Carolina State Education Assistance Authority (SEAA).
30 The SEAA shall use these funds only to perform administrative functions necessary to manage
31 and distribute scholarship funds under the child welfare postsecondary support program.

32 **SECTION 10.50.(c)** Of the funds appropriated from the General Fund to the
33 Department of Health and Human Services the sum of five hundred thousand dollars
34 (\$500,000) for the 2009-2010 fiscal year and the sum of five hundred thousand dollars
35 (\$500,000) for the 2010-2011 fiscal year shall be used to contract with an entity to develop and
36 administer the child welfare postsecondary support program described under subsection (a) of
37 this section, which development and administration shall include the performance of case
38 management services.

1 **SECTION 10.50.(d)** Funds appropriated to the Department of Health and Human
2 Services for the child welfare postsecondary support program shall be used only for students
3 attending public institutions of higher education in this State.

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2009-DHHS-H27(S10.51)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **TANF BENEFIT IMPLEMENTATION**

2 **SECTION 10.51.(a)** The General Assembly approves the plan titled "North
3 Carolina Temporary Assistance for Needy Families State Plan FY 2009-2011," prepared by the
4 Department of Health and Human Services and presented to the General Assembly. The North
5 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1,
6 2009, through September 30, 2011. The Department shall submit the State Plan, as revised in
7 accordance with subsection (b) of this section, to the United States Department of Health and
8 Human Services, as amended by this act or any other act of the 2009 General Assembly.

9 **SECTION 10.51.(b)** The counties approved as Electing Counties in North
10 Carolina's Temporary Assistance for Needy Families State Plan FY 2009-2011, as approved by
11 this section are: Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

12 **SECTION 10.51.(c)** Counties that submitted the letter of intent to remain as an
13 Electing County or to be redesignated as an Electing County and the accompanying county plan
14 for fiscal years 2009 through 2011, pursuant to G.S. 108A-27(e), shall operate under the
15 Electing County budget requirements effective July 1, 2009. For programmatic purposes, all
16 counties referred to in this subsection shall remain under their current county designation
17 through September 30, 2009.

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2009-DHHS-H29

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *OFFICE OF EDUCATION SERVICES/FUNDS TRANSFER AND CONSOLIDATION OF*
2 *SCHOOLS.*

3 **SECTION 10.57B.(a)** There is transferred from the Office of Education Services
4 Trust Fund, Budget Code 66424, the sum of one hundred seventy-five thousand three hundred
5 twenty-one dollars (\$175,321) to the Office of Education Services General Fund, Budget Code
6 14424. These funds shall be used to support the operations of the North Carolina School for
7 the Deaf at Morganton, Eastern North Carolina School for the Deaf at Wilson, and Governor
8 Morehead School for the Blind. Donations and bequests to these schools shall be used in
9 accordance with their designated purpose.

10 **SECTION 10.57B.(b)** The Department of Health and Human Services, Office of
11 Education Services (OES) shall not enroll new students at the Governor Morehead School for
12 the Blind during the 2009-2010 and 2010-2011 school years. During these years, the Office of
13 Education Services shall allow the census to decline and prepare to close the Governor
14 Morehead School for the Blind.

15 **SECTION 10.57B.(c)** OES shall develop a plan for the consolidation of the
16 Governor Morehead School for the Blind (GMS) at the existing campuses of the North
17 Carolina School for the Deaf at Morganton (NCSD) and the Eastern North Carolina School for
18 the Deaf at Wilson (ENCSD). Within the GMs consolidation plan, OES shall accomplish all of
19 the following:

- 20 (1) Determine the number of current students enrolled at GMS that would
21 require continued residential instruction, and the number of students that
22 could be more appropriately served within their area local education
23 agencies (LEAs).
- 24 (2) Require GMS school staff to work in conjunction with LEAs and others to
25 revise individualized educational plans for each student, as needed, and
26 prepare a transition plan for every student.
- 27 (3) Collaborate with the Department of Public Instruction and affected LEAs to
28 identify additional LEA resource requirements to appropriately educate
29 transitioning GMS students.
- 30 (4) Prepare a budget for the consolidated residential schools for students who
31 are deaf, blind, or deaf-blind, which itemizes instructional, residential, and
32 other personnel requirements, operating requirements, and physical
33 improvements to the campuses.
- 34 (5) Provide a specific timeline for the closure and transitioning of students
35 currently enrolled at GMS.
- 36 (6) Identify alternative instructional and operational models to improve the
37 quality of instruction at the consolidated residential schools, and to improve
38 the capacities of LEAs to educate students who are deaf, blind, or deaf-blind.

1 Not later than May 1, 2010, OES shall report on each of the required components of
2 the consolidation plan set forth in subdivisions (1) through (6) of this subsection to the House
3 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate
4 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
5 Division.

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2009-DHHS-H64(S10.55)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *NON-MEDICAID REIMBURSEMENT CHANGES*

2 **SECTION 10.55.(a)** Providers of medical services under the various State
3 programs, other than Medicaid, offering medical care to citizens of the State shall be
4 reimbursed at rates no higher than those under the North Carolina Medical Assistance Program.

5 The Department of Health and Human Services may reimburse hospitals at the full
6 prospective per diem rates without regard to the Medical Assistance Program's annual limits on
7 hospital days. When the Medical Assistance Program's per diem rates for inpatient services and
8 its interim rates for outpatient services are used to reimburse providers in non-Medicaid
9 medical service programs, retroactive adjustments to claims already paid shall not be required.

10 Notwithstanding the provisions of this section, the Department of Health and
11 Human Services may negotiate with providers of medical services under the various
12 Department of Health and Human Services programs, other than Medicaid, for rates as close as
13 possible to Medicaid rates for the following purposes: contracts or agreements for medical
14 services and purchases of medical equipment and other medical supplies. These negotiated
15 rates are allowable only to meet the medical needs of its non-Medicaid eligible patients,
16 residents, and clients who require such services which cannot be provided when limited to the
17 Medicaid rate.

18 Maximum net family annual income eligibility standards for services in these
19 programs shall be as follows:

20 DSB Medical Eye Care	125% FPL
21 DSB Independent Living <55	125% FPL
22 DSB Independent Living 55>	200% FPL
23 DSB Vocational Rehabilitation	125% FPL
24 DVR Independent Living	125% FPL
25 DVR Vocational Rehabilitation	125% FPL

26 The Department of Health and Human Services shall contract at, or as close as
27 possible to, Medicaid rates for medical services provided to residents of State facilities of the
28 Department.

29 **SECTION 55.(b)** The Secretary shall reduce provider rates for medical and
30 non-medical services rendered for the Medical Eye Care, Independent Living, and Vocational
31 Rehabilitation programs within the Division of Services for the Blind, and Independent Living
32 and Vocational Rehabilitation programs within the Division of Vocational Rehabilitation to
33 achieve an overall rate reduction of 5.5% in fiscal year 2009-10 and 6.0% in fiscal year
34 2010-11.

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2009-DHHS-H18(S10.56)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *DIVISION OF SERVICES FOR THE DEAF AND HARD OF HEARING/FUNDS*
2 *TRANSFER AND APPROPRIATION*

3 **SECTION 10.56.(a)** Notwithstanding G.S. 62-157, on July 1, 2009, the State
4 Controller shall transfer eight million five hundred thousand dollars (\$8,500,000) from the
5 Special Account for Telecommunications Relay Service to Nontax Budget Code 19978 (Intra
6 State Transfers) to support General Fund appropriations for the 2009-2010 fiscal year.

7 **SECTION 10.56.(b)** The Department of Health and Human Services shall,
8 pursuant to G.S. 62-157, file a petition with the North Carolina Utilities Commission to reset
9 the surcharge provided for in G.S. 62-157 to maintain a reasonable margin for reserve for the
10 operation of the statewide telecommunications relay service.

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2009-DHHS-H19(S10.57)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *STATE-COUNTY SPECIAL ASSISTANCE*

2 **SECTION 10.57.(a)** The eligibility of Special Assistance recipients residing in
3 adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special
4 Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report
5 and Related Services, provided these recipients are otherwise eligible. The maximum monthly
6 rate for these residents in adult care home facilities shall be one thousand two hundred
7 thirty-one dollars (\$1,231) per month per resident.

8 **SECTION 10.57.(b)** Effective October 1, 2009, the maximum monthly rate for
9 residents in adult care home facilities shall be one thousand one hundred seventy three dollars
10 (\$1,173) per month per resident unless adjusted by the Department in accordance with
11 subsection (d) of this section. The eligibility of Special Assistance recipients residing in adult
12 care homes on September 30, 2009, shall not be affected by an income reduction in the Special
13 Assistance eligibility criteria resulting from the adoption of this maximum monthly rate,
14 provided these recipients are otherwise eligible.

15 **SECTION 10.57.(c)** The maximum monthly rate for residents in
16 Alzheimer/Dementia special care units shall be one thousand five hundred fifteen dollars
17 (\$1,515) per month per resident unless adjusted by the Department in accordance with
18 subsection (d) of this section.

19 **SECTION 10.57.(d)** Notwithstanding any other provision of this section, the
20 Department of Health and Human Services shall review activities and costs related to the
21 provision of care in adult care homes and shall determine what costs may be considered to
22 properly maximize allowable reimbursement available through Medicaid personal care services
23 for adult care homes (ACH-PCS) under federal law. As determined, and with any necessary
24 approval from the Centers for Medicare and Medicaid Services (CMS), and the approval of the
25 Office of State Budget and Management, the Department may transfer necessary funds from
26 the State-County Special Assistance program within the Division of Social Services to the
27 Division of Medical Assistance and may use those funds as State match to draw down federal
28 matching funds to pay for such activities and costs under Medicaid's personal care services for
29 adult care homes (ACH-PCS), thus maximizing available federal funds. The established rate for
30 State-County Special Assistance set forth in subsections (b) and (c) of this section shall be
31 adjusted by the Department to reflect any transfer of funds from the Division of Social Services
32 to the Division of Medical Assistance and related transfer costs and responsibilities from
33 State-County Special Assistance to the Medicaid personal care services for adult care homes
34 (ACH-PCS). Subject to approval by the Centers for Medicare and Medicaid Services (CMS)
35 and prior to implementing this section, the Department may disregard a limited amount of
36 income for individuals whose countable income exceeds the adjusted State-County Special
37 Assistance rate. The amount of the disregard shall not exceed the difference between the
38 Special Assistance rate prior to the adjustment and the Special Assistance rate after the

1 adjustment and shall be used to pay a portion of the cost of the ACH-PCS and reduce the
2 Medicaid payment for the individual's personal care services provided in an adult care home. In
3 no event shall the reimbursement for services through the ACH-PCS exceed the average cost of
4 the services as determined by the Department from review of cost reports as required and
5 submitted by adult care homes. The Department shall report any transfers of funds and
6 modifications of rates to the House of Representatives Appropriations Subcommittee on Health
7 and Human Services, the Senate Appropriations Committee on Health and Human Services,
8 and the Fiscal Research Division.

9 **SECTION 10.57.(e)** The Department of Health and Human Services shall
10 recommend rates for State-County Special Assistance and for Adult Care Home Personal Care
11 Services. The Department may recommend rates based on appropriate cost methodology and
12 cost reports submitted by adult care homes that receive State-County Special Assistance funds
13 and shall ensure that cost reporting is done for State-County Special Assistance and Adult Care
14 Home Personal Care Services to the same standards as apply to other residential service
15 providers.

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SPECIAL PROVISION



2009-DHHS-H86

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *VENDING ACCOUNTS*

2 **SECTION 10.57A.** The Office of State Budget and Management and the Division
3 of Mental Health, Developmental Disabilities, and Substance Abuse Services shall eliminate all
4 Budget Codes within the 2000 range and the 6000 range that pertain to vending receipt
5 accounts and patient and employee activities. These vending receipt accounts shall become part
6 of the operating budgets within the State facilities and shall be budgeted for patient and
7 employee activities and services on an ongoing basis. All receipts generated by vending
8 machine services shall be retained for use in the facility in which the vending machine service
9 is operated.

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2009-DHHS-H24(S10.58)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **MEDICAID**

2 **SECTION 10.58.(a)** Use of Funds, Allocation of Costs, Other Authorizations.

- 3 (1) Use of funds. – Funds appropriated in this act for services provided in
4 accordance with Title XIX of the Social Security Act (Medicaid) are for both
5 the categorically needy and the medically needy.
6 (2) Allocation of nonfederal cost of Medicaid. – The State shall pay one
7 hundred percent (100%) of the nonfederal costs of all applicable services
8 listed in this section. In addition, the State shall pay one hundred percent
9 (100%) of the federal Medicare Part D clawback payments under the
10 Medicare Modernization Act of 2004.
11 (3) Use of funds for development and acquisition of equipment and software. –
12 If first approved by the Office of State Budget and Management, the
13 Division of Medical Assistance, Department of Health and Human Services,
14 may use funds that are identified to support the cost of development and
15 acquisition of equipment and software and related operational costs through
16 contractual means to improve and enhance information systems that provide
17 management information and claims processing. The Department of Health
18 and Human Services shall identify adequate funds to support the
19 implementation and first year's operational costs that exceed funds allocated
20 for the 2009-2010 and 2010-2011 fiscal years for the new contract for the
21 fiscal agent for the Medicaid Management Information System.
22 (4) Reports. – Unless otherwise provided, whenever the Department of Health
23 and Human Services is required by this section to report to the General
24 Assembly, the report shall be submitted to the House of Representatives
25 Appropriations Subcommittee for Health and Human Services, the Senate
26 Appropriations Committee on Health and Human Services, and the Fiscal
27 Research Division of the Legislative Services Office. Reports shall be
28 submitted on the date provided in the reporting requirement.

29 **SECTION 10.58.(b)** Policy.

- 30 (1) Volume purchase plans and single source procurement. – The Department of
31 Health and Human Services, Division of Medical Assistance, may, subject to
32 the approval of a change in the State Medicaid Plan, contract for services,
33 medical equipment, supplies, and appliances by implementation of volume
34 purchase plans, single source procurement, or other contracting processes in
35 order to improve cost containment.
36 (2) Cost containment programs. – The Department of Health and Human
37 Services, Division of Medical Assistance, may undertake cost containment
38 programs, including contracting for services, preadmissions to hospitals, and

1 prior approval for certain outpatient surgeries before they may be performed
2 in an inpatient setting.

3 (3) Fraud and abuse. – The Division of Medical Assistance, Department of
4 Health and Human Services, shall provide incentives to counties that
5 successfully recover fraudulently spent Medicaid funds by sharing State
6 savings with counties responsible for the recovery of the fraudulently spent
7 funds.

8 (4) Medical policy. – Unless required for compliance with federal law, the
9 Department shall not change medical policy affecting the amount,
10 sufficiency, duration, and scope of health care services and who may provide
11 services until the Division of Medical Assistance has prepared a five-year
12 fiscal analysis documenting the increased cost of the proposed change in
13 medical policy and submitted it for Departmental review. If the fiscal impact
14 indicated by the fiscal analysis for any proposed medical policy change
15 exceeds three million dollars (\$3,000,000) in total requirements for a given
16 fiscal year, then the Department shall submit the proposed medical policy
17 change with the fiscal analysis to the Office of State Budget and
18 Management and the Fiscal Research Division. The Department shall not
19 implement any proposed medical policy change exceeding three million
20 dollars (\$3,000,000) in total requirements for a given fiscal year unless the
21 source of State funding is identified and approved by the Office of State
22 Budget and Management. For medical policy changes exceeding three
23 million dollars (\$3,000,000) in total requirements for a given fiscal year that
24 are required for compliance with federal law, the Department shall submit
25 the proposed medical policy or policy interpretation change with the
26 five-year fiscal analysis to the Office of State Budget and Management prior
27 to implementing the change. The Department shall provide the Office of
28 State Budget and Management and the Fiscal Research Division a quarterly
29 report itemizing all medical policy changes with total requirements of less
30 than three million dollars (\$3,000,000).

31 **SECTION 10.58.(c) Eligibility.** – Eligibility for Medicaid shall be determined in
32 accordance with the following:

33 (1) Medicaid and Work First Family Assistance.

34 a. Income eligibility standards. – The maximum net family annual
35 income eligibility standards for Medicaid and Work First Family
36 Assistance and the Standard of Need for Work First Family
37 Assistance shall be as follows:

	CATEGORICALLY NEEDY – WFFA*		MEDICALLY NEEDY
	Standard of Need		
	&		
	Families and		
	Families and	WFFA*	Children &
	Children	Payment	AA, AB, AD*
	Income Level	Level	Income Level
45	1	\$4,344	\$2,172
46	2	5,664	2,832
47			3,800

1	3	6,528	3,264	4,400
2	4	7,128	3,564	4,800
3	5	7,776	3,888	5,200
4	6	8,376	4,188	5,600
5	7	8,952	4,476	6,000
6	8	9,256	4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

- b. The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need. These standards may be changed with the approval of the Director of the Budget.
- c. The Department of Health and Human Services shall provide Medicaid coverage to 19- and 20-year-olds in accordance with federal rules and regulations.
- d. Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

(2) For the following Medicaid eligibility classifications for which the federal poverty guidelines are used as income limits for eligibility determinations, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines. The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to the following:

- a. All elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines.
- b. Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines and without regard to resources. Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy.
- c. Infants under the age of one with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines and without regard to resources.
- d. Children aged one through five with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines and without regard to resources.
- e. Children aged six through 18 with family incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines and without regard to resources.
- f. Family planning services to men and women of childbearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines and without regard to resources.

1 g. Workers with disabilities described in G.S. 108A-54.1 with unearned
2 income equal to or less than one hundred fifty percent (150%) of the
3 federal poverty guidelines.

4 (3) The Department of Health and Human Services, Division of Medical
5 Assistance, shall provide Medicaid coverage to adoptive children with
6 special or rehabilitative needs regardless of the adoptive family's income.

7 (4) The Department of Health and Human Services, Division of Medical
8 Assistance, shall provide Medicaid coverage to "independent foster care
9 adolescents," ages 18, 19, and 20, as defined in section 1905(w)(1) of the
10 Social Security Act [42 U.S.C. § 1396d(w)(1)], without regard to the
11 adolescent's assets, resources, or income levels.

12 (5) ICF and ICF/MR work incentive allowances. – The Department of Health
13 and Human Services may provide an incentive allowance to
14 Medicaid-eligible recipients of ICF and ICF/MR services, who are regularly
15 engaged in work activities as part of their developmental plan, and for whom
16 retention of additional income contributes to their achievement of
17 independence. The State funds required to match the federal funds that are
18 required by these allowances shall be provided from savings within the
19 Medicaid budget or from other unbudgeted funds available to the
20 Department. The incentive allowances may be as follows:

21 Monthly Net Wages	21 Monthly Incentive Allowance
22 \$1.00 to \$100.99	22 Up to \$50.00
23 \$101.00 to \$200.99	23 \$80.00
24 \$201.00 to \$300.99	24 \$130.00
25 \$301.00 and greater	25 \$212.00

26 (6) The Department of Health and Human Services, Division of Medical
27 Assistance, shall provide Medicaid coverage to women who need treatment
28 for breast or cervical cancer and who are defined in 42 U.S.C. §
29 1396a.(a)(10)(A)(ii)(XVIII).

30 **SECTION 10.58.(d)** Services and Payment Bases. – The Department shall spend
31 funds appropriated for Medicaid services in accordance with the following schedule of services
32 and payment bases. All services and payments are subject to the language at the end of this
33 subsection. Unless otherwise provided, services and payment bases will be as prescribed in the
34 State Plan as established by the Department of Health and Human Services and may be
35 changed with the approval of the Director of the Budget.

36 (1) Hospital inpatient. – Payment for hospital inpatient services will be
37 prescribed by the State Plan as established by the Department of Health and
38 Human Services.

39 (2) Hospital outpatient. – Eighty percent (80%) of allowable costs or a
40 prospective reimbursement plan as established by the Department of Health
41 and Human Services.

42 (3) Nursing facilities. – Nursing facilities providing services to Medicaid
43 recipients who also qualify for Medicare must be enrolled in the Medicare
44 program as a condition of participation in the Medicaid program. State
45 facilities are not subject to the requirement to enroll in the Medicare
46 program. Residents of nursing facilities who are eligible for Medicare
47 coverage of nursing facility services must be placed in a Medicare-certified
48 bed. Medicaid shall cover facility services only after the appropriate services
49 have been billed to Medicare.

- 1 (4) Physicians, certified nurse midwife services, certified registered nurse
2 anesthetists, nurse practitioners. – Fee schedules as developed by the
3 Department of Health and Human Services.
- 4 (5) Community Alternative Program, EPSDT Screens. – Payments in
5 accordance with rate schedule developed by the Department of Health and
6 Human Services.
- 7 (6) Home health and related services, durable medical equipment. – Payments
8 according to reimbursement plans developed by the Department of Health
9 and Human Services.
- 10 (7) Hearing aids. – Wholesale cost plus dispensing fee to provider.
- 11 (8) Rural health clinical services. – Provider-based, reasonable cost,
12 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 13 (9) Family planning. – Negotiated rate for local health departments. For other
14 providers see specific services, e.g., hospitals, physicians.
- 15 (10) Independent laboratory and X-ray services. – Uniform fee schedules as
16 developed by the Department of Health and Human Services.
- 17 (11) Ambulatory surgical centers.
- 18 (12) Private duty nursing, clinic services, prepaid health plans.
- 19 (13) Intermediate care facilities for the mentally retarded.
- 20 (14) Chiropractors, podiatrists, optometrists, dentists.
- 21 (15) Limitations on dental coverage. – Dental services shall be provided on a
22 restricted basis in accordance with criteria adopted by the Department to
23 implement this subsection.
- 24 (16) Medicare Buy-In. – Social Security Administration premium.
- 25 (17) Ambulance services. – Uniform fee schedules as developed by the
26 Department of Health and Human Services. Public ambulance providers will
27 be reimbursed at cost.
- 28 (18) Optical supplies. – Payment for materials is made to a contractor in
29 accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers
30 are negotiated fees established by the State agency based on industry
31 charges.
- 32 (19) Medicare crossover claims. – The Department shall apply Medicaid medical
33 policy to Medicare claims for dually eligible recipients. The Department
34 shall pay an amount up to the actual coinsurance or deductible or both, in
35 accordance with the State Plan, as approved by the Department of Health
36 and Human Services. The Department may disregard application of this
37 policy in cases where application of the policy would adversely affect
38 patient care.
- 39 (20) [Reserved]
- 40 (21) Personal care services. – Payment in accordance with the State Plan
41 developed by the Department of Health and Human Services.
- 42 (22) Case management services. – Reimbursement in accordance with the
43 availability of funds to be transferred within the Department of Health and
44 Human Services.
- 45 (23) Hospice.
- 46 (24) [Reserved]
- 47 (25) Health insurance premiums.
- 48 (26) Medical care/other remedial care. – Services not covered elsewhere in this
49 section include related services in schools; health professional services

1 provided outside the clinic setting to meet maternal and infant health goals;
2 and services to meet federal EPSDT mandates.

3 (27) Pregnancy-related services. – Covered services for pregnant women shall
4 include nutritional counseling, psychosocial counseling, and predelivery and
5 postpartum home visits by maternity care coordinators and public health
6 nurses.

7 (28) Drugs. – Reimbursements. Reimbursements shall be available for
8 prescription drugs as allowed by federal regulations plus a professional
9 services fee per month, excluding refills for the same drug or generic
10 equivalent during the same month. Payments for drugs are subject to the
11 provisions of this subdivision or in accordance with the State Plan adopted
12 by the Department of Health and Human Services, consistent with federal
13 reimbursement regulations. Payment of the professional services fee shall be
14 made in accordance with the State Plan adopted by the Department of Health
15 and Human Services, consistent with federal reimbursement regulations. The
16 professional services fee for generic and for brand-name drugs shall be
17 established per prescription by the Department based on the reductions made
18 in this act. Further adjustments to the professional services fee shall be
19 established by the General Assembly. In addition to the professional services
20 fee, the Department may pay an enhanced fee for pharmacy services.

21 Limitations on quantity. – The Department of Health and Human
22 Services may establish authorizations, limitations, and reviews for specific
23 drugs, drug classes, brands, or quantities in order to manage effectively the
24 Medicaid pharmacy program, except that the Department shall not impose
25 limitations on brand-name medications for which there is a generic
26 equivalent in cases where the prescriber has determined, at the time the drug
27 is prescribed, that the brand-name drug is medically necessary and has
28 written on the prescription order the phrase "medically necessary."

29 Dispensing of generic drugs. – Notwithstanding G.S. 90-85.27 through
30 G.S. 90-85.31, or any other law to the contrary, under the Medical
31 Assistance Program (Title XIX of the Social Security Act), and except as
32 otherwise provided in this subsection for drugs listed in the narrow
33 therapeutic index, a prescription order for a drug designated by a trade or
34 brand name shall be considered to be an order for the drug by its established
35 or generic name, except when the prescriber has determined, at the time the
36 drug is prescribed, that the brand-name drug is medically necessary and has
37 written on the prescription order the phrase "medically necessary." An initial
38 prescription order for a drug listed in the narrow therapeutic drug index that
39 does not contain the phrase "medically necessary" shall be considered an
40 order for the drug by its established or generic name, except that a pharmacy
41 shall not substitute a generic or established name prescription drug for
42 subsequent brand or trade name prescription orders of the same prescription
43 drug without explicit oral or written approval of the prescriber given at the
44 time the order is filled. Generic drugs shall be dispensed at a lower cost to
45 the Medical Assistance Program rather than trade or brand-name drugs. As
46 used in this subsection, "brand name" means the proprietary name the
47 manufacturer places upon a drug product or on its container, label, or
48 wrapping at the time of packaging; and "established name" has the same

1 meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic
2 Act, as amended, 21 U.S.C. § 352(e)(3).

3 Prior authorization. – The Department of Health and Human Services
4 shall not impose prior authorization requirements or other restrictions under
5 the State Medical Assistance Program on medications prescribed for
6 Medicaid recipients for the treatment of HIV/AIDS.

7 (29) Other mental health services. – Unless otherwise covered by this section,
8 coverage is limited to:

9 a. Services as defined by the Division of Mental Health, Developmental
10 Disabilities, and Substance Abuse Services and approved by the
11 Centers for Medicare and Medicaid Services (CMS) when provided
12 in agencies meeting the requirements of the rules established by the
13 Commission for Mental Health, Developmental Disabilities, and
14 Substance Abuse Services and reimbursement is made in accordance
15 with a State Plan developed by the Department of Health and Human
16 Services not to exceed the upper limits established in federal
17 regulations, and

18 b. For children eligible for EPSDT services provided by:

19 1. Licensed or certified psychologists, licensed clinical social
20 workers, certified clinical nurse specialists in psychiatric
21 mental health advanced practice, nurse practitioners certified
22 as clinical nurse specialists in psychiatric mental health
23 advanced practice, licensed psychological associates, licensed
24 professional counselors, licensed marriage and family
25 therapists, licensed clinical addictions specialists, and
26 certified clinical supervisors, when Medicaid-eligible children
27 are referred by the Community Care of North Carolina
28 primary care physician, a Medicaid-enrolled psychiatrist, or
29 the area mental health program or local management entity,
30 and

31 2. Institutional providers of residential services as defined by the
32 Division of Mental Health, Developmental Disabilities, and
33 Substance Abuse Services and approved by the Centers for
34 Medicare and Medicaid Services (CMS) for children and
35 Psychiatric Residential Treatment Facility services that meet
36 federal and State requirements as defined by the Department.

37 c. For Medicaid-eligible adults, services provided by licensed or
38 certified psychologists, licensed clinical social workers, certified
39 clinical nurse specialists in psychiatric mental health advanced
40 practice, and nurse practitioners certified as clinical nurse specialists
41 in psychiatric mental health advanced practice, licensed
42 psychological associates, licensed professional counselors, licensed
43 marriage and family therapists, certified clinical addictions
44 specialists, and licensed clinical supervisors, Medicaid-eligible adults
45 may be self-referred.

46 d. Payments made for services rendered in accordance with this
47 subdivision shall be to qualified providers in accordance with
48 approved policies and the State Plan. Nothing in sub-subdivision b.
49 or c. of this subdivision shall be interpreted to modify the scope of

1 practice of any service provider, practitioner, or licensee, nor to
2 modify or attenuate any collaboration or supervision requirement
3 related to the professional activities of any service provider,
4 practitioner, or licensee. Nothing in sub-subdivision b. or c. of this
5 subdivision shall be interpreted to require any private health insurer
6 or health plan to make direct third-party reimbursements or payments
7 to any service provider, practitioner, or licensee.

8 Notwithstanding G.S. 150B-21.1(a), the Department of Health and Human
9 Services may adopt temporary rules in accordance with Chapter 150B of the
10 General Statutes further defining the qualifications of providers and referral
11 procedures in order to implement this subdivision. Coverage policy for
12 services defined by the Division of Mental Health, Developmental
13 Disabilities, and Substance Abuse Services under sub-subdivisions a. and
14 b.2. of this subdivision shall be established by the Division of Medical
15 Assistance.

16 **SECTION 10.58.(e) Provider Performance Bonds and Visits. –**

17 (1) Subject to the provisions of this subdivision, the Department may require
18 Medicaid-enrolled providers to purchase a performance bond in an amount
19 not to exceed one hundred thousand dollars (\$100,000) naming as
20 beneficiary the Department of Health and Human Services, Division of
21 Medical Assistance, or provide to the Department a validly executed letter of
22 credit or other financial instrument issued by a financial institution or agency
23 honoring a demand for payment in an equivalent amount. The Department
24 may require the purchase of a performance bond or the submission of an
25 executed letter of credit or financial instrument as a condition of initial
26 enrollment, reenrollment, or reinstatement if:

- 27 a. The provider fails to demonstrate financial viability,
- 28 b. The Department determines there is significant potential for fraud
29 and abuse,
- 30 c. The Department otherwise finds it is in the best interest of the
31 Medicaid program to do so.

32 The Department shall specify the circumstances under which a performance
33 bond or executed letter of credit will be required.

34 (1a) The Department may waive or limit the requirements of this paragraph for
35 individual Medicaid-enrolled providers or for one or more classes of
36 Medicaid-enrolled providers based on the following:

- 37 a. The provider's or provider class's dollar amount of monthly billings
38 to Medicaid.
- 39 b. The length of time an individual provider has been licensed,
40 endorsed, certified, or accredited in this State to provide services.
- 41 c. The length of time an individual provider has been enrolled to
42 provide Medicaid services in this State.
- 43 d. The provider's demonstrated ability to ensure adequate record
44 keeping, staffing, and services.
- 45 e. The need to ensure adequate access to care.

46 In waiving or limiting requirements of this paragraph, the Department shall
47 take into consideration the potential fiscal impact of the waiver or limitation
48 on the State Medicaid Program. The Department shall provide to the affected
49 provider written notice of the findings upon which its action is based and

1 shall include the performance bond requirements and the conditions under
2 which a waiver or limitation apply. The Department may adopt temporary
3 rules in accordance with G.S. 150B-21.1 as necessary to implement this
4 provision.

- 5 (2) Reimbursement is available for up to 30 visits per recipient per fiscal year
6 for the following professional services: hospital outpatient providers,
7 physicians, nurse practitioners, nurse midwives, clinics, health departments,
8 optometrists, chiropractors, and podiatrists. The Department of Health and
9 Human Services shall adopt medical policies in accordance with
10 G.S. 108A-54.2 to distribute the allowable number of visits for each service
11 or each group of services consistent with federal law. In addition, the
12 Department shall establish a threshold of some number of visits for these
13 services. The Department shall ensure that primary care providers or the
14 appropriate CCNC network are notified when a patient is nearing the
15 established threshold to facilitate care coordination and intervention as
16 needed.

17 Prenatal services, all EPSDT children, emergency room visits, and
18 mental health visits subject to independent utilization review are exempt
19 from the visit limitations contained in this subdivision. Subject to
20 appropriate medical review, the Department may authorize exceptions when
21 additional care is medically necessary. Routine or maintenance visits above
22 the established visit limit will not be covered unless necessary to actively
23 manage a life threatening disorder or as an alternative to more costly care
24 options.

25 **SECTION 10.58.(f) Exceptions and Limitations on Services; Authorization of**
26 **Co-Payments and Other Services. –**

- 27 (1) Exceptions to service limitations, eligibility requirements, and payments. –
28 Service limitations, eligibility requirements, and payment bases in this
29 section may be waived by the Department of Health and Human Services,
30 with the approval of the Director of the Budget, to allow the Department to
31 carry out pilot programs for prepaid health plans, contracting for services,
32 managed care plans, or community-based services programs in accordance
33 with plans approved by the United States Department of Health and Human
34 Services or when the Department determines that such a waiver will result in
35 a reduction in the total Medicaid costs for the recipient.
- 36 (2) Co-payment for Medicaid services. – The Department of Health and Human
37 Services may establish co-payments up to the maximum permitted by federal
38 law and regulation.
- 39 (3) The Department of Health and Human Services shall establish a fifty dollars
40 (\$50.00) per visit co-payment for non-emergent hospital emergency room
41 visits.

42 **SECTION 10.58.(g) Rules, Reports, fees and Other Matters. –**

- 43 (1) Rules. – The Department of Health and Human Services may adopt
44 temporary or emergency rules according to the procedures established in
45 G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that these rules are
46 necessary to maximize receipt of federal funds within existing State
47 appropriations, to reduce Medicaid expenditures, and to reduce fraud and
48 abuse. The Department of Health and Human Services shall adopt rules

1 requiring providers to attend training as a condition of enrollment and may
2 adopt temporary or emergency rules to implement the training requirement.

3 Prior to the filing of the temporary or emergency rules authorized under
4 this subsection with the Rules Review Commission and the Office of
5 Administrative Hearings, the Department shall consult with the Office of
6 State Budget and Management on the possible fiscal impact of the temporary
7 or emergency rule and its effect on State appropriations and local
8 governments.

- 9 (2) Changes to Medicaid program; reports. – The Department shall report on
10 any change it anticipates making in the Medicaid program that impacts the
11 type or level of service, reimbursement methods, or waivers, any of which
12 require a change in the State Plan or other approval by the Centers for
13 Medicare and Medicaid Services (CMS). The reports shall be provided at the
14 same time they are submitted to CMS for approval. In addition to the entities
15 listed in subdivision (a)(4) of this section, the report shall be submitted to the
16 Joint Legislative Health Care Oversight Committee.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H80(S10.61)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 ***MEDICAID SPECIAL FUND TRANSFER***

2 **SECTION 10.61.** Of the funds transferred to the Department of Health and Human
3 Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the
4 Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three
5 million dollars (\$43,000,000) for the 2009-2010 fiscal year and the sum of forty-three million
6 dollars (\$43,000,000) for the 2010-2011 fiscal year. These funds shall be allocated as
7 prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in
8 G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall
9 replace the reduction in general revenue funding effected in this act. The Department may also
10 use funds in the Medicaid Special Fund to fund the settlement of the Disproportionate Share
11 Hospital payment audit issues between the Department of Health and Human Services and the
12 federal government related to fiscal years 1997-2002, and funds are appropriated from the Fund
13 for the 2009-2010 fiscal year for this purpose.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H81(S10.62)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES PROGRAMS*
2 *REIMBURSEMENT SYSTEM*

3 **SECTION 10.62.** Full implementation for the Community Alternatives Programs
4 reimbursement system shall be not later than 12 months after the date on which the replacement
5 Medicaid Management Information System becomes operational and stabilized.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H72(S10.64)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE*

2 **SECTION 10.64.(a)** Receivables reserved at the end of the 2009-2010 and
3 2010-2011 fiscal years shall, when received, be accounted for as nontax revenue for each of
4 those fiscal years.

5 **SECTION 10.64.(b)** For the 2009-2010 fiscal year, the Department of Health and
6 Human Services shall deposit from its revenues one hundred twenty-four million nine hundred
7 ninety-four thousand nine hundred fifty-four dollars (\$124,994,954) with the Department of
8 State Treasurer to be accounted for as nontax revenue. For the 2010-2011 fiscal year, the
9 Department of Health and Human Services shall deposit from its revenues one hundred million
10 dollars (\$100,000,000) with the Department of State Treasurer to be accounted for as nontax
11 revenue. These deposits shall represent the return of General Fund appropriations provided to
12 the Department of Health and Human Services to provide indigent care services at State-owned
13 and operated mental hospitals. The treatment of any revenue derived from federal programs
14 shall be in accordance with the requirements specified in the Code of Federal Regulations,
15 Volume 2, Part 225.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H74(S10.65)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *FAMILIES PAY PART OF THE COST OF SERVICES UNDER THE CAP-MR/DD*
2 *PROGRAM AND THE CAP-CHILDREN'S PROGRAM BASED ON FAMILY*
3 *INCOME*

4 **SECTION 10.65.(a)** Subject to approval from the Centers for Medicare and
5 Medicaid Services (CMS), the Department of Health and Human Services, Division of Medical
6 Assistance, shall, in consultation with the Division of Mental Health, Developmental
7 Disabilities, and Substance Abuse Services, and Community Alternatives Program (CAP)
8 stakeholders, develop a schedule of cost-sharing requirements for families of children with
9 incomes above the Medicaid allowable limit to share in the costs of their child's Medicaid
10 expenses under the CAP-MR/DD (Community Alternatives Program for Mental Retardation
11 and Developmentally Disabled) and the CAP-C (Community Alternatives Program for
12 Children). The cost-sharing amounts shall be based on a sliding scale of family income and
13 shall take into account the impact on families with more than one child in the CAP programs.
14 In developing the schedule, the Department shall also take into consideration how other states
15 have implemented cost-sharing in their CAP programs. The Division of Medical Assistance
16 may establish monthly deductibles as a means of implementing this cost-sharing. The
17 Department shall provide for at least one public hearing and other opportunities for individuals
18 to comment on the imposition of cost-sharing under the CAP program schedule.

19 **SECTION 10.65.(b)** The Division of Medical Assistance shall also, in
20 collaboration with the Controller's Office of the Department of Health and Human Services, the
21 Division of Information Resource Management (DIRM), and the new vendor of the
22 replacement Medicaid Management Information System, develop business rules, program
23 policies and procedures, and define relevant technical requirements.

24 **SECTION 10.65.(c)** Prior to seeking approval from CMS, but not later than
25 October 1, 2009, the Department shall report to the Joint Legislative Oversight Committee on
26 Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding
27 Needs, and to the Senate Appropriations Committee on Health and Human Services, the House
28 of Representatives Appropriations Subcommittee on Health and Human Services, and the
29 Fiscal Research Division. The report shall include a summary of comments the Department has
30 received at the public hearing, business rules, policies and procedures, and technical
31 requirements of the initiative and shall also indicate any barriers to implementing the
32 cost-sharing.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H26(S10.66)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **PREFERRED DRUG LIST PROGRAM**

2 **SECTION 10.66.(a)** The Department of Health and Human Services shall establish
3 and implement a preferred drug list program under the Division of Medical Assistance. The
4 Department shall submit a medical assistance State Plan amendment to the Centers for
5 Medicare and Medicaid Services (CMS) of the United States Department of Health and Human
6 Services to implement the program.

7 **SECTION 10.66.(b)** The pharmaceutical and therapeutics committee of the
8 Physician's Advisory Group (PAG) shall provide ongoing review of the preferred drug list.
9 Members of the committee shall submit conflict of interest disclosure statements to the
10 Department and shall have an ongoing duty to disclose conflicts of interest not included in the
11 original disclosure.

12 **SECTION 10.66.(c)** The Department, in consultation with the PAG, shall adopt and
13 publish policies and procedures relating to the preferred drug list, including:

- 14 (1) Guidelines for the presentation and review of drugs for inclusion on the
15 preferred drug list,
16 (2) The manner and frequency of audits of the preferred drug list for
17 appropriateness of patient care and cost-effectiveness,
18 (3) An appeals process for the resolution of disputes, and
19 (4) Such other policies and procedures as the Department deems necessary and
20 appropriate.

21 The Department and the pharmaceutical and therapeutics committee shall consider
22 all therapeutic classes of prescription drugs for inclusion on the preferred drug list, except
23 medications for treatment of human immunodeficiency virus or acquired immune deficiency
24 syndrome shall not be subject to consideration for inclusion on the preferred drug list.

25 The Department shall maintain an updated preferred drug list in electronic format
26 and shall make the list available to the public on the Department's Internet Web site.

27 The Department shall: (i) enter into a multistate purchasing pool; (ii) negotiate
28 directly with manufacturers or labelers; (iii) contract with a pharmacy benefit manager for
29 negotiated discounts or rebates for all prescription drugs under the medical assistance program;
30 or (iv) effectuate any combination of these options in order to achieve the lowest available
31 price for such drugs under such program.

32 The Department may negotiate supplemental rebates from manufacturers that are in
33 addition to those required by Title XIX of the federal Social Security Act. The committee shall
34 consider a product for inclusion on the preferred drug list if the manufacturer provides a
35 supplemental rebate. The Department may procure a sole source contract with an outside entity
36 or contractor to conduct negotiations for supplemental rebates.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H75(S10.68)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *CLARIFYING CHANGES TO STATE MEDICAID RESPONSIBILITIES*

2 **SECTION 10.68.** Consistent with Sections 31.16.1(c) and (d) of S.L. 2007-323
3 that require the State to assume responsibility for the nonfederal share of the costs of medical
4 services provided under the Medicaid Program starting June 1, 2009, the counties shall neither
5 bear any responsibility for settlement payments to providers nor refunds of expenditures for
6 program service claims paid on or before June 1, 2009. Counties will continue to participate in
7 their share of administrative costs.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H44

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS*
2 *TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE*
3 *MEDICAID PROGRAM*

4 **SECTION 10.68A.(a)** For the purpose of enabling the Department of Health and
5 Human Services, Division of Medical Assistance to achieve the budget reductions enacted in
6 this act for the Medicaid program, the Department may take the following actions
7 notwithstanding any other provision of this act or other State law or rule to the contrary, and
8 subject to the requirements of subsection (e) of this section.

9 (1) **Electronic Transactions.** –

- 10 a. Within 60 days of notification of its procedures via the DMA
11 website, Medicaid providers shall follow the Department's
12 established procedures for securing electronic payments. No later
13 than September 1, 2009, the Department shall cease routine provider
14 payments by check.
15 b. Effective September 1, 2009, all Medicaid providers shall file claims
16 electronically to the fiscal agent. Non-electronic claims submission
17 may be required when it is in the best interest of the Department.
18 c. Effective September 1, 2009, enrolled Medicaid providers shall
19 submit Preadmission Screening and Annual Resident Reviews
20 (PASARR) through the Department's web based tool or through a
21 vendor with interface capability to submit data into the web based
22 PASARR.

23 (2) **Clinical Coverage.** – The Department of Health and Human Services,
24 Division of Medical Assistance shall amend applicable clinical policies and
25 submit applicable State plan amendments to CMS to implement the budget
26 reductions authorized in the following clinical coverage areas in this act:

- 27 a. Modify or eliminate Physical Therapy, Speech Therapy, and
28 Occupational Therapy.
29 b. Modify or eliminate Dental Services.
30 c. Consolidate and reduce Targeted Case Management and case
31 management functions bundled within other Medicaid services;
32 d. Eliminate coverage of HIV case management.
33 e. Eliminate coverage of therapeutic camps.
34 f. Modify or eliminate adult routine eye exams and visual aids.

35 (3) **Medicaid Personal Care Service Provision:** – Upon the enactment of this
36 act, the Division of Medical Assistance shall implement the following new
37 criteria for personal care services (PCS):

- a. Independent assessment by an entity that does not provide direct PCS services for evaluation of the recipient prior to initiation of service. The independent assessment will determine the qualifying Activities of Daily Living (ADL), the level of assistance required, and the amount and scope of PCS to be provided, according to policy criteria.
- b. Independent assessment or review from the assigned Community Care of North Carolina (CCNC) physician of the continued qualification for PCS services under the revised PCS policy criteria;
- c. Establishment of four levels of qualifying criteria and service, as follows:
 1. **PCS I-** requires *limited* assistance with three ADLs; up to 20 hours/month; no housekeeping.
 2. **PCS II-** requires *limited* assistance with four ADLs; up to 40 hours/month; no housekeeping.
 3. **PCS III-** requires *extensive* assistance with three ADLs, or limited assistance two and extensive assistance with two ADLs; up to 60 hours/month; up to 25% housekeeping.
 4. **PCS-Plus-** requires *extensive* assistance with four ADLs; up to 80 hours/month; up to 25% housekeeping.
- d. Establishment of time limits on physician service orders and reauthorization in accordance with the recipient's diagnosis and acuity of need.
- e. Add the following items to the list of tasks that are not covered by this service: non-medical transportation, errands and shopping, money management, cueing, and prompting, guiding or coaching.
- f. On-line physician attestation of medical necessity.
- g. Revision of audits and review process including extending of the current contract with the post payment vendor.
- h. If sufficient reduction in cost is not achieved with the revised policy, the Secretary shall direct the Division of Medical Assistance to further modify the policy to achieve targeted cost savings.

Recipients currently receiving PCS services shall be reviewed under the above criteria and those recipients not meeting the new criteria shall be terminated from the service within 30 days of the review. The Department shall review usage of personal care services in adult care homes to determine if over-usage is occurring, and shall report its findings to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before December 1, 2009.

- (4) **MH/DD/SAS Personal Care and Personal Assistance Services Provision.** – A denial, reduction or termination of Medicaid funded personal care services shall result in a similar denial, reduction or termination State-funded MH/DD/SAS personal care and personal assistance services.
- (5) **Community Support and other MH/DD/SA services:** – The Department of Health and Human Services shall eliminate community support services on or before April 1, 2010. Upon enactment of this act, the Division of Medical Assistance and the Division of MH/DD/SA shall take the steps necessary for the Medicaid and the State-funded community support

- 1 program to provide for transition and discharge planning to recipients
2 currently receiving community support services. The following shall occur:
- 3 a. No new admissions shall be allowed.
 - 4 b. Authorizations currently in affect as of the date of enactment of this
5 Act remain valid. Any new authorization or subsequent
6 reauthorization is subject to the provisions of this Act.
 - 7 c. No community support services shall be provided in conjunction
8 with other enhanced services, except through December 31, 2009,
9 professional level community support may be provided in
10 conjunction with residential Level III and IV to assist in recipient
11 discharge planning. Up to a maximum of 24 hours over a 90 day
12 authorization may be provided as approved by the Prior
13 Authorization vendor.
 - 14 d. The current moratorium on community support provider
15 endorsement shall remain in effect.
 - 16 e. A provider of community support services whose endorsement,
17 Medicaid participation, or services have been suspended is not
18 entitled to payment during the period the appeal is pending, and the
19 Department shall make no payment to the provider during that
20 period. If the final agency decision is in favor of the provider, the
21 Department shall remove the suspension, commence payment for
22 provider services, and reimburse the provider for payments withheld
23 during the period of appeal.
 - 24 f. Effective 60 days from the enactment of this Act, the
25 paraprofessional level of community support shall be eliminated and
26 from this date the Department shall not use any Medicaid or state
27 funds to pay for this level of service.
 - 28 g. Community support services are limited no more than four hours per
29 week. The four hours is solely for the purpose of transition and
30 discharge planning.
 - 31 h. Thirty days (30) after the enactment of this act, any concurrent
32 request shall be accompanied with a discharge plan. Submission of
33 the discharge plan will be a required document for a request to be
34 considered complete. Failure to submit the discharge plan will result
35 in the request being returned as "unable to process." Discharge from
36 the service must occur within 90 days after the submission of the
37 discharge plan.
 - 38 i. Any community support provider that ceases to function as a
39 provider shall provide written notification to DMA, the Local
40 Management Entity, recipients and the prior authorization vendor 30
41 days prior to closing of the business.
 - 42 j. Medical and financial record retention is the responsibility of the
43 provider and shall be in compliance with the record retention
44 requirements of their Medicaid provider agreement or state-funded
45 services contract. Records shall also be available to state, federal and
46 local agencies.
 - 47 k. Failure to comply with notification, recipient transition planning or
48 record maintenance shall result in suspension of further payment
49 until such failure is corrected. In addition, failure to comply shall

1 result in denial of enrollment as a provider for any Medicaid or
2 state-funded service.

3 (7) **Community Support Team** – Authorization for a Community Support
4 Team shall be based upon medical necessity as defined by the Department
5 and shall not exceed 18 hours per week. The Division of Medical Assistance
6 shall do an immediate rate study of Community Support Team to bring the
7 average cost of service per recipient in line with Assertive Community
8 Treatment Team (ACTT) services. The Division shall also revise provider
9 qualifications and tighten the service definition to contain costs in this line
10 item. Not later than October 1, 2009, the Division of Medical Assistance
11 shall report its findings on the rate study and any actions it has taken to
12 conform with this subdivision to the Joint Legislative Oversight Committee
13 on Mental Health, Developmental Disabilities, and Substance Abuse
14 Services.

15 (8) **MH Residential.** – The Department of Health and Human Services shall
16 restructure the Medicaid and State-funded child MH/DD/SA residential
17 services. The Division of Medical Assistance and The Division of
18 MH/DD/SA shall establish a team inclusive of providers, LMEs, prior
19 authorization vendors, and other stakeholders to assure effective transition of
20 recipients to appropriate treatment options. Included in the restructuring
21 shall be the following:

- 22 a. On or before October 1, 2009, the Department shall eliminate High
23 Risk Intervention Residential Level III and Level IV service.
- 24 b. Submission to CMS of a therapeutic family service definition.
- 25 c. Within 30 day of this Action, the Department shall Institute a
26 moratorium on admissions High Risk Intervention Residential Level
27 III and Level IV group homes.
- 28 d. Thirty (30) days after enactment, any concurrent request must be
29 accompanied with a discharge plan. Discharge from the placement
30 must occur within 6 months after the submission of the discharge
31 plan.
- 32 e. All transition and discharge plans must be developed by the child and
33 family team and with active participation by the LME and/or the
34 Prior Authorization vendor.
- 35 f. Submission of discharge plan is a required document in order for the
36 request to be considered complete. Failure to submit will be returned
37 as unable to process.
- 38 g. Any residential provider that ceases to function as a provider shall
39 provide written notification to DMA, the Local Management Entity,
40 recipients and the prior authorization vendor 30 days prior to closing
41 of the business.
- 42 h. Medical and financial record retention is the responsibility of the
43 provider and shall be in compliance with the record retention
44 requirements of their Medicaid provider agreement or state-funded
45 services contract. Records shall also be available to state, federal and
46 local agencies.
- 47 i. Failure to comply with notification, recipient transition planning or
48 record maintenance shall result in suspension of further payment
49 until such failure is corrected. In addition, failure to comply shall

1 result in denial of enrollment as a provider for any Medicaid or
2 state-funded service.

- 3 (9) **Reduce Medicaid Rates** – Subject to the prior approval of the Office of
4 State Budget and Management, the Secretary shall reduce Medicaid Provider
5 rates to accomplish an overall rate reduction of five and five tenths percent
6 (5.5%) in the 2009-2010 fiscal year, and six percent (6%) in the 2010-2011
7 fiscal year. The Secretary shall consider the impact on access to care through
8 primary care providers, safety net critical care access hospitals and may
9 adjust the rates accordingly. The rate reduction applies to all Medicaid
10 private and public providers with the following exceptions: federally
11 qualified health clinics, rural health centers, State institutions, outpatient
12 hospital, pharmacy, and the non-inflationary components of the case-mix
13 reimbursement system for nursing facilities. Medicaid rates predicated upon
14 Medicare fee schedules shall follow Medicare reductions but not Medicare
15 increases unless federally required. Inflationary increases for Medicaid
16 providers paying provider fees (private ICF-MRs and nursing facilities) can
17 occur if the State share of the increases can be funded with provider fees.

- 18 (10) **Medicaid identification cards.** – The Department shall issue Medicaid
19 identification cards to recipients on a quarterly basis.

20 **SECTION 10.68A.(b)** G.S. 108A-70.21(d) is amended by adding the following
21 new subdivision to read:

22 "(5) Fifty dollars (\$50.00) for each non-emergent emergency room visit."

23 **SECTION 10.68A.(c).** G.S. 108A-54.2(1) reads as rewritten:

- 24 "(1) During the development of new medical coverage policy or amendment to
25 existing medical coverage policy, consult with and seek the advice of the
26 Physician Advisory Group of the ~~North Carolina Medical Society~~
27 Department and other organizations the Secretary deems appropriate. The
28 Secretary shall also consult with and seek the advice of officials of the
29 professional societies or associations representing providers who are affected
30 by the new medical coverage policy or amendments to existing medical
31 coverage policy."

32 **SECTION 10.68A.(d)** Part 6 of Article 2 of Chapter 108A of the General Statutes
33 is amended by adding the following new section to read:

34 "§ 108A-55.5. Insurers must accept Departmental authorization for medical services.

35 Health insurers, as defined in G.S. 108A-55.4, shall accept authorization from the Division
36 of Medical Assistance for the provision of medical services on behalf of a recipient of medical
37 assistance as the insurer's authorization for the provision of those services and shall not deny a
38 claim submitted by the Division solely on the basis that the insurer did not prior approve or
39 prior authorize the service."

40 **SECTION 10.68A.(e)** At least 30 days prior to the adoption of new or amended
41 medical coverage policies necessitated by the reductions to the Medicaid program enacted in
42 this act, the Department shall:

- 43 (1) Publish the proposed new or amended medical coverage policies via the
44 Medicaid Bulletin published on the Department's Web site, which shall
45 include an invitation to readers to send written comments on the proposed
46 new or amended policies to the Department's mailing address, including
47 e-mail.

- 1
 - 2
 - 3
 - 4
 - 5
- (2) Notify via direct mail the members of the Department's Physicians' Advisory Group (PAG) of the proposed policies and Medicaid recipients of clinical coverage changes.
 - (3) Update the policies published on the Web site to reflect any changes made as a result of written comments received from the (PAG) and others.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H76(S10.69)i

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 *CO-PAYMENTS FOR TICKET TO WORK*

2 SECTION 10.69. G.S. 108A-54.1(d) reads as rewritten:

3 "§ 108A-54.1. Medicaid buy-in for workers with disabilities.

4 ...

5 (d) Fees, Premiums, and Co-Payments. – Individuals who participate in HCWD and
6 have countable income greater than one hundred fifty percent (150%) of FPG shall pay an
7 annual enrollment fee of fifty dollars (\$50.00) to their county department of social services.
8 Individuals who participate in HCWD and have countable income greater than or equal to two
9 hundred percent (200%) of FPG shall pay a monthly premium in addition to the annual fee. The
10 Department shall set a sliding scale for premiums, which is consistent with applicable federal
11 law. An individual with countable income equal to or greater than four hundred fifty percent
12 (450%) of FPG shall pay not less than one hundred percent (100%) of the cost of the premium,
13 as determined by the Department. The premium shall be based on the experience of all
14 individuals participating in the Medical Assistance Program. Individuals who participate in
15 HCWD are subject to co-payments equal to those required under the ~~North Carolina Health~~
16 ~~Choice Program.~~ Medical Assistance Program."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H34

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **INFORMATION ON MEDICAID WAIVERS**

2 **SECTION 10.72A.(a)** The Department of Health and Human Services, Division of
3 Medical Assistance, shall report on the feasibility and efficacy of applying for Medicaid
4 waivers from the Centers for Medicare and Medicaid Services. The report shall recommend
5 whether the following waivers should be pursued and the reasons therefore:

- 6 (1) An 1115 waiver to permit individuals that test positive for HIV and have
7 incomes at or below two hundred percent (200%) of the federal poverty level
8 access to Medicaid services. The report and recommendation shall indicate
9 the number of people that may be eligible for Medicaid services under the
10 waiver, the resulting cost and cost savings to the State if all potentially
11 eligible individuals applied for assistance, and the programmatic and
12 technical impact should the waiver be implemented.
- 13 (2) An 1115 waiver or other available Medicaid options to provide
14 interconceptional coverage to low-income women with incomes below one
15 hundred eighty-five percent (185%) of the federal poverty guidelines who
16 have given birth to a high-risk infant. A high-risk infant is defined as
17 weighing less than 1500 grams, is born less than 34 weeks gestation, is born
18 with a congenital anomaly, or who has died within the first 28 days of life.
19 Interconceptional care would be limited to two years following the birth of a
20 high-risk infant, or until a subsequent birth, whichever comes first. The
21 report and recommendations should include estimated cost savings from
22 improved birth outcomes that will offset the cost of providing Medicaid
23 coverage to this targeted population.
- 24 (3) A 1915(c) waiver to permit individuals who sustain traumatic brain injury
25 after age 22 to access home and community-based Medicaid services. The
26 report and recommendation shall include the estimated cost to implement the
27 waiver.
- 28 (4) A waiver to prevent a Medicaid recipient from losing Medicaid eligibility
29 due Social Security and Railroad Retirement cost of living adjustments and
30 federal poverty level adjustments. The report and recommendation shall
31 provide the cost to cover all affected persons effective March 1, 2009.

32 The Department shall provide for each waiver the estimated time needed to prepare the
33 waiver application and the earliest date upon which the waiver, if approved by CMS, could be
34 implemented.

35 **SECTION 10.72A.(b)** The Department shall submit its report and
36 recommendations to the House of Representative Appropriations Subcommittee on Health and
37 Human Services, the Senate Appropriations Committee on Health and Human Services, the

- 1 Fiscal Research Division, and the Legislative Oversight Committee on Mental Health,
- 2 Developmental Disabilities, and Substance Abuse Services by March 1, 2010.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

DRAFT
SPECIAL PROVISION



2009-DHHS-H17(S10.78)

Department of Health and Human Services
Appropriations Subcommittee on Health and Human Services

Requested by: Representative

1 **DHHS BLOCK GRANTS**

2 **SECTION 10.78.(a)** Appropriations from federal block grant funds are made for
3 the fiscal year ending June 30, 2010, according to the following schedule:
4

5 TEMPORARY ASSISTANCE TO NEEDY FAMILIES
6 (TANF) BLOCK GRANT
7

8 Local Program Expenditures
9

10 Division of Social Services
11

12 01. Work First Family Assistance \$87,083,100
13

14 02. Work First County Block Grants 94,453,315
15

16 03. Child Protective Services – Child Welfare
17 Workers for Local DSS 14,452,391
18

19 04. Child Welfare Collaborative 1,019,193
20

21 Division of Child Development
22

23 05. Subsidized Child Care Program 61,087,077
24

25 Division of Public Health
26

27 06. Teen Pregnancy Initiatives 450,000
28

29 DHHS Administration
30

31 07. Division of Social Services 1,093,176
32

33 08. Office of the Secretary 75,392
34

35 09. Office of the Secretary/DIRM – TANF
36 Automation Projects 720,000
37

38 10. Office of the Secretary/DIRM – NC FAST

1	Implementation	1,200,000
2		
3	Transfers to Other Block Grants	
4		
5	Division of Child Development	
6		
7	11. Transfer to the Child Care and	
8	Development Fund	84,330,900
9		
10	Division of Social Services	
11		
12	12. Transfer to Social Services Block Grant for Child	
13	Protective Services – Child Welfare Training in	
14	Counties	2,738,827
15		
16	13. Transfer to Social Services Block Grant for	
17	Maternity Homes	943,002
18		
19	14. Transfer to Social Services Block Grant for Teen	
20	Pregnancy Prevention Initiatives	2,500,000
21		
22	15. Transfer to Social Services Block Grant for County	
23	Departments of Social Services for Children's Services	4,500,000
24		
25	16. Transfer to Social Services Block Grant for	
26	Foster Care Services	390,000
27		
28	17. Transfer to Social Services Block Grant for	
29	Medically Fragile Children	360,000
30		
31	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
32	(TANF) BLOCK GRANT	\$357,396,373
33		
34	TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	
35	CONTINGENCY FUNDS	
36		
37	Local Program Expenditures	
38		
39	Division of Social Services	
40		
41	01. Work First Family Assistance	\$2,236,284
42		
43	02. Work First – Boys and Girls Clubs	1,600,000
44		
45	03. Work First – Afterschool Services	
46	For At-Risk Children	1,639,714
47		
48	04. Work First – Afterschool Programs	
49	For At-Risk Youth in Middle Schools	400,000

1			
2	05.	Work First – Connect, Inc. (Work Central)	440,000
3			
4	06.	Work First – Citizens Schools Program	360,000
5	07.	County Demonstration Grants	3,239,789
6			
7	08.	Adoption Services – Special Children's Adoption Fund	3,000,000
8			
9	09.	Family Violence Prevention	1,760,000
10			
11	10.	Work First Functional Assessment	600,000
12			
13	11.	Electing County State Funding Swap Out	2,378,213
14			
15	12.	State Subsidized Child Care Funding Swap	12,452,484
16			
17			
18		TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)	
19		CONTINGENCY FUNDS	\$30,106,484
20			
21		SOCIAL SERVICES BLOCK GRANT	
22			
23		Local Program Expenditures	
24			
25		Divisions of Social Services and Aging and Adult Services	
26			
27	01.	County Departments of Social Services	\$ 28,868,189
28		(Transfer from TANF – \$4,500,000)	
29			
30	02.	State In-Home Services Fund	2,101,113
31			
32	03.	State Adult Day Care Fund	2,155,301
33			
34	04.	Child Protective Services/CPS Investigative	
35		Services-Child Medical Evaluation Program	397,718
36			
37	05.	Foster Care Services	2,372,619
38		(Transfer from TANF – \$390,000)	
39			
40	06.	Maternity Homes (Transfer from TANF)	943,002
41			
42	07.	Special Children Adoption Incentive Fund	500,000
43			
44	08.	Child Protective Services-Child Welfare Training	
45		for Counties	2,738,827
46		(Transfer from TANF)	
47			
48	09.	Home and Community Care Block Grant (HCCBG)	1,834,077
49			

1	Division of Mental Health, Developmental Disabilities, and Substance	
2	Abuse Services	
3		
4	10. Mental Health Services Program	422,003
5		
6	11. Developmental Disabilities Services Program	5,000,000
7		
8	12. Mental Health Services-Adult and	
9	Child/Developmental Disabilities Program/	
10	Substance Abuse Services-Adult	3,234,601
11		
12	Division of Child Development	
13		
14	13. Subsidized Child Care Program	3,150,000
15		
16	Division of Public Health	
17		
18	14. Teen Pregnancy Prevention Initiatives	2,500,000
19	(Transfer from TANF)	
20		
21	15. Services for Medically Fragile Children	
22	(Transfer from TANF)	360,000
23		
24	DHHS Program Expenditures	
25		
26	Division of Aging and Adult Services	
27		
28	16. UNC-CARES Training Contract	247,920
29		
30	Division of Vocational Rehabilitation	
31		
32	17. Independent Living Program	400,000
33		
34	Division of Services for the Blind	
35		
36	18. Independent Living Program	3,633,077
37		
38	Division of Health Service Regulation	
39		
40	19. Adult Care Licensure Program	411,897
41		
42	20. Mental Health Licensure and Certification Program	205,668
43		
44	DHHS Administration	
45		
46	21. Division of Aging and Adult Services	688,436
47		
48	22. Division of Social Services	892,624
49		

1	23.	Office of the Secretary/Controller's Office	138,058
2			
3	24.	Office of the Secretary/DIRM	87,483
4			
5	25.	Division of Child Development	15,000
6			
7	26.	Division of Mental Health, Developmental	
8		Disabilities, and Substance Abuse Services	29,665
9			
10	27.	Division of Health Service Regulation	235,625
11			
12	28.	Office of the Secretary-NC Inter-Agency Council	
13		For Coordinating Homeless Programs	250,000
14			
15	29.	Office of the Secretary	48,053
16			
17	Transfers to Other State Agencies		
18			
19	Department of Administration		
20			
21	30.	NC Commission of Indian Affairs In-Home	
22		Services for the Elderly	203,198
23			
24	Transfers to Other Block Grants		
25			
26	Division of Public Health		
27			
28	31.	Transfer to Preventive Health Services Block Grant	
29		For HIV/STD Prevention and Community Planning	145,819
30			
31	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 64,209,973
32			
33	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
34			
35	Local Program Expenditures		
36			
37	Division of Social Services		
38			
39	01.	Low-Income Energy Assistance Program (LIEAP)	\$ 22,612,198
40			
41	02.	Crisis Intervention Program (CIP)	16,927,343
42			
43	Office of the Secretary – Office of Economic Opportunity		
44			
45	03.	Weatherization Program	7,258,685
46			
47	04.	Heating Air Repair & Replacement Program (HARRP)	3,385,583
48			
49	Local Administration		

1		
2	Division of Social Services	
3		
4	05. County DSS Administration	3,608,360
5		
6	Office of the Secretary – Office of Economic Opportunity	
7		
8	06. Local Residential Energy Efficiency Service	
9	Providers – Weatherization	420,035
10		
11	07. Local Residential Energy Efficiency Service	
12	Providers – HARRP	195,910
13		
14	DHHS Administration	
15		
16	08. Division of Social Services	275,000
17		
18	09. Division of Mental Health, Developmental	
19	Disabilities, and Substance Abuse Services	11,577
20		
21	10. Office of the Secretary/DIRM	384,494
22		
23	11. Office of the Secretary/Controller's Office	17,566
24		
25	12. Office of the Secretary/Office of Economic	
26	Opportunity – Weatherization	420,035
27		
28	13. Office of the Secretary/Office of Economic	
29	Opportunity – HARRP	195,910
30		
31	Transfers to Other State Agencies	
32		
33	14. Department of Administration –	
34	N.C. State Commission of Indian Affairs	95,469
35		
36	TOTAL LOW-INCOME HOME ENERGY ASSISTANCE	
37	BLOCK GRANT	\$ 55,808,166
38		
39	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
40		
41	Local Program Expenditures	
42		
43	Division of Child Development	
44		
45	01. Subsidized Child Care Services (CCDF)	\$144,097,307
46		
47	02. Contract Subsidized Child Care Services Support	507,617
48		
49	03. Subsidized Child Care Services	

1	(Transfer from TANF)	84,330,900
2		
3	04. Quality and Availability Initiatives	24,560,876
4		
5	Division of Social Services	
6		
7	05. Local Subsidized Child Care Services Support	\$16,594,417
8		
9	DHHS Administration	
10		
11	Division of Child Development	
12		
13	06. DCD Administrative Expenses	6,539,277
14		
15	Division of Central Administration	
16		
17	07. DHHS Central Administration – DIRM	
18	Technical Services	763,356
19		
20	TOTAL CHILD CARE AND DEVELOPMENT FUND	
21	BLOCK GRANT	\$277,393,750
22		
23	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH	
24	THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	
25		
26	Local Program Expenditures	
27		
28	Division of Child Development	
29		
30	01. Subsidized Child Care Services (CCDF)	\$53,993,329
31		
32	02. Contract Subsidized Child Care Services Support	29,030
33		
34	DHHS Program Expenditures	
35		
36	Division of Child Development	
37		
38	03. Quality and Availability Initiatives	7,719,144
39		
40	04. TEACH	3,800,000
41		
42	Local Administration	
43		
44	Division of Social Services	
45		
46	05. Subsidy Services Support	2,001,631
47		
48	TOTAL CHILD CARE AND DEVELOPMENT FUND	
49	BLOCK GRANT RECEIVED THROUGH ARRA	\$67,543,143

1		
2	MENTAL HEALTH SERVICES BLOCK GRANT	
3		
4	Local Program Expenditures	
5		
6	01. Mental Health Services – Adult	\$ 5,977,762
7		
8	02. Mental Health Services – Child	3,921,991
9		
10	03. Comprehensive Treatment Service Program	1,500,000
11		
12	04. Mental Health Services – UNC School of Medicine, Department of Psychiatry	300,000
13		
14		
15	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 11,699,753
16		
17	SUBSTANCE ABUSE PREVENTION	
18	AND TREATMENT BLOCK GRANT	
19		
20	Local Program Expenditures	
21		
22	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
23		
24	01. Substance Abuse Services – Adult	\$ 22,258,080
25		
26	02. Substance Abuse Treatment Alternative for Women	8,069,524
27		
28		
29	03. Substance Abuse – HIV and IV Drug	5,116,378
30		
31	04. Substance Abuse Prevention – Child	7,186,857
32		
33	05. Substance Abuse Services – Child	4,940,500
34		
35	06. Institute of Medicine	250,000
36		
37	Division of Public Health	
38		
39	07. Risk Reduction Projects	633,980
40		
41	08. Aid-to-Counties	209,576
42		
43	09. Maternal Health	37,779
44		
45	TOTAL SUBSTANCE ABUSE PREVENTION	
46	AND TREATMENT BLOCK GRANT	\$ 48,702,674
47		
48	MATERNAL AND CHILD HEALTH BLOCK GRANT	
49		

1	Local Program Expenditures	
2		
3	Division of Public Health	
4		
5	01. Children's Health Services	7,534,865
6		
7	02. Women's Health	7,701,691
8		
9	03. Oral Health	38,041
10		
11	DHHS Program Expenditures	
12		
13	Division of Public Health	
14		
15	04. Children's Health Services	1,359,636
16		
17	05. Women's Health	135,452
18		
19	06. State Center for Health Statistics	179,483
20		
21	07. Quality Improvement in Public Health	14,646
22		
23	08. Health Promotion	88,746
24		
25	09. Office of Minority Health	55,250
26		
27	10. Immunization Program – Vaccine Distribution	382,648
28		
29	DHHS Administration	
30		
31	Division of Public Health	
32		
33	11. Division of Public Health Administration	631,966
34		
35	TOTAL MATERNAL AND CHILD	
36	HEALTH BLOCK GRANT	\$ 18,122,424
37		
38	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
39		
40	Local Program Expenditures	
41		
42	Division of Public Health	
43		
44	01. NC Statewide Health Promotion	\$1,730,653
45		
46	02. Services to Rape Victims	197,112
47		
48	03. HIV/STD Prevention and Community Planning	
49	(Transfer from Social Services Block Grant)	145,819

1		
2	DHHS Program Expenditures	
3		
4	Division of Public Health	
5		
6	04. NC Statewide Health Promotion	1,699,044
7		
8	05. Oral Health	70,000
9		
10	06. State Laboratory of Public Health	16,600
11		
12	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,859,228
13		
14	COMMUNITY SERVICES BLOCK GRANT	
15		
16	Local Program Expenditures	
17		
18	Office of Economic Opportunity	
19		
20	01. Community Action Agencies	\$ 16,673,336
21		
22	02. Limited Purpose Agencies	926,297
23		
24	DHHS Administration	
25		
26	03. Office of Economic Opportunity	926,296
27		
28	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 18,525,929
29		
30	COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN	
31	RECOVERY AND REINVESTMENT ACT (ARRA)	
32		
33	Local Program Expenditures	
34		
35	Office of Economic Opportunity	
36		
37	01. Community Action Agencies	\$ 25,980,693
38		
39	DHHS Administration Expenditures	
40		
41	02. Division of Social Services	262,431
42		
43	TOTAL COMMUNITY SERVICES BLOCK GRANT	
44	RECEIVED THROUGH ARRA	\$ 26,243,124
45		

46 **GENERAL PROVISIONS**

47 **SECTION 10.78.(b)** Information to Be Included in Block Grant Plans. – The
48 Department of Health and Human Services shall submit a separate plan for each Block Grant
49 received and administered by the Department, and each plan shall include the following:

- 1 (1) A delineation of the proposed allocations by program or activity, including
2 State and federal match requirements.
- 3 (2) A delineation of the proposed State and local administrative expenditures.
- 4 (3) An identification of all new positions to be established through the Block
5 Grant, including permanent, temporary, and time-limited positions.
- 6 (4) A comparison of the proposed allocations by program or activity with two
7 prior years' program and activity budgets and two prior years' actual program
8 or activity expenditures.
- 9 (5) A projection of current year expenditures by program or activity.
- 10 (6) A projection of federal Block Grant funds available, including unspent
11 federal funds from the current and prior fiscal years.

12 **SECTION 10.78.(c)** Changes in Federal Fund Availability. – If the Congress of the
13 United States increases the federal fund availability for any of the Block Grants administered
14 by the Department of Health and Human Services from the amounts appropriated in this
15 section, the Department shall allocate the increase proportionally across the program and
16 activity appropriations identified for that Block Grant in this section. In allocating an increase
17 in federal fund availability, the Department shall not propose funding for new programs or
18 activities not appropriated in this section.

19 If the Congress of the United States decreases the federal fund availability for any of
20 the Block Grants administered by the Department of Health and Human Services from the
21 amounts appropriated in this section, the Department shall reduce State administration by at
22 least the percentage of the reduction in federal funds. After determining the State
23 administration, the remaining reductions shall be allocated proportionately across the program
24 and activity appropriations identified for that Block Grant in this section.

25 Prior to allocating the change in federal fund availability, the proposed allocation
26 must be approved by the Office of State Budget and Management. If the Department adjusts the
27 allocation of any Block Grant due to changes in federal fund availability, then a report shall be
28 made to the Joint Legislative Commission on Governmental Operations, the House of
29 Representatives Appropriations Subcommittee on Health and Human Services, the Senate
30 Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

31 **SECTION 10.78.(d)** Appropriations from federal block grant funds are made for
32 the fiscal year ending June 30, 2010, according to the schedule enacted for State fiscal year
33 2009-2010 or until a new schedule is enacted by the General Assembly.

34 **SECTION 10.78.(e)** All changes to the budgeted allocations to the Block Grants
35 administered by the Department of Health and Human Services that are not specifically
36 addressed in this section shall be approved by the Office of State Budget and Management, and
37 a report shall be submitted to the Joint Legislative Commission on Governmental Operations
38 for review prior to implementing the changes. All changes to the budgeted allocations to the
39 Block Grants shall be reported immediately to the House of Representatives Appropriations
40 Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health
41 and Human Services, and the Fiscal Research Division. This subsection does not apply to
42 Block Grant changes caused by legislative salary increases and benefit adjustments.

43
44 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BLOCK GRANT AND**
45 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) CONTINGENCY**
46 **FUNDS**

47 **SECTION 10.78.(f)** The sum of one million ninety-three thousand one hundred
48 seventy-six dollars (\$1,093,176) appropriated in this section in the TANF Block Grant to the

1 Department of Health and Human Services, Division of Social Services, for the 2009-2010
2 fiscal year shall be used to support administration of TANF-funded programs.

3 **SECTION 10.78.(g)** The sum of one million seven hundred sixty thousand dollars
4 (\$1,760,000) appropriated under this section in TANF Contingency funds to the Department of
5 Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be
6 used to provide domestic violence services to Work First recipients. These funds shall be used
7 to provide domestic violence counseling, support, and other direct services to clients. These
8 funds shall not be used to establish new domestic violence shelters or to facilitate lobbying
9 efforts. The Division of Social Services may use up to seventy-five thousand dollars (\$75,000)
10 in TANF funds to support one administrative position within the Division of Social Services to
11 implement this subsection.

12 Each county department of social services and the local domestic violence shelter
13 program serving the county shall jointly develop a plan for utilizing these funds. The plan shall
14 include the services to be provided and the manner in which the services shall be delivered. The
15 county plan shall be signed by the county social services director or the director's designee and
16 the domestic violence program director or the director's designee and submitted to the Division
17 of Social Services by December 1, 2009. The Division of Social Services, in consultation with
18 the Council for Women, shall review the county plans and shall provide consultation and
19 technical assistance to the departments of social services and local domestic violence shelter
20 programs, if needed.

21 The Division of Social Services shall allocate these funds to county departments of
22 social services according to the following formula: (i) each county shall receive a base
23 allocation of five thousand dollars (\$5,000); and (ii) each county shall receive an allocation of
24 the remaining funds based on the county's proportion of the statewide total of the Work First
25 caseload as of July 1, 2009, and the county's proportion of the statewide total of the individuals
26 receiving domestic violence services from programs funded by the Council for Women as of
27 July 1, 2009. The Division of Social Services may reallocate unspent funds to counties that
28 submit a written request for additional funds.

29 **SECTION 10.78.(h)** The sum of one million six hundred thirty-nine thousand
30 seven hundred fourteen dollars (\$1,639,714) appropriated in this section in TANF Contingency
31 funds to the Department of Health and Human Services, Division of Social Services, for the
32 2009-2010 fiscal year shall be used to expand after-school programs and services for at-risk
33 children. The Department shall develop and implement a grant program to award grants to
34 community-based programs that demonstrate the ability to reach children at risk of teen
35 pregnancy, school dropout, and gang participation. The Department shall award grants to
36 community-based organizations that demonstrate the ability to develop and implement linkages
37 with local departments of social services, area mental health programs, schools, and other
38 human services programs in order to provide support services and assistance to the child and
39 family. These funds may be used to fund one position within the Division of Social Services to
40 coordinate at-risk after-school programs and shall not be used for other State administration.

41 **SECTION 10.78.(i)** The sum of fourteen million four hundred fifty-two thousand
42 three hundred ninety-one dollars (\$14,452,391) appropriated in this section to the Department
43 of Health and Human Services, Division of Social Services, in the TANF Block Grant for the
44 2009-2010 fiscal year for child welfare improvements shall be allocated to the county
45 departments of social services for hiring or contracting staff to investigate and provide services
46 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
47 license, and support prospective foster and adoptive families; and to provide interstate and
48 post-adoption services for eligible families.

1 **SECTION 10.78.(j)** The sum of three million dollars (\$3,000,000) appropriated in
2 this section in TANF Contingency funds to the Department of Health and Human Services,
3 Special Children Adoption Fund, for the 2009-2010 fiscal year shall be used in accordance with
4 G.S. 108A-50.2, as enacted in Section 10.48 of this act. The Division of Social Services, in
5 consultation with the North Carolina Association of County Directors of Social Services and
6 representatives of licensed private adoption agencies, shall develop guidelines for the awarding
7 of funds to licensed public and private adoption agencies upon the adoption of children
8 described in G.S. 108A-50 and in foster care. Payments received from the Special Children
9 Adoption Fund by participating agencies shall be used exclusively to enhance the adoption
10 services program. No local match shall be required as a condition for receipt of these funds.

11 **SECTION 10.78.(k)** The sum of one million two hundred thousand dollars
12 (\$1,200,000) in this section appropriated to the Department of Health and Human Services in
13 the TANF Block Grant for the 2009-2010 fiscal year shall be used to implement N.C. FAST
14 (North Carolina Families Accessing Services through Technology). The N.C. FAST Program
15 involves the entire automation initiative through which families access services and local
16 departments of social services deliver benefits, supervised by the Department of Health and
17 Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance,
18 and Child Development. The statewide automated initiative shall be implemented in
19 compliance with federal regulations in order to ensure federal financial participation in the
20 project. The Department of Health and Human Services shall report on its compliance with this
21 subsection to the House of Representatives Appropriations Subcommittee on Health and
22 Human Services, the Senate Appropriations Committee on Health and Human Services, and the
23 Fiscal Research Division no later than January 1, 2010.

24 **SECTION 10.78.(l)** The sum of four hundred thousand dollars (\$400,000)
25 appropriated in this section to the Department of Health and Human Services, Division of
26 Social Services, in TANF Contingency funds for the 2009-2010 fiscal year shall be used to
27 expand after-school programs for at-risk children attending middle school. The Department
28 shall develop and implement a grant program to award funds to community-based programs
29 demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and
30 gang participation. These funds shall not be used for training or administration at the State
31 level. All funds shall be distributed to community-based programs, focusing on those
32 communities where similar programs do not exist in middle schools.

33 **SECTION 10.78.(m)** In implementing the TANF Block Grants, the Department of
34 Health and Human Services shall review policies, programs, and initiatives to ensure that they
35 support men in their role as fathers and strengthen fathers' involvement in their children's lives.
36 The Department shall encourage county departments of social services to ensure their Work
37 First programs emphasize responsible fatherhood and increased participation by noncustodial
38 fathers.

39 **SECTION 10.78.(n)** The sum of four hundred forty thousand dollars (\$440,000)
40 appropriated in this section to the Department in TANF Contingency funds for the 2009-2010
41 fiscal year shall be transferred to Connect, Inc. Connect, Inc., shall report on the number of
42 people served and the services received as a result of the receipt of funds. The report shall
43 contain expenditure data, including the amount of funds used for administration and direct
44 training. The report shall also include the number of people who have been employed as a
45 direct result of services provided by Connect, Inc., including the length of employment in the
46 new position. The Department of Health and Human Services shall evaluate the program and
47 ensure that services provided are not duplicative of local employment security commissions in
48 the nine counties served by Connect, Inc. The evaluation report shall be submitted to the House
49 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate

1 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no
2 later than May 1, 2010.

3 **SECTION 10.78.(o)** The sum of one million six hundred thousand dollars
4 (\$1,600,000) appropriated in this section to the Department in TANF Contingency funds for
5 Boys and Girls Clubs for the 2009-2010 fiscal year shall be used to make grants for approved
6 programs. The Department of Health and Human Services, in accordance with federal
7 regulations for the use of TANF Block Grant funds, shall administer a grant program to award
8 funds to the Boys and Girls Clubs across the State in order to implement programs that improve
9 the motivation, performance, and self-esteem of youths and to implement other initiatives that
10 would be expected to reduce gang participation, school dropout, and teen pregnancy rates. The
11 Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and
12 Support Our Students, Communities in Schools, and similar programs to submit joint
13 applications for the funds if appropriate.

14 **SECTION 10.78.(p)** The Department of Health and Human Services, Division of
15 Social Services, shall continue implementing county demonstration grants that began in the
16 2006-2007 fiscal year. The county demonstration grants may be awarded for up to three years
17 with all projects ending no later than the end of fiscal year 2009-2010. The purpose of the
18 county demonstration grants is to identify best practices that can be used by counties to
19 improve the work participation rates. The Division of Social Services is authorized to establish
20 two time-limited positions to manage the grant award process and monitor the demonstration
21 projects through fiscal year 2009-2010.

22 Funding provided under the county demonstration grants shall not be used to
23 supplant local funds, and counties shall be required to maintain the current level of effort and
24 funding for the Work First program.

25 The Department of Health and Human Services, Division of Social Services, shall
26 report on the status of county demonstration grants implemented pursuant to this subsection to
27 the House of Representatives Appropriations Subcommittee on Health and Human Services,
28 the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
29 Division no later than February 1, 2010.

30 **SECTION 10.78.(q)** The sum of one million nineteen thousand one hundred
31 ninety-three dollars (\$1,019,193) appropriated in this section to the Department of Health and
32 Human Services in the TANF Block Grant for the 2009-2010 fiscal year shall be used to
33 continue support for the Child Welfare Collaborative and to implement other recruitment
34 initiatives.

35 **SECTION 10.78.(r)** The sum of three hundred sixty thousand dollars (\$360,000)
36 appropriated to the Department of Health and Human Services, Division of Social Services,
37 under this section in TANF Contingency funds for the 2009-2010 fiscal year shall be used to
38 continue support for the Citizens Schools Program, a three-year urban/rural dropout prevention
39 pilot program in the Durham and Vance county public school systems.

40
41 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY**
42 **CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY**
43 **AND REINVESTMENT ACT (ARRA)**

44 **SECTION 10.78.(s)** The Department of Health and Human Services, Division of
45 Social Services, shall demonstrate qualifying conditions and apply to the U.S. Department of
46 Health and Human Services, Administration for Children & Families, for federal funding
47 available through the Emergency Contingency Fund for State TANF Programs created by the
48 American Recovery and Reinvestment Act.

1 Of the funds for which the Division qualifies, the sum of one million nine hundred
2 fifty nine thousand and twenty dollars (\$1,959,020) shall be used to implement a Conversion
3 Pay for Performance Work First Benefits Program to improve work participation among Work
4 First Assistance recipients.

5 If, based on increased Work First Family Assistance caseloads and payments, the
6 Division of Social Services qualifies for funding in excess of the amount appropriated in this
7 section, such additional Emergency Contingency Funds shall be used to support the Work First
8 Family Assistance program.

9
10 **SOCIAL SERVICES BLOCK GRANT**

11 **SECTION 10.78.(t)** Social Services Block Grant funds appropriated to the North
12 Carolina Inter-Agency Council for Coordinating Homeless Programs and funds appropriated
13 for child medical evaluations are exempt from the provisions of 10A NCAC 71R .0201(3).

14 **SECTION 10.78.(u)** The sum of two million seven hundred thirty-eight thousand
15 eight hundred twenty-seven dollars (\$2,738,827) appropriated in this section in the Social
16 Services Block Grant to the Department of Health and Human Services, Division of Social
17 Services, for the 2009-2010 fiscal year to support various child welfare training projects as
18 follows:

- 19 (1) Provide a regional training center in southeastern North Carolina.
- 20 (2) Provide training for residential child caring facilities.
- 21 (3) Provide for various other child welfare training initiatives.

22 **SECTION 10.78.(v)** The sum of nine hundred forty-three thousand two dollars
23 (\$943,002) appropriated in this section to the Department of Health and Human Services in the
24 Social Services Block Grant for the 2009-2010 fiscal year shall be used to support payments to
25 maternity home providers.

26 **SECTION 10.78.(w)** The sum of three hundred sixty thousand dollars (\$360,000)
27 appropriated in this section to the Department of Health and Human Services, Division of
28 Public Health, in the Social Services Block Grant for the 2009-2010 fiscal year shall be used to
29 continue support for the Medically Fragile Children program.

30 **SECTION 10.78.(x)** The sum of two million three hundred seventy-two thousand
31 six hundred nineteen dollars (\$2,372,619) appropriated in this section in the Social Services
32 Block Grant for child caring agencies for the 2009-2010 fiscal year shall be allocated in support
33 of State foster home children.

34 **SECTION 10.78.(y)** The sum of four hundred thousand dollars (\$400,000)
35 appropriated in this section to the Department of Health and Human Services, Division of
36 Vocational Rehabilitation, in the Social Services Block Grant for the 2009-2010 fiscal year
37 shall be used for the Independent Living Program.

38 **SECTION 10.78.(z)** The Department of Health and Human Services is authorized,
39 subject to the approval of the Office of State Budget and Management, to transfer Social
40 Services Block Grant funding allocated for departmental administration between divisions that
41 have received administrative allocations from the Social Services Block Grant.

42 **SECTION 10.78.(aa)** Social Services Block Grant funds appropriated for the
43 Special Children's Adoption Incentive Fund will require fifty percent (50%) local match.

44
45 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

46 **SECTION 10.78.(bb)** Additional emergency contingency funds received may be
47 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
48 consultation with the Joint Legislative Commission on Governmental Operations. Additional
49 funds received shall be reported to the Joint Legislative Commission on Governmental

1 Operations and the Fiscal Research Division upon notification of the award. The Department of
2 Health and Human Services shall not allocate funds for any activities, including increasing
3 administration, other than assistance payments, without prior consultation with the Joint
4 Legislative Commission on Governmental Operations.

5 In addition to funds available for weatherization appropriated within the
6 Low-Income Home Energy Assistance Block Grant, funds available through the American
7 Recovery and Reinvestment Act shall be used to continue to enhance weatherization activities
8 coordinated by local agencies.

9
10 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

11 **SECTION 10.78.(cc)** Payment for subsidized child care services provided with
12 federal TANF funds shall comply with all regulations and policies issued by the Division of
13 Child Development for the subsidized child care program.

14 **SECTION 10.78.(dd)** If funds appropriated through the Child Care and
15 Development Fund Block Grant for any program cannot be obligated or spent in that program
16 within the obligation or liquidation periods allowed by the federal grants, the Department may
17 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the
18 grant, in order to use the federal funds fully.

19 **SECTION 10.78.(ee)** Funds from the Child Care and Development Fund Block
20 Grant and Child Care and Development Fund Block Grant received through the American
21 Recovery and Reinvestment Act shall be used to increase access to child care subsidy. To help
22 address the economic downturn and increasing unemployment in North Carolina, the
23 Department of Health and Human Services, Division of Child Development shall adopt
24 temporary policies that facilitate and expedite the prudent expenditure of these funds as
25 follows:

- 26 (1) Permit the local purchasing agencies to issue time-limited vouchers to assist
27 counties in managing one-time, nonrecurring subsidy funding.
- 28 (2) Extend the current 30/60 day job search policy to six months when a
29 recipient experiences a loss of employment.
- 30 (3) Provide an upfront job search period of six months for applicants who have
31 lost employment since October 1, 2008.
- 32 (4) Provide a job search period of six months for recipients that complete school
33 and are entering the job market.
- 34 (5) Notwithstanding any other provision of law, extend the 24-month education
35 time limit for an additional 12 months for a child care recipient who has lost
36 a job since October 1, 2008, or otherwise needs additional training to
37 enhance his or her marketable skills for job placement due to the economic
38 downturn and who has depleted his or her 24-month allowable education
39 time.
- 40 (6) Lower the number of hours a parent must be working in order to be eligible
41 for subsidy to assist parents who are continuing to work but at reduced
42 hours.

43 **SECTION 10.78.(ff)** If American Recovery and Reinvestment Act funds
44 appropriated through the Child Care and Development Fund Block Grant for any program
45 cannot be obligated or spent in that program within the obligation or liquidation periods
46 allowed by the federal grants, the Department may move funds to child care subsidies, unless
47 otherwise prohibited by federal requirements of the grant, in order to use the federal funds
48 fully.

1 **MENTAL HEALTH BLOCK GRANT**

2 **SECTION 10.78.(gg)** The sum of one million five hundred thousand dollars
3 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the Department
4 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
5 Substance Abuse Services, for the 2009-2010 fiscal year and the sum of four hundred
6 twenty-two thousand three dollars (\$422,003) appropriated in this section in the Social Services
7 Block Grant to the Department of Health and Human Services, Division of Social Services, for
8 the 2009-2010 fiscal year shall be used to continue a Comprehensive Treatment Services
9 Program for Children.

10
11 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

12 **SECTION 10.78.(hh)** If federal funds are received under the Maternal and Child
13 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193
14 (42 U.S.C. § 710), for the 2009-2010 fiscal year, then those funds shall be transferred to the
15 State Board of Education to be administered by the Department of Public Instruction. The
16 Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage
17 Education Program and shall delegate to one or more persons the responsibility of
18 implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction
19 shall carefully and strictly follow federal guidelines in implementing and administering the
20 abstinence education grant funds.

21 The sum of three hundred ninety-one thousand six hundred forty-two dollars (\$391,642) in
22 the Department of Health and Human Services Block Grant Plan Management Plan for the
23 2009-2010 fiscal year funding request is designated for new initiatives, survey and
24 immunization activities, and salary increases. This sum, along with the total amount
25 appropriated in this section to the Department of Health and Human Services, Division of
26 Public Health, for the 2009-2010 fiscal year shall be used for current ongoing activities only.

27 **SECTION 10.78.(ii)** The Department of Health and Human Services shall ensure
28 that there will be follow-up testing in the Newborn Screening Program.

29
30 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

31 **SECTION 10.78.(jj)** The sum of two hundred fifty thousand dollars (\$250,000)
32 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to
33 the Department of Health and Human Services, Division of Mental Health, Developmental
34 Disabilities, and Substance Abuse Services, for the 2009-2010 fiscal year shall be used to
35 implement one or more priority recommendations of the North Carolina Institute of Medicine
36 (NCIOM) Substance Abuse Task Force, which include:

- 37 (1) Development of a comprehensive substance abuse prevention plan for use at
38 the State and local levels.
- 39 (2) Providing funding for the establishment of six pilot projects to implement
40 county or multicounty comprehensive prevention plans.
- 41 (3) Supporting efforts to reduce high-risk drinking on college campuses.
- 42 (4) Development of a pilot program to provide chronic disease management
43 services to substance abuse clients and former clients. The purpose of the
44 pilot is to decrease the number of short-term hospital admissions and to
45 provide discharge planning and follow-up to reduce substance abuse client
46 recidivism.
- 47 (5) Educating and encouraging health care professionals to use the screening,
48 brief intervention, and referral to treatment (SBIRT) model promoted by the
49 federal government.

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COMMUNITY SERVICES BLOCK GRANT

SECTION 10.78.(kk) In accordance with the intent of the American Recovery and Reinvestment Act, the North Carolina General Assembly strongly encourages recipients of Community Services Block Grant and Community Services Block Grant Recovery funds to enhance cooperation with county departments of social services and regional food banks to increase benefits enrollment for eligible persons.

SECTION 10.78.(ll) The sum of two hundred sixty two thousand four hundred thirty one dollars (\$262,431) appropriated in this section in the Community Services Block Grant, received through the American Recovery and Reinvestment Act (ARRA), to the Department of Health and Human Services, Division of Social Services, for the 2009-2010 fiscal year shall be used for coordination activities relating to the identification and enrollment of eligible individuals and families in federal, State, and local benefit programs.