



North Carolina Department of Health and Human Services

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Adam Sholar
Legislative Counsel
Director of Government Affairs

April 1, 2014

SENT VIA ELECTRONIC MAIL

The Honorable Justin Burr, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307A, Legislative Office Building
Raleigh, North Carolina 27603-5925

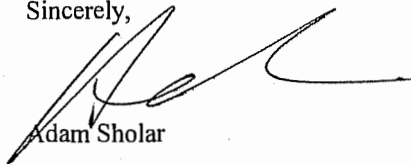
The Honorable Mark Hollo, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 639, Legislative Office Building
Raleigh, North Carolina 27603-5925

The Honorable Ralph Hise, Co-Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 1028, Legislative Building
Raleigh, North Carolina 27603

Dear Senator Hise and Representatives Burr and Hollo:

Session Law 2013-360, Section 12A.2A.(e) requires the Department of Health and Human Services to submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on a plan for long-term supplemental assistance for individuals residing in a group home who want to continue residing in this setting as well as funding information for providers receiving short term funding. Pursuant to the provisions of law, the Department is pleased to submit the attached report. Any questions about its contents should be directed to Dave Richard, Deputy Secretary for Behavioral Health. Mr. Richard can be contacted at 919-733-7011.

Sincerely,



Adam Sholar

cc: Dave Richard
Matt McKillip
Denise Thomas
Sarah Riser
Pat Porter
Kristi Huff
reports@ncleg.net

Brandon Greife
Susan Jacobs
Theresa Matula
Joyce Jones
Pam Kilpatrick
Rod Davis

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Tel 919-855-4800 • Fax 919-715-4645

Location: Adams Building/Dix Campus • 101 Blair Drive • Raleigh, NC 27603

Mailing Address: 2001 Mail Service Center • Raleigh, NC 27699-2001

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SENT VIA ELECTRONIC MAIL

Mr. Mark Trogdon, Director
Fiscal Research Division
North Carolina General Assembly
Room 619, Legislative Office Building
Raleigh, North Carolina 27603-5925

Dear Mr. Trogdon,

Session Law 2013-360, Section 12A.2A.(e) requires the Department of Health and Human Services to submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on a plan for long-term supplemental assistance for individuals residing in a group home who want to continue residing in this setting as well as funding information for providers receiving short term funding. Pursuant to the provisions of law, the Department is pleased to submit the attached report. Any questions about its contents should be directed to Dave Richard, Deputy Secretary for Behavioral Health. Mr. Richard can be contacted at 919-733-7011.

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Long - Term Supplemental Assistance

For

Group Homes

Final Report

Session Law 2013 - 360

Section 12A.2A



April 1, 2014

North Carolina Department of Health & Human Services

Division of Mental Health, Developmental Disabilities & Substance Abuse
Services

LONG-TERM SUPPLEMENTAL ASSISTANCE FOR GROUP HOMES

APRIL 1, 2014

BACKGROUND

Session Law 2013-360, Sections 12A.2A appropriated to the Department of Health and Human Services (DHHS), Division of Central Management and Support, the sum of four million six hundred thousand dollars (\$4,600,000) in nonrecurring funds to be used to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets enumerated criteria. The requirements of this law were implemented in August 2013 via the Memorandum and allocation letters from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS) and to the Directors of each Local Management Entity-Managed Care Organization (LME-MCO).

Section 12A.2A.(e) of this law requires in part that: *"By no later than April 1, 2014, the Department of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division:*
(1) *A plan for a long-term solution for individuals residing in group homes who would like to continue residing in this setting and, as a result of an independent assessment, have been determined to need only supervision, medication management, or both.*
(2) *A list of funding sources for each group home that receives assistance authorized by this section, based on the information provided to the Department pursuant to Section 12A.2A(c)(7)."*

1. Long Term Solution

PROCESS

Per this requirement the DHHS convened a DHHS inter-Division workgroup in October 2013 to develop a long-term solution for supplemental assistance for individuals in group homes with .5600A and .5600C licensure designations that house individuals identified in Section 12A.2A.(e). The workgroup considered various possible solutions, including, among other options, (1) employing any existing long-term funding; (2) requesting additional funding from the NC General Assembly to fund a new supervised living support service definition; and (3) employing innovative assistive technology. While these options remain possible, the workgroup chose to utilize an existing service option in the form of a 1915 (b)(3) service which is already in place and approved by the Centers for Medicare and Medicaid Services (CMS) as a (b)(3) service for use by the LME-MCOs. It will be necessary to slightly amend this existing service definition to meet the new requirements. Therefore, the workgroup offers the following recommendation that can be implemented in Fiscal Year 2015 which begins July 01, 2014.

RECOMMENDATION

The recommendation is to amend and utilize the existing Personal Care/Individual Support service, a 1915 (b)(3) service available as a result of the projected savings under the NC Medicaid 1915(b) waiver. The (b)(3) service does not create an entitlement since it is funded by projected savings. The current service is written as follows:

Personal Care/Individual Support is a 'hands-on' service for persons with severe and persistent mental illness. The intent of the service is to teach and assist individuals in carrying out instrumental activities of daily living, such as preparing meals, managing medicines, grocery shopping, and managing money so they can live independently in the community. We envision that the need for the service will "fade" or decrease over time as the individual becomes capable of performing some of these activities more independently.

Since this service was designed only for individuals with a severe and persistent mental illness (SPMI) to live independently in the community it is necessary, after requesting and receiving state legislative approval, to request an amendment (Attachment A) of the service definitive from CMS. The amendment will change the service definition by adding individuals with a SPMI living in .5600A Group Homes, and individuals with intellectual disabilities (IDD) not covered under the NC Innovations Waiver living in the community independently or in .5600C Group Homes to the populations covered by this definition.

COST

DHHS estimates that approximately 813 individuals statewide may have some need for this amended service. This estimate was derived from the projected number of individuals who had an assessment for the Medicaid funded Personal Care Services but received a denial of their request for the services and also includes the number of individuals who were unsuccessful in their appeal of the denial for those services. There should not be an increased cost with this service, which will be in the LME-MCO capitation payments.

2. Funding Sources

1. *Methodology for Disbursement of Bridge Funding*

Legislation for supplemental payments of bridge funding required specific criteria for eligibility:

SECTION 12A.2A.(a) As used in this act, "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised living facility

under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

SECTION 12A.2A.(b) From the funds appropriated in this act to the DRepartment of Health and Human Services, Division of Central Management and Support, the sum of four million six hundred thousand dollars (\$4,600,000) in nonrecurring funds shall be used to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets all of the following criteria:

(1) Was eligible for Medicaid-covered personal care services (PCS) prior to January 1, 2013, but was determined to be ineligible for PCS on or after January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of S.L. 2012-145 and Section 70 of S.L. 2012-194.

(2) Has continuously resided in a group home since December 31, 2012.

The principle criteria for eligibility revolved around an individual and the treatment received under the Medicaid State Plan and the length of time an individual had received services. This was an important distinction as a list of clients that could possibly meet the eligibility criteria was sent to Local Management Entities-Managed Care Organizations (LME-MCO) upon allocation of funding. The list of consumers was extracted from Medicaid recorded services for Personal Care Services (PCS) that reflected an interruption of service being billed after January 1, 2013. There were 1,208 individuals listed as potentially eligible. The Legislature established a reimbursement rate of \$464.30 and appropriated \$4,600,000 in funding to LME-MCOs based on the Medicaid home county of eligibility for these 1,208 consumers.

II. Bridge Funding Expenditures to Group Homes

Supplemental payments to group homes has currently been much less than initially anticipated, current payments to all providers through March 20, 2014, total \$1,890,287 and are expected to total \$2,413,353 by year end.

Table I. Providers Receiving Bridge Funding from LME-MCO Report

| Provider Name | Bridge Funds Paid to Provider YTD | Client Months Provided |
|-------------------------------|-----------------------------------|------------------------|
| Monarch | \$ 253,972 | 547 |
| Easter Seals | \$ 205,221 | 442 |
| New Destinations, Inc. | \$ 120,254 | 259 |
| Country Living Group Home | \$ 83,574 | 180 |
| Phoenix Supported Living | \$ 81,717 | 176 |
| Cabarrus Co Group Homes | \$ 75,217 | 162 |
| Carolina Residential Services | \$ 59,895 | 129 |

| | | |
|--|-----------|-----|
| Pelham Supportive Services, Inc | \$ 49,216 | 106 |
| InReach | \$ 48,752 | 105 |
| PEACE LILY DEVELOPMENT | \$ 44,109 | 95 |
| UMAR | \$ 40,858 | 88 |
| Autism Services of Mecklenburg County | \$ 36,215 | 78 |
| T&T GROUP HOME DBA BURKEMONT MOUNTAIN MEN GROUP HOME | \$ 36,215 | 78 |
| Chatham Co Group Homes | \$ 33,430 | 72 |
| Ralph Scott Lifeservices | \$ 31,572 | 68 |
| DURHAM COUNTY COMMUNITY LIVING | \$ 30,180 | 65 |
| BCH Family Group Homes | \$ 29,251 | 63 |
| Lee County Group Homes | \$ 28,787 | 62 |
| The Workshop of Davidson | \$ 28,322 | 61 |
| Baptist Children's Homes of NC | \$ 27,858 | 60 |
| THE MENTAL HEALTH FUND, INC. DBA CATAWBA VALLEY BEHAVIORAL HEALT | \$ 27,394 | 59 |
| Group Homes of Forsyth | \$ 24,608 | 53 |
| ACCESS HEALTH SYSTEM INC | \$ 23,215 | 50 |
| ABSOLUTE HOME AND COMMUNITY SERVICES INC | \$ 20,429 | 44 |
| Alliance Rehabilitative Care | \$ 18,572 | 40 |
| Transylvania Assn for Disabled Citizens | \$ 18,572 | 40 |
| MARY'S MANOR | \$ 17,643 | 38 |
| ULTIMATE FAMILY CARE HOME | \$ 16,715 | 36 |
| Skill Creations | \$ 14,858 | 32 |
| Lucille's Behavioral, Inc. | \$ 13,929 | 30 |
| Turning Point Services Inc. | \$ 13,929 | 30 |
| HEAVEN SENT GROUP HOME, INC | \$ 13,929 | 30 |
| Coltranes Group Home | \$ 13,465 | 29 |
| Davie County Group Home | \$ 12,536 | 27 |
| UPWARD PROCESS INC | \$ 12,536 | 27 |
| UNION AVENUE GROUP HOME | \$ 12,072 | 26 |
| Elite Care Service Inc. | \$ 12,072 | 26 |
| Creative Directions, Inc. | \$ 11,143 | 24 |
| D.D. Residential Services | \$ 11,143 | 24 |
| Ellison's Family Care Home | \$ 11,143 | 24 |
| SERENITY HOME LLC | \$ 11,143 | 24 |
| DUTCHESS | \$ 10,679 | 23 |
| Residential Treatment Services | \$ 10,215 | 22 |
| CMI Angier Group Home | \$ 9,286 | 20 |
| A PLUS RESIDENTIAL CARE | \$ 8,822 | 19 |
| Life, Inc. | \$ 7,782 | 17 |
| MEEKS GROUP HOME, INC. | \$ 7,429 | 16 |

| | | |
|--|----------|----|
| MOTHER'S LOVE GROUP HOME LLC | \$ 7,429 | 16 |
| Ceesons of Change, LLC | \$ 7,429 | 16 |
| Gails Garden of Gold | \$ 7,429 | 16 |
| MBN & Associates | \$ 7,429 | 16 |
| Union Co Residential Services | \$ 7,429 | 16 |
| UNITED METHODIST AGENCY FOR THE RETARDED WESTERN NC INC. | \$ 6,965 | 15 |
| RESIDENTIAL SUPPORT SERVICES OF WAKE COUNTY, INC. | \$ 6,500 | 14 |
| The Arc of Davidson County | \$ 6,500 | 14 |
| Summit Support Services of Ashe | \$ 6,036 | 13 |
| I Innovations, Inc. | \$ 5,572 | 12 |
| Merciful Hands | \$ 5,572 | 12 |
| RHA Howell Care Centers, Inc. | \$ 5,572 | 12 |
| Righteous Path | \$ 5,572 | 12 |
| ARC of Haywood Co | \$ 5,339 | 12 |
| GIBSON HOMES, LLC | \$ 4,643 | 10 |
| Green Valley Haven | \$ 4,179 | 9 |
| Wicker Street Group Home | \$ 4,179 | 9 |
| Alpha Home Care Services, Inc. | \$ 3,714 | 8 |
| SISTERLY LOVE, LLC | \$ 3,714 | 8 |
| Alamance Homes, LLC | \$ 3,714 | 8 |
| Daphne's Family Care Home | \$ 3,714 | 8 |
| GHH Northridge Group Home | \$ 3,714 | 8 |
| Hazels Home Care | \$ 3,714 | 8 |
| BARBARA'S WHITLEY GROUP HOME | \$ 3,250 | 7 |
| RHA/North Carolina MR, Inc | \$ 3,250 | 7 |
| Bennett's Family Care | \$ 3,250 | 7 |
| Larkwood Group Home | \$ 3,250 | 7 |
| Benton Lane Group Home | \$ 2,786 | 6 |
| Davis Rest Home | \$ 2,786 | 6 |
| Dee & G Enrichment Center #2 | \$ 2,786 | 6 |
| Jane Street Group Home | \$ 2,786 | 6 |
| Lake Brandt Group Home | \$ 2,786 | 6 |
| The Berryman House, Inc | \$ 2,786 | 6 |
| CHC of Hoke - TA | \$ 2,322 | 5 |
| Therapeutic Alternatives | \$ 1,857 | 4 |
| THE MANOR AT RIVERBROOKE | \$ 464 | 1 |

Totals

\$ 1,890,287

4071

III. Bridge Funding Across the State

Table II. Bridge Funding Expenditures by LME-MCO

| LME-MCO | Initial Allocation of Bridge Funds | Expenditure of Funds through March 20, 2014 | Year End Projected Expenditure (pro-rata) |
|--|---|--|--|
| Alliance Behavioral Healthcare | \$913,907 | \$312,474 | \$398,939 |
| Cardinal Innovations Healthcare Solutions | \$761,589 | \$406,263 | \$518,681 |
| CenterPoint Human Services | \$156,126 | \$88,681 | \$113,220 |
| CoastalCare | \$ 38,079 | \$9,286 | \$11,856 |
| East Carolina Behavioral Health | \$293,212 | \$146,608 | \$187,176 |
| EastPointe | \$742,550 | \$149,505 | \$190,875 |
| MeckLINK Behavioral Healthcare | \$312,252 | \$149,040 | \$190,281 |
| Partners Behavioral Health Management | \$270,364 | \$191,756 | \$244,817 |
| Sandhills Center for Mental Health/Developmental Disabilities/Substance Abuse Services | \$677,815 | \$246,079 | \$314,172 |
| Smoky Mountain Center | \$434,106 | \$190,595 | \$243,335 |
| Total | \$4,600,000 | \$1,890,287 | \$2,413,353 |

IV. Bridge Funding as a Revenue Stream

Group homes that received bridge funding had several different revenue streams supporting the operations of a group home. Although the amount of supplemental funding anticipated to be earned in SFY2013-2014 was below the initial expectations, it does represent a significant source of income for some of these homes. Some group homes ultimately would have to change their business model to make up for the loss of revenue. For others, this income is relatively small and may not make a substantial impact on continued operations of that home. In many cases a number of reimbursements were likely not applied for as the amount revenue was too small for group homes to go through the additional administrative expense of signing a single case agreement, invoicing, and provide a revenue report to the Division. Please note that Eastpointe, Alliance, and Sandhills had the largest Allocation-Expenditure differences.

V. Funding Sources for Group Homes

Group Homes use a variety of funding streams to support the individuals living in the homes. They vary by provider, home, LME/MCO and by individual in the home. The following are the major sources of funding.

General Assembly Appropriated Non-Medicaid Funds – Sometimes referred to as IPRS funding these funds vary greatly by LME/MCO and are available for some group homes and not others. They provide for basic support in the group home.

Special Assistance- Special Assistance is a funding source for many Group Homes and is used to pay for basic services.

Innovations Waiver Funding – For people with Intellectual and/or developmental disabilities the Innovations waiver can be used to provide services for people in Group Homes. Waiver funds cannot be used for room and board.

Enhanced mental health Services – Medicaid enhanced services [for example ACT] can be used to support people living in group homes based upon medical necessity. These services are not a substitute for the basic support a person may need to successfully live in a group home.

Other Government and Private funds some Group home providers use funding from other government sources to supplement the funds available from our service system. These are generally local or federal grants. Additionally many providers supplement the group home services through private fundraising efforts.

Miscellaneous – Group Homes also reported other sources including private pay and third party insurance payments. These do not represent a significant amount of funding.

ATTACHMENT A
REVISED SERVICE DEFINITION

| Service | Populations Eligible | Provider Type | Geographic Eligibility | Reimbursement |
|---|---|--|---|--|
| <p><u>Personal Care/ Individual Support</u></p> <p>Personal Care under the current NC State Plan emphasizes the need for assistance with Activities of Daily Living (ADLs). Some assistance with Instrumental Activities of Daily Living (IADLs) is covered, but only to the extent linked to ADLs. This service (Personal Care/Individual Support) is coverable under the State Plan, but NC has not included in its approved State Plan.</p> <p>Personal Care (Individual Support) is not covered under the NC Innovations waiver and is a “hands-on” service for persons with Serious and persistent mental illness (SPMI) and for individuals with intellectual disabilities (IDD) that are not covered under the NC Innovations waiver. The intent of the service is to teach and assist individuals in carrying out IADLs, such as preparing meals, managing medicines, grocery shopping and managing money, so they can live independently in the community or in a 5600 A or C group home that meets CMS’s Home and Community Based Standards (when they are finalized). We envision that the need for the service will “fade” or decrease over time as the individual becomes capable of performing some of these activities more independently.</p> <p>Units are provided in 15-minute increments. No more than 240 units per month (60 hours per month) of Individual Support may be provided unless specific authorization for exceeding this limit is approved.</p> | <p>Adults ages 18 and older with SPMI and a LOCUS level of II or greater for entire capitated service area.</p> <p>Adults ages 18 and older with IDD for the entire capitated service area.</p> <p>Persons between the ages of 18 and 21 may not live in a Medicaid-funded child RTF.</p> | <p>Paraprofessional staff employed by the contracted provider and supervised by that provider’s appropriate qualified professional. The paraprofessional must have a high school degree and two years of experience working with adults with mental illness or intellectual and developmental disabilities depending on the population served.</p> <p>A minimum of 20 hours of initial training will be required. At least 10 of these hours must be training specific to the population served.</p> | <p>Adults ages 18 and older with SPMI and a LOCUS level of II or greater for entire capitated service area.</p> <p>Adults ages 18 and older with IDD for the entire capitated service area.</p> | <p>Separate 1915(b)(3) capitation rates certified by the State’s actuary. Total expenditures on Personal Care/Individual Support cannot exceed 1915(b)(3) resources available in the waiver.</p> |