



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

November 1, 2018

SENT VIA ELECTRONIC MAIL

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

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

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

Dear Chairmen:


Session Law 2016-94, Section 12F.4.(d), requires the Department of Health and Human Services ("Department") to report annually to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section. Additionally, Session Law 2018-5, Section 11F.2, requires the Department to report the number of beds or bed days reserved for and purchased by (i) the Department under the State-administered, three-way contract and (ii) the LME/MCOs for individuals who are indigent or Medicaid recipients.

On behalf of Secretary Cohen, the Department is notifying you that these reports will be delayed.

Should you have any questions, please contact Kody Kinsley, Deputy Secretary for Behavioral Health and Intellectual and Developmental Disabilities, at (919) 733-7011.

Sincerely,



 Mandy Cohen, MD, MPH
Secretary

cc:	Katherine Restrepo	Theresa Matula	Leah Burns	Rod Davis
	Joyce Jones	Zack Wortman	Marjorie Donaldson	Pam Kilpatrick
	Matt Gross	reports@ncleg.net	LT McCrimmon	Deborah Landry
	Mark Benton	Susan Perry-Manning	Lisa Wilks	Kody Kinsley
	Denise Thomas	Steve Owen	Mark Collins	Tara Myers



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SENT VIA ELECTRONIC MAIL

Mr. Mark Trogdon, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925


Dear Director Trogdon:

Session Law 2016-94, Section 12F.4.(d), requires the Department of Health and Human Services ("Department") to report annually to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section. Additionally, Session Law 2018-5, Section 11F.2, requires the Department to report the number of beds or bed days reserved for and purchased by (i) the Department under the State-administered, three-way contract and (ii) the LME/MCOs for individuals who are indigent or Medicaid recipients.

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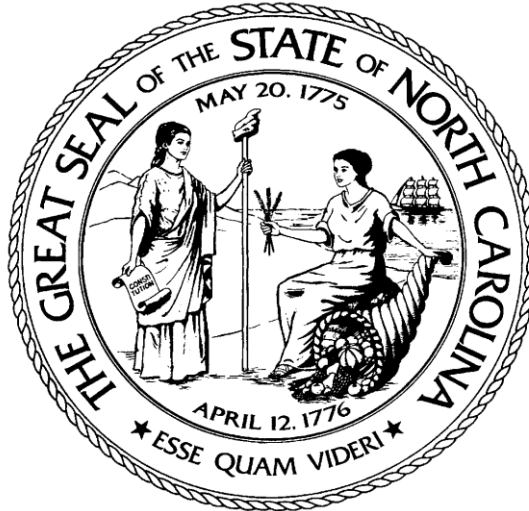
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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Use of Dorothea Dix Hospital Property Funds to Increase Short-Term, Inpatient Behavioral Health Bed Capacity in Rural Areas of the State with the Highest Need

Session Law 2016-94, Section 12F.4.(d)



**Report to the
Joint Legislative Oversight Committee on Health and Human
Services
and
The Fiscal Research Division**

**By
North Carolina Department of Health and Human Services**

December 19, 2018

Reporting Requirements

SECTION 12F.4.(d) *Beginning November 1, 2017, the Department of Health and Human Services shall annually report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section.*

SECTION 12F.4.(a) *It is the intent of the General Assembly to increase short-term, inpatient behavioral health bed capacity in rural areas of the State with the highest need. Toward that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year, the sum of eighteen million dollars (\$18,000,000) shall be used to pay for any renovation or building costs associated with the following:*

- (1) The construction of new licensed short-term, inpatient behavioral health beds.*
- (2) The conversion of existing inpatient acute care beds into licensed short-term, inpatient behavioral health beds.*
- (3) A combination of subdivision (1) and subdivision (2) of this subsection.*

Introduction

The Secretary of the Department of Health and Human Services was responsible for selecting hospitals in the three State regions for institutional services (Eastern Region, Central Region, and Western Region) to receive funds allocated under Session Law 2016-94, Section 12F.4.(a) for the construction, conversion, or both of short-term, inpatient behavioral health beds in rural areas of the State. Furthermore, any hospital unit or other location with short-term, inpatient behavioral health beds constructed or converted with funds allocated under subsection (a) of this section should be named in honor of Dorothea Dix.

The Department of Health and Human Services posted a Request for Applications (RFA) in December 2016, and re-posted it in February 2017 and June 2017, pursuant to the legislative requirements above.

Request for Applications

Four eligible applications were submitted in response to the first posting, and one eligible application was submitted after each of the second and third postings of the RFA. The applications all proposed to convert or construct new psychiatric/substance use beds in rural counties. Three applicants were selected for awards serving Avery, Franklin, and Robeson Counties. Table 1: Dorothea Dix Property Funds Project Award Amounts and Proposed Psychiatric Beds lists the hospitals selected, award amounts, location of proposed beds, and the number and type of proposed beds. Table 1, on the next page, also includes the corresponding local management entity/managed care organization (LME/MCO) for each hospital that will be responsible for referrals of persons who are indigent or have Medicaid, and for care coordination of persons who will be discharged from the hospital beds.

**Table 1: Dorothea Dix Property Funds Project Award Amounts and Proposed Psychiatric Beds
Session Law 2016-94, Section 12F.4.(d)**

Contractor (Hospital Applicant)	Award Amount	Contractor's Location of Proposed Beds	Number/Type of Proposed Beds	Contract Execution Date*	LME/MCO
Charles A. Cannon, Jr. Memorial Hospital	\$6,503,478	Linville, Avery County	27 beds (adult and child/adolescent)	October 2018	Vaya Health
Duke LifePoint (DLP) Maria Parham*	\$10,103,500	Louisburg, Franklin County (former Franklin Regional Medical Center)	33 beds (adults)	August 2018	Cardinal Innovations Healthcare Solutions
Southeastern Regional Medical Center	\$1,393,014	Lumberton, Robeson County	16 beds (adults)	Award under review	Eastpointe Human Services
----	\$17,999,992	----	76 beds	----	----

* Executed contract between hospital applicant and NC Department of Health and Human Services

Summary

The Department of Health and Human Services awarded at least one hospital in each of the three State regions to receive funds for the Dorothea Dix Property Funds Projects. Two of the three hospitals selected, DLP Maria Parham and Charles A. Cannon, Jr. Memorial Hospital, initiated planning and will begin design development and/or construction by the first half of State Fiscal Year 2018. The approval of the award for the third hospital, Southeastern Regional Medical Center, is under review due to changes in administrative priorities, lack of funding to complete the project, and impact of Hurricane Florence. As of October 15, 2018, zero new beds are currently operational with the Dorothea Dix Property Hospital funds.