



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

March 29, 2018

SENT VIA ELECTRONIC MAIL

The Honorable Josh Dobson, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 301N, Legislative Office Building
Raleigh, NC 27603

The Honorable Louis Pate, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 311, Legislative Office Building
Raleigh, NC 27603

The Honorable Donny Lambeth, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

North Carolina Session Law 2017-57, Section 11F.2.(b), requires the Department of Health and Human Services ("Department") to *submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a proposal for any adjustments to the specified recurring reductions among the LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting any proposed changes.*

The legislation set recurring and non-recurring reductions specific to each Local Management Entity / Managed Care Organization (LME/MCO) to be applied over the SFY 17-19 biennium. The first recurring and non-recurring reductions were applied to the amounts allocated to each LME/MCO for state fiscal year 2018. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services has been monitoring the LME/MCO performance relative to the requirement that they offer the same level of service utilization as during the 2014-2015 fiscal year. These spending patterns are reported to the Joint Legislative Oversight Committee monthly in accordance with SL 2015 – 241 12F.2.(c) Single Stream Funding.

Based on the current fiscal year projections, all seven LME/MCOs will fully expend their state single stream funding. As such, **DHHS does not anticipate a realignment of funds for this fiscal year.** However, it is noteworthy that the service level requirements in the legislation are funded by a diminishing source of one-time funds, which is, unsustainable.

DHHS appreciates the opportunity to continue its collaboration with the North Carolina General Assembly regarding the funding of these critical services.

WWW.NCDHHS.GOV

TEL 919-855-4800 • FAX 919-715-4645

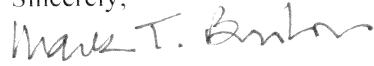
LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603


MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2001

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

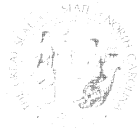
Should you have any questions, please contact Jason Vogler, Senior Director for the Division of Mental Health, Developmental Disabilities and Substance Abuse Services or Kody Kinsley, Deputy Director for the Division of Mental Health, Developmental Disabilities and Substance Abuse Services. Both can be reached at (919) 733-7011.

Sincerely,



 Mandy Cohen, MD, MPH
Secretary

cc:	Matt Gross	LT McCrimmon	Dave Richard	Rod Davis
	Theresa Matula	Marjorie Donaldson	reports@ncleg.net	Joyce Jones
	Kolt Ulm	Steve Owen	Lisa Wilks	Erin Matteson
	Denise Thomas	Leah Burns	Jason Vogler	Mark Benton
	Susan Perry-Manning	Deborah Landry	Christen Linke Young	Kody Kinsley



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

March 29, 2018

SENT VIA ELECTRONIC MAIL

Mr. Mark Trogdon, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603

Dear Director Trogdon:

North Carolina Session Law 2017-57, Section 11F.2.(b), requires the Department of Health and Human Services ("Department") to *submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a proposal for any adjustments to the specified recurring reductions among the LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting any proposed changes.*

The legislation set recurring and non-recurring reductions specific to each Local Management Entity / Managed Care Organization (LME/MCO) to be applied over the SFY 17-19 biennium. The first recurring and non-recurring reductions were applied to the amounts allocated to each LME/MCO for state fiscal year 2018. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services has been monitoring the LME/MCO performance relative to the requirement that they offer the same level of service utilization as during the 2014-2015 fiscal year. These spending patterns are reported to the Joint Legislative Oversight Committee monthly in accordance with SL 2015 – 241 12F.2.(c) Single Stream Funding.

Based on the current fiscal year projections, all seven LME/MCOs will fully expend their state single stream funding. As such, **DHHS does not anticipate a realignment of funds for this fiscal year.** However, it is noteworthy that the service level requirements in the legislation are funded by a diminishing source of one-time funds, which is, unsustainable.

DHHS appreciates the opportunity to continue its collaboration with the North Carolina General Assembly regarding the funding of these critical services.

Should you have any questions, please contact Jason Vogler, Senior Director for the Division of Mental Health, Developmental Disabilities and Substance Abuse Services or Kody Kinsley, Deputy Director for the Division of Mental Health, Developmental Disabilities and Substance Abuse Services. Both can be reached at (919) 733-7011.

Sincerely,



 Mandy Cohen, MD, MPH
Secretary

cc:	Matt Gross	LT McCrimmon	Dave Richard	Rod Davis
	Theresa Matula	Marjorie Donaldson	reports@ncleg.net	Joyce Jones
	Kolt Ulm	Steve Owen	Lisa Wilks	Erin Matteson
	Denise Thomas	Leah Burns	Jason Vogler	Mark Benton
	Susan Perry-Manning	Deborah Landry	Christen Linke Young	Kody Kinsley