



# **NORTH CAROLINA GENERAL ASSEMBLY**

## **BLUE RIBBON COMMISSION ON TRANSITIONS TO COMMUNITY LIVING**

**Co-chairs:  
Representative Nelson Dollar  
Senator Ralph Hise**

**FINAL REPORT  
TO THE  
2013 GENERAL ASSEMBLY**

**DECEMBER 19, 2012**

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# COMMISSION TRANSMITTAL LETTER

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To: 2013 General Assembly

Date: December 19, 2012

The Blue Ribbon Commission on Transitions to Community Living was created by Session Law 2012-142, Section 10.23A, as amended by Session Law 2012-145, Section 3.6. In accordance with the authorizing legislation, the Commission was composed of 32 members and consisted of a Subcommittee on Adult Care Homes and a Subcommittee on Housing. The Blue Ribbon Commission on Transitions to Community Living met on September 5, 2012, and on December 19, 2012.

The Subcommittee on Adult Care Homes and the Subcommittee on Housing each met four times between September 12, 2012, and December 12, 2012. During their respective meetings on December 12th, each Subcommittee approved a report for submission to the Blue Ribbon Commission on Transitions to Community Living. This report incorporates the Proceedings, Findings, and Recommendations as amended, from the two Subcommittees.

The findings and recommendations, as amended, from the Subcommittee on Adult Care Homes and the Subcommittee on Housing were adopted by the full Commission and are reported as the findings and recommendations of the Blue Ribbon Commission on Transitions to Community Living. This report from the Blue Ribbon Commission on Transitions to Community Living is respectfully submitted to the 2013 General Assembly.

Handwritten signature of Representative Nelson Dollar in cursive.

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Representative Nelson Dollar  
Co-Chair

Handwritten signature of Senator Ralph Hise in cursive.

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Senator Ralph Hise  
Co-Chair

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## TABLE OF CONTENTS

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COMMISSION MEMBERSHIP .....	5
SUBCOMMITTEE ON ADULT CARE HOMES MEMBERSHIP..	6
SUBCOMMITTEE ON HOUSING MEMBERSHIP.....	7
 EXECUTIVE SUMMARY .....	 8
 FINDINGS AND RECOMMENDATIONS (By Subcommittee)	
SUBCOMMITTEE ON ADULT CARE HOMES .....	15
SUBCOMMITTEE ON HOUSING .....	24
 COMMISSION PROCEEDINGS .....	 28
SUBCOMMITTEE ON ADULT CARE HOMES PROCEEDINGS..	33
SUBCOMMITTEE ON HOUSING PROCEEDINGS.....	40
 APPENDICES	
APPENDIX 1: LEGISLATIVE AUTHORIZATION .....	47

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## COMMISSION MEMBERSHIP

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The Blue Ribbon Commission on Transitions to Community Living, created by Session Law 2012-142, Section 10.23A, as amended by Session Law 2012-145, Section 3.6, was composed of the 32 members provided below.

Representative Nelson Dollar - Co-Chair	Senator Ralph Hise, Jr. - Co-Chair
Representative Marilyn Avila	Senator Stan Bingham
Representative William Brisson	Senator Andrew Brock
Representative Justin Burr	Senator Peter Brunstetter
Representative Mark Hollo	Senator Ellie Kinnaird
Representative Fred F. Steen, II	Senator Louis Pate, Jr.
Mr. Albert Delia	Mr. James Jarrard
Mr. Michael Watson	Mr. Robert Kucab
Mr. John Bocciardi	Mr. Hugh Campbell
Mr. Connie Cochran	Mr. Floyd Davis
Ms. Jeanne Duncan	Mr. Sam Hooker
Mr. Ken Jones	Mr. Steve Keen
Mr. Paul Kennedy	Ms. Leigh Ann Kingsbury
Mr. Mark Long	Ms. Ann Medlin
Ms. Pam Shipman	Ms. Regina Stavredes
Dr. Peggy Terhune	Ms. Rosemary Weaver

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## SUBCOMMITTEE ON ADULT CARE HOMES MEMBERSHIP

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The Blue Ribbon Commission on Transitions to Community Living consisted of a Subcommittee on Adult Care Homes composed of the members provided below.

Representative Nelson Dollar, Co-Chair	Senator Stan Bingham, Co-Chair
Representative William Brisson	Senator Peter Brunstetter
Representative Mark Hollo	Senator Louis Pate, Jr.
Mr. Hugh Campbell	Mr. Mark Long
Mr. Connie Cochran	Dr. Peggy Terhune
Mr. Sam Hooker	Ms. Ann Medlin
Ms. Leigh Ann Kingsbury	Ms. Pam Shipman
Mr. Michael Watson, Director Division of Medical Assistance, DHHS	Mr. Dennis Streets, Director Division of Aging & Adult Services, DHHS
Mr. Jim Jarrard, Director, Division Mental Health, Developmental Disabilities and Substance Abuse Services, DHHS	

### **Staff**

Dr. Patricia Porter, Consultant	
Ms. Maria Kinnaird, Committee Assistant	Ms. Candace Slate, Committee Assistant
Ms. Theresa Matula, Research Division	Ms. Sara Kamprath, Research Division
Ms. Amy Jo Johnson, Research Division	Dr. Patsy Pierce, Research Division
Mr. Donnie Charleston, Fiscal Research Division	
Ms. Joyce Jones, Bill Drafting Division	

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## SUBCOMMITTEE ON HOUSING MEMBERSHIP

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The Blue Ribbon Commission on Transitions to Community Living consisted of a Subcommittee on Housing composed of the members provided below.

Representative Justin Burr, Co-Chair	Senator Ralph Hise, Jr., Co-Chair
Representative Marilyn Avila	Senator Andrew Brock
Representative Fred Steen, II	Senator Ellie Kinnaird
Mr. John Bocciardi	Mr. Floyd Davis
Ms. Jeanne Duncan	Mr. Ken Jones
Mr. Steve Keen	Mr. Paul Kennedy
Mr. Bob Kucab	Ms. Regina Stavredes
Ms. Rosemary Weaver	
Ms. Martha Are, Division of Aging & Adult Services, DHHS	Dr. Beth Melcher, Deputy Secretary, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, DHHS

### **Staff**

Ms. Dina Long, Committee Assistant	Ms. Shelly Carver, Committee Assistant
Ms. Janice Paul, Research Division	Ms. Susan Barham, Research Division
Mr. Brad Krehely, Research Division	Ms. Barbara Riley, Research Division
Ms. Denise Thomas, Fiscal Research Division	Mr. Mark Bondo, Fiscal Research Division

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## **EXECUTIVE SUMMARY**

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Provided below are the recommendations, as amended, from the Subcommittee on Adult Care Homes and the Subcommittee on Housing. Findings for these recommendations may be found in the Findings and Recommendations section of this report for each Subcommittee. On December 19, 2012, the Blue Ribbon Commission adopted these recommendations.

### **RECOMMENDATIONS FROM THE SUBCOMMITTEE ON ADULT CARE HOMES**

#### **RECOMMENDATION 1: EXPLORE ALTERNATIVES FOR LARGE ADULT CARE HOMES**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to work with the adult care home industry to explore business and service delivery alternatives for repurposing large (16+ bed) adult care homes. The Department must explore, but is not limited to, the following options: a Request for Proposal (RFP) process and funding to transition adult care homes to alternative service options; expansion and/or transition to address the needs of special populations (e.g. traumatic brain injury); options tied to any changes in restructuring of the skilled nursing facility and adult care home continuum; and all methods for reducing the number and costs of large adult care home facilities. The Department shall report findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, on or before September 1, 2013.

#### **RECOMMENDATION 2: MITIGATE THE LOSS OF MEDICAID ELIGIBILITY BY THOSE EXITING AN ADULT CARE HOME**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to consider all options to mitigate the loss of Medicaid eligibility by those exiting an adult care home and no longer receiving State-County Special Assistance as an adult care home resident for this specific population for a set period of time. The Department must explore, but is not limited to, the following options: the implications of tying the receipt of SA In-Home to Medicaid eligibility as is the current practice for SA-ACH recipients; acquiring a federal disregard for residents moving from a facility to a home to allow a waiver of their deductible; and investigating the Medicaid Health Insurance Premium Payment Program provision to determine whether Medicaid can pay the “premium” for these individuals so they remain Medicaid eligible. The Department shall report findings and recommendations to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.



**RECOMMENDATION 3: ESTABLISH A LONG-TERM CARE CONTINUUM WORKGROUP**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to establish a workgroup including stakeholders, Departmental personnel, and unbiased experts, to explore changes to North Carolina's long-term care continuum, including, but not limited to: expansion of waiver options and potential new licensure structure, and assuring that individuals are not unduly offered more restrictive placements than needed and are assured of receiving skilled nursing care as designated through assessment. The Department must make an interim report on or before April 1, 2013, and a final report of findings and recommendations on or before October 1, 2013, to the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Joint Legislative Oversight Committee on Health and Human Services.

**RECOMMENDATION 4: EXPLORE A SUPPLEMENT TO BE PAID ON BEHALF OF AN ACH RESIDENT**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to explore establishing a process to allow payment by an individual or family member on behalf of a recipient of State-County Special Assistance when that recipient has lost their eligibility for Medicaid Personal Care Services (PCS), and those Medicaid PCS services are not covered under a Medicaid appeal process. The Department shall report findings and recommendations to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.

**RECOMMENDATION 5: STUDY TIERED PERSONAL CARE SERVICES**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to investigate tiered Medicaid Personal Care Services with eligibility criteria and a related rate structure based on assessed intensity of need. The Department shall consider coverage for medication management and for those individuals that have Alzheimer's disease or related dementias, and shall report findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, on or before October 1, 2013.

**RECOMMENDATION 6: STUDY STATE-COUNTY SPECIAL ASSISTANCE RATE STRUCTURE**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to study State-County Special Assistance to: 1) develop alternative cost methodology options for determining rates, and 2) to investigate the feasibility of a tiered rate structure to address assessed resident needs based on the intensity of need, including medication management. The Department shall report findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, and to the Senate Appropriations Committee on Health and Human Services and House Appropriations Subcommittee on Health and Human Services, on or before October 1, 2013.

**RECOMMENDATION 7: HABILITATION SERVICES FOR IDD ADULTS**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to prepare a 1915(i) option application with a narrow focus on habilitation services for adults with intellectual and other developmental disabilities. Eligibility for this 1915(i) option must be carefully constructed to consider assessed needs of the individual and to assure that these needs do not meet the criteria and intensity of need for ICF-IDD level of care. This 1915(i) option should be incorporated into the support needs process and the management and capitation of the LME/MCOs. Additionally, cost containment and comparability must be addressed, and projections for costs and number of eligible recipients must be provided when the application draft is submitted for review to the Senate Appropriations Committee on Health and Human Services, and House Appropriations Subcommittee on Health and Human Services, on or before February 1, 2013. The Department shall not take further action on the application until there is approval by the NC General Assembly.

**RECOMMENDATION 8: EXPLORE SERVICE DELIVERY OPTIONS FOR INDIVIDUALS WITH MENTAL ILLNESS**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to expand upon and develop new service definitions and delivery options to meet the needs of individuals with a primary diagnosis of mental illness by: (1) considering an addition and expansion of 1915(b)(3) services, and (2) review of State Plan services and making clinical and rate recommendations to amend the 1915(b) waiver upon approval of the NC General Assembly. The Department shall present findings, anticipated costs, and recommendations to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.

**RECOMMENDATION 9: CAP-IDD (INNOVATIONS) MEDICAID  
WAIVER SLOTS**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to expand the number of available CAP-IDD (Innovations) Medicaid-waiver slots within current funding and to unfreeze current slots within current funding constraints. The Department shall report on the status of the CAP-IDD (Innovations) waiver slots to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.

## **RECOMMENDATIONS FROM THE SUBCOMMITTEE ON HOUSING**

### **RECOMMENDATION #1:**

The Blue Ribbon Commission on Transitions to Community Living directs that future State, federal or other sources of expansion funding provided to the NC Housing Trust Fund, the Key Program, and other State housing assistance programs be designated specifically to increase the number of permanent housing units, in addition to existing temporary or transitory housing. In the absence of increased funding for this purpose, the State should consider targeting some portion of existing funding toward projects that increase supportive housing availability.

### **RECOMMENDATION #2:**

The Blue Ribbon Commission on Transitions to Community Living encourages that, of the \$10.3 million appropriated in S.L. 2012-142, Section 10.23A.(e), any unspent funds remaining on June 30, 2013 and any future funding provided for this purpose, shall not revert but shall be transferred to, and deposited into, a special reserve account within the Housing Trust Fund. These funds shall be used only for the purpose of providing supportive housing to persons with mental disabilities and shall remain in a special reserve account until appropriated by an act of the General Assembly. The special reserve account shall be terminated on June 30, 2020, and any funds remaining in the account on that date shall revert to the General Fund.

### **RECOMMENDATION #3:**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services to evaluate the capacity of the automated databases used by State agencies to monitor the inventory of available rental housing and take the necessary actions to expand landlords' access to and use of these data systems.

### **RECOMMENDATION #4:**

The Blue Ribbon Commission on Transitions to Community Living directs the North Carolina Housing Finance Agency and the Department of Health and Human Services to explore the possibility of increasing the percentage of targeted units in new developments from 10% to a greater percentage.

### **RECOMMENDATION #5:**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services and the NC Housing Finance Agency to develop a plan to establish a State funded and administered tenant-based rental assistance program (TBRA) specifically designated for the 3,000 persons who must be transitioned to community-based housing as required by the U.S. DOJ settlement agreement. The TBRA plan shall identify

the housing needs within each MCO catchment area. No later than March 1, 2013, DHHS shall submit a preliminary plan, including budgetary and other resource needs, to the Chairs of the House and Senate Appropriations Committees, the House and Senate Health and Human Services Appropriations Subcommittees, and the House and Senate General Government Appropriations Subcommittees.

**RECOMMENDATION #6:**

The Blue Ribbon Commission on Transitions to Community Living encourages LMEs to form partnerships with existing non-profit and other agencies that currently provide supportive housing assistance and other services to persons with qualifying disabilities in home and community-based settings.

**RECOMMENDATION #7:**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services (DHHS) and the LMEs/MCOs to determine the additional services and resources needed to support the transition of 3,000 mentally ill persons from adult care homes to community-based settings by June 30, 2020. No later than March 1, 2013, DHHS shall submit a written report to the Chairs of the House and Senate Appropriations Committees, the House and Senate Health and Human Services Appropriations Subcommittees and the House and Senate General Government Appropriations Subcommittees.

**RECOMMENDATION #8:**

The Blue Ribbon Commission on Transitions to Community Living directs the Department of Health and Human Services and the LMEs/MCOs to identify specific assistive technology that can be used to divert or transition persons with mental disabilities from institutional settings. DHHS shall develop a plan to maximize the use of assistive technology in the implementation of the U.S. DOJ settlement agreement. No later than March 1, 2013, DHHS shall submit an assistive technology plan to the Chairs of the House and Senate Appropriations Committees, the House and Senate Health and Human Services Appropriations Subcommittees, and the House and Senate General Government Appropriations Subcommittees.

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**FINDINGS AND RECOMMENDATIONS  
BY SUBCOMMITTEE**

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## **FINDINGS AND RECOMMENDATIONS ADULT CARE HOMES SUBCOMMITTEE**

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The findings and recommendations below, as amended, are based on information provided to the Blue Ribbon Commission on Transitions to Community Living, Subcommittee on Adult Care Homes, during its regularly-scheduled meetings. Many of the issues explored by this Subcommittee continue to evolve. The recommendations included in this report request the Blue Ribbon Commission on Transitions to Community Living to direct the Department of Health and Human Services to explore specific issues that may need further study or action in the near future. The recommendations require reports to the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Joint Legislative Oversight Committee on Health and Human Services. These Committees should follow-up on the recommendations contained in the report as they deem necessary and appropriate to their work.

### **FINDING 1:**

During the Blue Ribbon Commission meeting on September 5, 2012, the Commission, which included members of the Adult Care Homes Subcommittee, heard a presentation on the Americans with Disabilities Act (ADA) and the *Olmstead* Decision. The Commission also heard a presentation on the Settlement Agreement between the United States Department of Justice and the State of North Carolina. One of the substantive provisions provided in the US DOJ Settlement Agreement is as follows:

"The State agrees to develop and implement effective measures to prevent inappropriate institutionalization and to provide adequate and appropriate public services and supports identified through person centered planning in the most integrated setting appropriate to meet the needs of individuals with SMI [Serious Mental Illness], who are in or at risk of entry to an adult care home, pursuant to the details and timelines set forth below."

During the Subcommittee meeting on September 11, 2012, members heard presentations on adult care homes and the challenges they face. Theresa Matula, Subcommittee staff, provided information on adult care homes and their residents which was based on data provided by the Division of Health Service Regulation. Ms. Matula's presentation included a breakdown of the numbers of beds and facilities by county and in the State as a whole. A panel of Commission members representing various types of facilities provided information on residents; funding sources; and the combined impact of the requirements of the US DOJ Settlement Agreement, the designation of some facilities as Institutions of Mental Disease, and the potential impact of the Medicaid Personal Care Services eligibility criteria and independent assessments. The panel was also provided an opportunity to suggest possible solutions for the people who reside in the facilities and for the industry. Suggestions from representatives of the adult care home industry included the following: alternative funding streams that are not Activities of Daily Living

(ADL) driven to serve the individuals residing in Adult Care Homes (ACH) who do not need ADL assistance but do require ACH level of care; Secure the I-Option for Adult Care Home Special Care Units (SCU); explore adding Fair Rental Value type incentive program to encourage providers to reinvest in the physical plant; and allow ACH beds approved under Certificate of Need (CON) rules to provide alternative housing options – such as 16-bed conversions for Mental Health services.

During the November 12th meeting, the Subcommittee heard a presentation by Dr. Janet O'Keeffe, Senior Researcher and Policy Analyst, RTI International. Dr. O'Keeffe questioned whether North Carolina should examine its continuum of care and perhaps evaluate adjustment of the admission criteria for nursing homes, licensed under Chapter 131E of the General Statutes. She suggested that if such an evaluation resulted in a need for more nursing homes, a conversion of some adult care homes to nursing homes could be an option.

The Subcommittee is concerned for individuals who depend on services, and the responsibility of the State to ensure that a range of services is provided to meet the needs and preferences of consumers. Therefore, the Subcommittee makes Recommendation 1 to direct the Department of Health and Human Services to explore alternatives for large adult care homes.

#### **RECOMMENDATION 1: EXPLORE ALTERNATIVES FOR LARGE ADULT CARE HOMES**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living recommends the Blue Ribbon Commission direct the Department of Health and Human Services to work with the adult care home industry to explore business and service delivery alternatives for repurposing large (16+ bed) adult care homes. The Department must explore, but is not limited to, the following options: a Request for Proposal (RFP) process and funding to transition adult care homes to alternative service options; expansion and/or transition to address the needs of special populations (e.g. traumatic brain injury); options tied to any changes in restructuring of the skilled nursing facility and adult care home continuum; and all methods for reducing the number and costs of large adult care home facilities. The Department shall report findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, on or before September 1, 2013.

#### **FINDING 2:**

On November 14, 2012, the Subcommittee heard a presentation on State-County Special Assistance by Suzanne Merrill, DAAS, DHHS. Ms. Merrill reported that the State-County Special Assistance for Adult Care Homes (SA-ACH) program is an Optional State Supplement (OSS) program to the Social Security Income (SSI) program. In North Carolina, Medicaid is automatic for SSI recipients under an agreement with the Social Security Administration. Therefore, recipients eligible for SA-ACH are automatically eligible for Medicaid. SA-ACH is available to eligible residents of adult care homes licensed under Chapter 131D of the General Statutes, and residents of supervised living



facilities, licensed under Chapter 122C of the General Statutes, and as defined in accordance with 10A NCAC 27G.5601, that serve adults whose primary diagnosis is mental illness but may also have other diagnoses, and that serve adults whose primary diagnosis is a developmental disability but may also have other diagnoses.

By contrast, the State-County Special Assistance In-Home program (SA In-Home) was established by the North Carolina General Assembly and is not part of the OSS program. Individuals receiving SA In-Home must qualify for Medicaid separately. Due to varying requirements, residents living in adult care homes end up having lower income eligibility requirements for Medicaid than the individuals receiving SA In-Home. If SA-ACH residents are discharged from facilities and end up in a non-facility setting, the individual loses the automatic eligibility for Medicaid that accompanied their SA-ACH. These individuals may qualify for SA In-Home, but Medicaid would no longer be automatic and they would be required to apply for Medicaid. The DHHS estimates that 27% of all SA-ACH recipients would not qualify for Medicaid if transitioned to SA In-Home and required to meet the higher income eligibility criteria. As such, the Subcommittee makes Recommendation 2 to mitigate the loss of Medicaid eligibility by those exiting an adult care home.

## **RECOMMENDATION 2: MITIGATE THE LOSS OF MEDICAID ELIGIBILITY BY THOSE EXITING AN ADULT CARE HOME**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services to consider all options to mitigate the loss of Medicaid eligibility by those exiting an adult care home and no longer receiving State-County Special Assistance as an adult care home resident for this specific population for a set period of time. The Department must explore, but is not limited to, the following options: the implications of tying the receipt of SA In-Home to Medicaid eligibility as is the current practice for SA-ACH recipients; acquiring a federal disregard for residents moving from a facility to a home to allow a waiver of their deductible; and investigating the Medicaid Health Insurance Premium Payment Program provision to determine whether Medicaid can pay the “premium” for these individuals so they remain Medicaid eligible. The Department shall report findings and recommendations to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.

## **FINDING 3:**

Long-term care service options, the range of services, and the corresponding admission or eligibility criteria was a common theme throughout the Subcommittee's meetings. During the September 12th panel discussion, a representative of the adult care home industry provided that, "There needs to some type of acuity-based reimbursement system. If not, individuals with the lowest needs will end up in the most expensive service settings. Conversely, residents with some of the greatest needs will end up remaining in ACHs." During the November 12th presentation by Dr. Janet O'Keeffe, Senior Researcher and Policy Analyst, RTI International, she questioned whether North Carolina

should examine its continuum of care and she gave examples of how some other states are structured. Dr. O'Keeffe discussed North Carolina's nursing bed admission criteria, the amount of State-County Special Assistance provided to facilities, and adjustment of the eligibility criteria for nursing homes licensed under Chapter 131E of the General Statutes. Dr. O'Keeffe suggested that more stringent admission standards for nursing homes may prevent North Carolina from applying for more waivers to cover certain individuals. One of the states mentioned by Dr. O'Keeffe was Florida which has three levels of care. As a result of the information shared by all, the Subcommittee makes Recommendation 3 to establish a long-term care continuum workgroup.

### **RECOMMENDATION 3: ESTABLISH A LONG-TERM CARE CONTINUUM WORKGROUP**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services to establish a workgroup including stakeholders, Departmental personnel, and unbiased experts, to explore changes to North Carolina's long-term care continuum, including, but not limited to: expansion of waiver options and potential new licensure structure, and assuring that individuals are not unduly offered more restrictive placements than needed and are assured of receiving skilled nursing care as designated through assessment. The Department must make an interim report on or before April 1, 2013, and a final report of findings and recommendations on or before October 1, 2013, to the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Joint Legislative Oversight Committee on Health and Human Services.

### **FINDING 4:**

The Subcommittee heard numerous presentations on the Medicaid Personal Care Services (PCS) changes for residents of licensed facilities and the status of the independent assessment process. The Subcommittee received information during the November 14th meeting on the numbers and percentages of individuals that will not qualify for Medicaid PCS on January 1, 2013. Also during the November 14th meeting, the DHHS provided responses to questions about care and supplementing care in an adult care home. The Department provided the following, "The licensed adult care home is responsible for care and services planned and provided to the resident. If the facility does not employ their own staff to provide scheduled personal care services they could contract for services through a licensed home care agency, but they would remain responsible for the quality and delivery of those services." The DHHS was asked specifically if family members could contribute to the cost of care for a family member who is a resident of an adult care home and not jeopardize Special Assistance. The response was, "The question has been researched in terms of SSI's and NC's Optional State Supplement Program (SA) and continued Medicaid eligibility and a family's voluntary payment to a facility for personal care would not be counted as income for SSI and our State Supplement Program (SA) nor would it be counted as income for Medicaid." Consistent with these findings, the Subcommittee provides Recommendation 4 to direct DHHS to explore establishing a

process to allow a supplement to be paid by an individual or family member on behalf of an adult care home resident for a recipient that has lost eligibility for Medicaid Personal Care Services.

#### **RECOMMENDATION 4: EXPLORE A SUPPLEMENT TO BE PAID ON BEHALF OF AN ACH RESIDENT**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services to explore establishing a process to allow payment by an individual or family member on behalf of a recipient of State-County Special Assistance when that recipient has lost their eligibility for Medicaid Personal Care Services (PCS), and those Medicaid PCS services are not covered under a Medicaid appeal process. The Department shall report findings and recommendations to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.

#### **FINDING 5 AND 6:**

During the course of its existence, the Subcommittee monitored the Medicaid Personal Care Services (PCS) independent assessment process for licensed facility residents. On November 14th, the Subcommittee received a report of independent assessments completed as of October 26, 2012. The data provided the number of assessments processed by setting, and the number and percentage of individuals qualifying for the new PCS criteria and those not qualifying. Additionally, this data provided: the age distribution of non-qualified beneficiaries; a diagnosis summary with percentages reflecting the diagnosis category selected by attesting practitioners; the average number of activities of daily living (ADLs) needed for those that qualified and those that do not; the numbers of hands-on ADL needs for those that qualify and those that do not; and the personal care needs of PCS non-qualified beneficiaries. For those not qualifying for PCS, the information indicated what percentage of residents in a particular care setting needed supervision/cueing, or hands-on assistance, for the following needs: bathing, dressing, mobility, toileting, eating, and medication management. The changes to PCS for facilities enacted in S.L. 2012-142, Section 10.9F, as amended, are effective January 1, 2013. Should the State decide to add a layer of service at a later date, the independent assessment data and the information requested in Recommendations 5 and 6 would facilitate such an option. Recommendation 5 directs the DHHS to investigate tiered PCS with eligibility criteria and a related rate structure tied to the assessed intensity of need and to explore coverage for medication management and for those individuals with Alzheimer's disease or related dementias. The second part of Recommendation 6 requires the DHHS to investigate the feasibility of a tiered State-County SA rate structure to address assessed resident needs based on the intensity of need, including medication management. Exploring both alternatives would provide the State with the ability to determine the best course of action, if any further action were desired.

The Subcommittee explored the interrelationship between the different funding streams for long term care (Medicaid and State revenue). Presentations by staff and outside

experts examined the State-County SA program and its cost methodology, as well as the history of Medicaid PCS. The presentations showed that North Carolina stands out as having a high level of SA expenditures relative to other States with similar adult care home structures. North Carolina is responsible for approximately 20% of the nation's Medicaid funded ACH residents and has a high level of PCS expenditures. The historic funding overview provided during the meeting on November 14th, depicted how the nature of the two programs have changed relative to their original scope and intent. As contained in Recommendation 6, the Subcommittee recommends the Department of Health and Human Services study State-County Special Assistance to develop alternative cost methodology options for determining rates.

### **RECOMMENDATION 5: STUDY TIERED PERSONAL CARE SERVICES**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services investigate tiered Medicaid Personal Care Services with eligibility criteria and a related rate structure based on assessed intensity of need. The Department shall consider coverage for medication management and for those individuals that have Alzheimer's disease or related dementias, and shall report findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, on or before October 1, 2013.

### **RECOMMENDATION 6: STUDY STATE-COUNTY SPECIAL ASSISTANCE RATE STRUCTURE**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services study State-County Special Assistance to: 1) develop alternative cost methodology options for determining rates, and 2) to investigate the feasibility of a tiered rate structure to address assessed resident needs based on the intensity of need, including medication management. The Department shall report findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, and to the Senate Appropriations Committee on Health and Human Services and House Appropriations Subcommittee on Health and Human Services, on or before October 1, 2013.

### **FINDING 7:**

On November 14, 2012, the Subcommittee heard Ms. Tara Larson, DMA, DHHS, explain that planning continues on the Medicaid 1915(i) option application for adults with Intellectual and Developmental Disabilities (IDD). A draft submission by the Department to CMS will address a target population and eligibility criteria to capture those individuals not meeting the eligibility criteria for the regular Medicaid State Plan PCS services. The first service to be included on the 1915(i) option will be a personal assistance definition focusing on habilitation (training, cueing, prompting) of ADLs, or hands on assistance to complete the ADLs. Additionally, the service definition will

include instrumental activities of daily living (IADLs) associated with completion of the ADLs such as: meal preparation, setting up supplies for bathing, or cleaning up the bathroom once the bath is completed. In order to reduce the duplication of assessment on recipients and to reduce the burden on providers, the data from the assessments used to assess recipients for Medicaid PCS will be used to determine eligibility under the new 1915(i) option.

Ms. Larson told the Subcommittee that the draft outline will be submitted to the Centers for Medicare & Medicaid Services (CMS) by November 30, 2012. Once the initial 1915(i) option is approved and implemented by the target date of July 1, 2013, simultaneous planning will continue for an additional two services under the option: meaningful day activity and respite. The Committee heard Ms. Larson say that the January 1, 2013 through July 1, 2013 planning period will allow for: (1) more accurate cost modeling, (2) more accurate predictability of the number of people to be served to ensure cost neutrality of Medicaid funding, and (3) leveraging of State funds. She said that DHHS would like to include the 1915(i) option under the 1915(b)(c) waiver so that all funding sources for IDD would be under the managed care option and overall cost data for services to people with IDD could be provided.

Additionally, Ms. Larson informed the Subcommittee that legislative authorization will be required for submission of the 1915(i) option for IDD. She said that draft submissions may be sent to CMS in order to receive feedback, but that official submission to CMS means that the State has the required funding in place and legislative authority to proceed. She said that no planning for submission of a 1915(i) option has begun for any other population and reiterated that legislative authority would be required for submission of a 1915(i) option for any other population.

#### **RECOMMENDATION 7: HABILITATION SERVICES FOR IDD ADULTS**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services to prepare a 1915 (i) option application with a narrow focus on habilitation services for adults with intellectual and other developmental disabilities. Eligibility for this 1915(i) option must be carefully constructed to consider assessed needs of the individual and to assure that these needs do not meet the criteria and intensity of need for ICF-IDD level of care. This 1915(i) option should be incorporated into the support needs process and the management and capitation of the LME/MCOs. Additionally, cost containment and comparability must be addressed, and projections for costs and number of eligible recipients must be provided when the application draft is submitted for review to the Senate Appropriations Committee on Health and Human Services, and House Appropriations Subcommittee on Health and Human Services, on or before February 1, 2013. The Department shall not take further action on the application until there is approval by the NC General Assembly.

## **FINDING 8:**

During the October 10, 2012 meeting, the Subcommittee heard from Pam Shipman, Cardinal Innovations LME/MCO about their use of 1915(b)(3) waiver funding options. She explained that additional habilitative services, such as supported employment, can be provided to persons with mental illness and/or intellectual/developmental disabilities by using monies saved through managed care implementation. Ms. Shipman provided detailed handouts describing services that may be funded through 1915(b)(3) waiver authority.

On November 14, 2012, the Committee heard from Tara Larson that the 1915(b)(c) waiver is in process on the regular renewal schedule. All MCOs will have the 1915 (b)(3) waiver services of respite, peer support specialist, and community guide. Piedmont Behavioral Healthcare/Cardinal Innovations will have the following additional 1915(b)(3) waiver services: in-home skill building for people with IDD, comprehensive services for women with substance abuse, and transitional living for children.

Ms. Larson indicated that supported employment will begin as a State-funded service limited to three sites that will meet the fidelity model identified in the US DOJ Settlement Agreement. Once start-up is completed and fidelity is met, then supported employment will be added as a 1915(b)(3) waiver service for implementation in July 2014. The Subcommittee also learned from Ms. Larson that DMA is reviewing the possibility of adding one-time transitional cost as a 1915(b)(3) waiver service. She stated that these transitional costs would be limited to a specific dollar amount and could be used to assist with deposits and needed furniture purchases to enable the person to move into a supported housing arrangement. The Subcommittee provides Recommendation 8 to direct the Department to explore service delivery options for individuals with mental illness to include expansion and addition of 1915(b)(3) waiver services, and review of State Plan services and making clinical and rate recommendations to amend the 1915(b) waiver upon approval of the NC General Assembly.

## **RECOMMENDATION 8: EXPLORE SERVICE DELIVERY OPTIONS FOR INDIVIDUALS WITH MENTAL ILLNESS**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services to expand upon and develop new service definitions and delivery options to meet the needs of individuals with a primary diagnosis of mental illness by: (1) considering an addition and expansion of 1915(b)(3) services, and (2) review of State Plan services and making clinical and rate recommendations to amend the 1915(b) waiver upon approval of the NC General Assembly. The Department shall present findings, anticipated costs, and recommendations to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.

## **FINDING 9:**

During the November 14th meeting, the Subcommittee heard from Tara Larson that the Innovations waiver expansion has been submitted to CMS for approval. An additional

250 slots have been submitted for approval as allowed in the certified Medicaid budget for this Fiscal Year. Slots that were already in the system but were “frozen” have been unfrozen and are available for use. Consistent with this information, the Subcommittee provides Recommendation 9 regarding CAP-IDD (Innovations) Medicaid waiver slots.

**RECOMMENDATION 9: CAP-IDD (INNOVATIONS) MEDICAID  
WAIVER SLOTS**

The Subcommittee on Adult Care Homes, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services to expand the number of available CAP-IDD (Innovations) Medicaid Waiver slots within current funding and to unfreeze current slots within current funding constraints. The Department shall report on the status of the CAP-IDD (Innovations) waiver slots to the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services, on or before March 1, 2013.

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## **FINDINGS AND RECOMMENDATIONS HOUSING SUBCOMMITTEE**

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The settlement agreement between the State and U.S. Department of Justice requires the Department of Health and Human Services (DHHS) to secure 3,000 community-based supportive housing units for persons with persistent and severe mental illness by July 1, 2020.

### **FINDING:**

There exists in the State an inadequate supply of community-based housing options for persons with disabilities. While the shortage is statewide, the impact is particularly significant in rural areas. Persons with mental illnesses should have access to decent, safe, affordable, and permanent community-based housing options.

### **RECOMMENDATION #1:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct that future State, federal or other sources of expansion funding provided to the NC Housing Trust Fund, the Key Program, and other state housing assistance programs be designated specifically to increase the number of permanent housing units, in addition to existing temporary or transitory housing. In the absence of increased funding for this purpose, the State should consider targeting some portion of existing funding toward projects that increase supportive housing availability.

### **RECOMMENDATION #2:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission to encourage that, of the \$10.3 million appropriated in S.L. 2012-142, Section 10.23A.(e), any unspent funds remaining on June 30, 2013 and any future funding provided for this purpose, shall not revert but shall be transferred to, and deposited into, a special reserve account within the Housing Trust Fund. These funds shall be used only for the purpose of providing supportive housing to persons with mental disabilities and shall remain in a special reserve account until appropriated by an act of the General Assembly. The special reserve account shall be terminated on June 30, 2020, and any funds remaining in the account on that date shall revert to the General Fund.

### **FINDING:**

NC Housing Search.com and the Key Program are valuable resources for identifying and increasing the supply of private, community-based housing units available to persons with mental illness.



**RECOMMENDATION #3:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services to evaluate the capacity of the automated databases used by state agencies to monitor the inventory of available rental housing and take the necessary actions to expand landlords' access to and use of these data systems.

**RECOMMENDATION #4:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the North Carolina Housing Finance Agency and the Department of Health and Human Services explore the possibility of increasing the percentage of targeted units in new developments from 10% to a greater percentage.

**FINDING:**

A tenant-based rental assistance program is the most geographically flexible option to provide affordable housing for persons with disabilities.

**RECOMMENDATION #5:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct the Department of Health and Human Services and the NC Housing Finance Agency to develop a plan to establish a state funded and administered tenant-based rental assistance program (TBRA) specifically designated for the 3,000 persons who must be transitioned to community-based housing as required by the U.S. DOJ settlement agreement. The TBRA plan shall identify the housing needs within each MCO catchment area. No later than March 1, 2013, DHHS shall submit a preliminary plan, including budgetary and other resource needs, to the Chairs of the House and Senate Appropriations Committees, the House and Senate Health and Human Services Appropriations Subcommittees, and the House and Senate General Government Appropriations Subcommittees.

**FINDING:**

Non-profits and other agencies are currently providing supportive housing assistance and other services to persons with mental disabilities in home- and community-based settings.

**RECOMMENDATION #6:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission encourage LMEs to form partnerships with existing non-profit and other agencies that currently provide supportive housing assistance and other services to persons with qualifying disabilities in home and community-based settings.

**FINDING:**

Persons with mental disabilities should be housed in the least restrictive setting possible. Settings should meet the characteristics of home and community-based standards, including, but not limited to, the freedom to choose roommates, service providers, community outings, meal and bed times, to have access to visitors, to have privacy, and to exercise personal choice.

**FINDING:**

Persons with mental illnesses should have access to the services necessary to allow them to live in home and community-based settings, including case management, counseling, transportation, supported employment. However, in many counties, particularly those in rural areas, the availability of such services is inadequate or non-existent.

**RECOMMENDATION #7:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living, recommends the Blue Ribbon Commission direct DHHS and the LMEs/MCOs to determine the additional services and resources needed to support the transition of 3,000 mentally ill persons from adult care homes to community-based settings by June 30, 2020. No later than March 1, 2013, DHHS shall submit a written report to the Chairs of the House and Senate Appropriations Committees, the House and Senate Health and Human Services Appropriations Subcommittees and the House and Senate General Government Appropriations Subcommittees.

**FINDING:**

Assistive technology can help persons with mental illnesses and other disabilities cope with the challenges of living in community-based settings. Assistive devices can include computers and tablets, telephones, video cameras, medication aids, and safety devices such as GPS locator systems. Some examples include electronic/digital planners and reminders which can be used to help with keeping appointments, medication schedules, and getting to work on time or devices such as sound machines that can soothe and help persons cope with anxiety and stress or block disruptive noise.

**RECOMMENDATION #8:**

The Subcommittee on Housing, Blue Ribbon Commission on Transitions to Community Living recommends the Blue Ribbon Commission direct the Department of Health and Human Services and the LMEs/MCOs to identify specific assistive technology that can be used to divert or transition persons with mental disabilities from institutional settings. DHHS shall develop a plan to maximize the use of assistive technology in the implementation of the U.S. DOJ settlement agreement. No later than March 1, 2013, DHHS shall submit an assistive technology plan to the Chairs of the House and Senate Appropriations Committees, the House and Senate Health and Human Services

Appropriations Subcommittees, and the House and Senate General Government  
Appropriations Subcommittees.

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# COMMISSION PROCEEDINGS

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The Blue Ribbon Commission on Transitions to Community Living met two times: September 5, 2012 and December 19, 2012. This section of the report provides a brief overview and a summary of the Commission proceedings. Detailed minutes and copies of handouts from each meeting are on file in the legislative library or at the following link: <http://www.ncleg.net/gascripts/DocumentSites/browseDocSite.asp?nID=203>

## Overview of Topics and Presenters

### September 5, 2012

- **Organization and Glossary Discussion**  
Dr. Pat Porter, HHS Consultant  
Amy Jo Johnson, Research Division
- **Background and Purpose of the BRC to Include Limited Focus and Outcomes Expected**  
Chairman Dollar

### Background Presentations

- **ADA and the *Olmstead* Decision (Including DOJ findings letter)**  
Emery Milliken, General Counsel, DHHS
- **Overview of DOJ Settlement**  
Emery Milliken, General Counsel, DHHS
- **Description of Personal Care Services Program, with emphasis on how PCS is paid in ACHs and how this was different for PCS in-home; Budget changes to PCS in this year's budget; Status of SPA; Update on projected number of people impacted**  
Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance (DMA), DHHS
- **PCS Independent assessments of individuals living in facilities and DHHS' projected number of people that will be impacted by PSC change**  
Tara Larson, Chief Clinical Operating Officer, DMA, DHHS
- **IMD & Assessment Process Update**  
Tara Larson, Chief Clinical Operating Officer, DMA, DHHS
- **Overview of current community housing options for people with MI or IDD to include housing stock and funding options (DOJ constraints)**  
Dr. Beth Melcher, Chief Deputy Secretary for Health Services, DHHS

- **Overview of Adult Care Homes, Special Care Units, Assisted Living, Group Homes for people with MI or IDD, Family Care Homes**  
Theresa Matula, Research Division, General Assembly
- **Description of the State County Special Assistance Program, Eligibility, Differences in SA program in ACH vs. the community, number of people in each setting, projected impact of SA change in February 2013, alternatives**  
Suzanne Merrill, Adult Services Section Chief, Division of Aging and Adult Services, DHHS
- **Discussion of current service array for adults with MI and IDD**  
Jim Jarrard, Director of MH/DD/SA, DHHS
- **Q&A/Discussion with BRC Members**
- **Division of Tasks for two Subcommittees (including Member assignments) and notice of future dates, times and places for meetings**  
Chairman Dollar  
Chairman Hise

## Summary of Blue Ribbon Commission Proceedings

### September 5, 2012

Amy Jo Johnson, Commission staff, reviewed Session Law 2012-142, Sections 10.23A(b),(c), and (h) that authorized creation of the Blue Ribbon Commission on Transitions to Community Living. The purpose of the Commission is twofold: "(i) examine the State's system of community housing and community supports for people with severe mental illness, severe and persistent mental illness, and intellectual and developmental disabilities and (ii) develop a plan that continues to advance the State's current system into a statewide system of person-centered, affordable services and supports that emphasize an individual's dignity, choice, and independence." Session Law 2012-142 also required the Commission to appoint a Subcommittee on Housing and a Subcommittee on Adult Care Homes.

Dr. Pat Porter, Consultant to the Commission, gave an overview of how the work of the Commission would be done through the Subcommittees in four meetings. The full Commission would meet one final time after completion of the work of the subcommittees. Dr. Porter also provided the Commission members with a list of acronyms to serve as a reference tool in future meetings.

Chairman Dollar gave an overview of the primary focus and expected outcomes of the Commission's work. Chairman Dollar also explained that North Carolina faces a "perfect storm" of three issues that have the potential to have an impact on and cause the possible relocation of board and care residents: changes in Medicaid Personal Care Services (PCS) eligibility, identification of a facility as an Institution of Mental Disease (IMD), and the United States Department of Justice (US DOJ) Settlement Agreement.

Emery Milliken, General Counsel, Department of Health and Human Services (DHHS) briefly reviewed the requirements of the Americans with Disabilities Act of 1990 (ADA) and the Olmstead decision. She explained that the US DOJ investigated North Carolina's mental health system in 2011 and issued a findings letter on July 28, 2011, to Attorney General Roy Cooper. The investigation concluded that in the opinion of the US DOJ, North Carolina has failed to provide services to persons with mental illness in the most integrated setting appropriate to their needs and many individuals with mental illness in adult care homes could be served in alternative community-based placements. The State has entered into a private Settlement Agreement with the US DOJ that will require the State to provide 3,000 supported housing slots over eight years.

Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance (DMA), DHHS, provided updates on two of the three major issues facing the State relating to housing and services for elderly adults and adults with mental illness and/or intellectual or developmental disabilities. First, Ms. Larson addressed the status of the new eligibility requirements for PCS slated to begin January 1, 2013, and the progress of the Independent Assessments (IAs) used to determine eligibility for the new PCS program. She reported that based on 66% of the IAs completed by August 30, 2012, 46% of those assessed would no longer qualify for PCS under the new eligibility requirements.

Second, Ms. Larson provided information on the IMD determination issue. During Phase I activities, one facility was identified as an IMD on June 7, 2012. A Temporary Restraining Order (TRO) was filed on June 15, 2012, and the facility identified as an IMD on June 7th was reinstated on June 25th. DMA rescinded the IMD designation of twelve other facilities due to the TRO. Ms. Larson advised the Commission that DMA has moved on to Phase II activities, involving all occupied beds in adult care homes, group homes and family care homes. Phase II activities indicate that the preliminary number of facilities, at the time of the meeting, which might possibly meet the definition of an IMD is 135. She concluded her remarks with a detailed description of the discharge process for individuals residing in an adult care home in case that the ACH is found to be an IMD.

Dr. Beth Melcher, Chief Deputy Secretary for Health Services, DHHS, presented information about the number of facilities and number of beds in community housing options, including adult care homes, supervised living facilities, and specialized community residential centers for individuals with developmental disabilities. She also explained the different supported housing programs that offer community-based housing that are available in the State. She concluded her remarks with information about the 3,000 "housing slots" that are to be provided under the US DOJ Settlement Agreement. She reiterated that these "housing slots" cannot be in adult care homes, family care homes, group homes, nursing facilities, boarding homes, assisted living residences, supervised living settings, or any setting required to be licensed.

Ms. Theresa Matula, Commission staff, provided statutory references for the various residential care alternatives for adults: supervised living facilities (group homes), assisted living, multiunit assisted housing with services (MAHS), adult care homes, family care homes, and adult care homes that only serve elderly persons (includes special care units). She also provided a breakdown of licensed adult care homes and special care units based on information from the Division of Health Service Regulation, DHHS.

Suzanne Merrill, Adult Services Section Chief, Division of Aging and Adult Services, DHHS, described the State-County Special Assistance (SA) Program. SA is further broken down into the adult care home program and the in-home program. Payments to recipients are 50% State funds and 50% county funds that can be used to either (i) supplement a person's own income to pay the cost of room and board in certain licensed facilities through the SA ACH program or (ii) provide cash payment to address identified needs of a person living at home through the SA In-Home (IH) program. In August 2012, 53% of SA recipients were residing in adult care homes. Ninety-one counties currently participate in the SA IH Program. The General Assembly enacted S.L. 2012-142, Section 10.23 that requires the remaining nine counties to participate in the SA IH program and requires that payments for SA IH recipients are equal to the payments for SA ACH recipients.

Jim Jarrard, Acting Director, Division of Mental Health, Developmental Disabilities and Substance Abuse Services, DHHS presented the most utilized services, total dollars of services used, and the total number of persons served by service for the following groups:

- Adults with IDD

- Children with IDD
- Adults with mental illness
- Children and adolescents with mental illness
- Adults with substance abuse issues
- Children and adolescents with substance abuse issues.

Chairman Dollar assigned the Commission members to one of the Subcommittees.

**December 19, 2012**

The Blue Ribbon Commission on Transitions to Community Living met on Wednesday, December 19, 2012, to discuss a report to the 2013 General Assembly. Recommendations from the Subcommittee on Adult Care Homes and from the Subcommittee on Housing were presented to the Commission. The recommendations from the two Subcommittees were adopted by the Commission and the Commission approved a report to the 2013 General Assembly.



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# SUBCOMMITTEE ON ADULT CARE HOMES PROCEEDINGS

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The Blue Ribbon Commission on Transitions to Community Living, Subcommittee on Adult Care Homes, was created by S.L. 2012-142. S.L. 2012-142, Section 10.23A, subsections (a)-(c) and (h) are provided in the Appendix.

The Subcommittee met four times between September 12, 2012, and December 12, 2012. This section of the report provides a brief overview and a summary of the Subcommittee proceedings. Detailed minutes and copies of handouts from each meeting are on file in the legislative library and at the following link:

<http://www.ncleg.net/gascripts/DocumentSites/browseDocSite.asp?nID=203>

## **Overview of Adult Care Home Subcommittee Topics and Presenters**

### **September 12, 2012**

- **Purpose and Anticipated Outcomes for Subcommittee**  
Chairman Dollar
- **Getting a Clear Picture of Adult Care Homes and Their Residents**  
Theresa Matula, Research Division
- **Challenges through the Industry Lens**  
Connie Cochran, CEO, Easter Seals UCP NC & VA  
Hugh Campbell, President, NC Association of Long Term Care Facilities  
Sam Hooker, Board Member, NC Assisted Living Association  
Peggy Terhune, CEO, Monarch NC
- **Update on Institutions of Mental Disease (IMD)**  
Sandy Terrell, Assistant Director, Clinical Policy & Programs, Division of Medical Assistance, DHHS
- **Directed Discussion by Subcommittee Members**  
Chairman Dollar

### **October 10, 2012**

- **Summary of Responses to Questions Posed to Subcommittee**  
Pat Porter, HHS Consultant  
Patsy Pierce, Research Division
- **Institutions of Mental Disease (IMD): Update**  
Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance, DHHS
- **Status of Personal Care Service (PCS) Eligibility and Independent Assessment Process**

Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance, DHHS

- **Adult Care Home Discharge Planning Process and Timeline**  
Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance, DHHS
- **Presentation of Current and Potential Funding Options for Intellectual/Developmental Disability (IDD) and Mental Health Supervised Living Facilities (Group Homes)**  
Pam Shipman, CEO, Cardinal Innovations Healthcare Solutions  
Karen Adams-Gilchrist, Chief Program Officer, Easter Seals UCP NC & VA

#### November 14, 2012

- **Restatement of Subcommittee's Purpose, Review of Information Covered, and Summary of Current Situation**  
Chairman Dollar
- **Brief Update on IMD Determinations**  
Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance, DHHS
- **PCS Assessments: Status of Notification, Breakdown of Data**  
Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance, DHHS
- **Potential New and Expanded Service Options by Setting, Facility Size and Population: Licensed and Unlicensed for SPMI/SMI/IDD**  
Tara Larson, Chief Clinical Operating Officer, Division of Medical Assistance, DHHS
- **State-County Special Assistance: Overview of Program and Medicaid Eligibility Criteria Issue**  
Suzanne Merrill, Division of Aging and Adult Services, DHHS
- **A Comparison of Adult Care Home Funding Strategies**  
Donnie Charleston, Fiscal Research
- **Trends in Funding Adult Care Homes and Multi-Unit Assisted Housing with Services**  
Janet O'Keefe, DrPH, Senior Researcher and Policy Analyst, RTI International

#### December 12, 2012

- **Presentation of Report**  
Chairman Dollar
- **Committee Discussion of Draft Report**

## **Summary of Adult Care Home Subcommittee Proceedings**

### **September 12, 2012**

Chairman Dollar gave an overview of the purposes of the Subcommittee. Those purposes included: (1) review of the current status of adult care homes (ACHs), (2) determination of impact of designation of a facility as an Institution of Mental Disease (IMD) and changes in Medicaid Personal Care Services (PCS) eligibility, (3) delineation of a clear and coordinated process for discharge and community placement for individuals no longer appropriately served by ACHs, (4) review of service and support funding options, and (5) identification of possible alternative best practice models of services for ACHs that cannot be sustained in their current operation. He also informed the members that later they would hear from a panel of Subcommittee members representing the adult care homes and group homes industries.

Theresa Matula, Subcommittee staff, Research Division, North Carolina General Assembly (NCGA), explained that North Carolina faces the possibility of board and care residents being impacted, and possibly relocated, based on three issues: PCS eligibility changes, identification of IMDs, and the United States Department of Justice (US DOJ) Settlement Agreement. In an effort to assist the Subcommittee in defining the range and depth of facilities involved in these issues, Ms. Matula provided the Subcommittee with an overview of the various licensed facilities. She provided statutory references and descriptions of the following: Supervised Living Facilities (Group Homes) and Adult Care Homes (including Family Care Homes, 55+ licensed facilities, Special Care Units, and Combination Homes). Utilizing data supplied by the Division of Health Service Regulation, Department of Health and Human Services (DHHS), Ms. Matula provided the Subcommittee with the numbers of licensed facilities and beds in these categories.

Connie Cochran, CEO, Easter Seals UCP NC & VA; Hugh Campbell, President, NC Association of Long Term Care Facilities, Sam Hooker, board member NC Assisted Living Association, and Dr. Peggy Terhune, CEO, Monarch NC, each described the specific populations being served, funding sources used, and types of facilities under their organization's purview. They each discussed the impact of issues relating to PCS, IMD determination and the recent US DOJ Settlement Agreement. Finally, they each provided possible solutions for residents in their facilities who may be at risk for losing services and housing due to these issues.

At the request of Sen. Brunstetter, Emory Milliken, General Counsel, DHHS, was asked to provide comments from a legal perspective on the IMD issue as well as the US DOJ settlement issue. Ms. Milliken stated that the US DOJ investigation of our mental health system found that North Carolina, in their opinion, had an institutional bias towards keeping people in institutional settings rather than in communities. She also said that the process the Division of Medical Assistance (DMA), DHHS is following is consistent with the law and if we did anything differently this could impact the US DOJ Settlement Agreement.

Ms. Sandy Terrell, Assistant Director, Clinical Policy & Programs, DMA, DHHS, provided an update on shared ownership, the IMD process, and the status of the group

homes. She described the screening process and analysis of data required to make a final determination of whether a facility is determined to be an IMD. The process involves looking at the occupied beds as well as the overall characteristics of the facility. Ms. Terrell indicated that the corrective action plan originally was supposed to be completed by August 31, but due to the methodology change directed by the Centers for Medicare & Medicaid Services (CMS) to review the occupied beds versus the licensed beds, a new date for completion is still under negotiation with CMS.

Ms. Terrell gave an update on the facilities potentially at risk in Phase II of the IMD investigation: 84 adult care homes, 52 family care homes, 47 group homes.

### **October 10, 2012**

Ms. Tara Larson, Chief Clinical Operating Officer, DMA, DHHS provided updates on two of the three major issues facing the State in relation to housing and services for elderly adults and for adults with mental illness and/or intellectual or developmental disabilities. First, Ms. Larson addressed the IMD determination issue and indicated that, at the time of this presentation, 151 facilities had been identified as possibly meeting the definition of an IMD. The proposed timelines for IMD determination completion must be approved by CMS and include:

- Adult Care Homes: 11/30/12
- Family Care Homes: 2/28/13
- 122C Group Homes/Supervised Living Facilities: 6/30/13
- Family Care Homes or 122C Group Homes on the same property by 11/30/12

Ms. Larson continued with her presentation on the IMD determination by outlining how DMA determines if multiple facilities fall under "shared ownership," including components such as licensure, ownership, governance/administration, and medical responsibility. Ms. Larson concluded her presentation on IMD determination by discussing the preliminary injunction the Office of Administrative Hearings had enjoined against DHHS/DMA.

Second, Ms. Larson provided a detailed description of the PCS eligibility Independent Assessment (IA) process. She indicated that to date, 13,171 IAs had been completed, and of the 8,781 that had been analyzed and entered into the system, 48% of those assessed would no longer qualify for PCS under the new eligibility criteria scheduled to begin January 1, 2013.

Ms. Larson concluded her remarks with a description of the discharge process for individuals currently residing in Adult Care Homes in case the ACH is found to be an IMD.

Ms. Pam Shipman, CEO, Cardinal Innovations Healthcare Solutions, and Ms. Karen Adams-Gilchrist, Chief Program Officer, Easter Seals UCP NC and VA, presented possible solutions for how persons with Serious Mental Illness (SMI) and Serious and Persistent Mental Illness (SPMI) may be able to live more independently. Ms. Shipman's ideas included continuing Geriatric Adult Specialty Teams but using them in admissions, discharge, and transition processes. She also indicated a need for new service definitions including: supported employment, peer support, assistive devices, and residential

supports. Additionally, Ms. Shipman suggested that a funding source for these new services could be utilizing funds currently being used for group homes for persons with mental illness as a state match either as a 1915(b)(3) waiver or State Plan service. Ms. Adams-Gilchrist suggested stabilizing current funding and submitting a request for a 1915(i) option for the Intellectually/Developmentally Disabled (IDD) target population to fund transition services.

Public members of the Subcommittee were previously asked to respond to a set of discussion questions. Dr. Pat Porter summarized the responses which indicated needs and solutions for housing and services; and supports and funding for the frail elderly and for adults with disabilities who may be affected by the PCS, IMD, and DOJ issues.

### **November 14, 2012**

Chairman Dollar began the meeting by reiterating the purposes and goals of the Subcommittee.

Ms. Tara Larson, Chief Clinical Operating Officer, DMA, DHHS, provided an update on the IMD determination process indicating that there are 46 ACH facilities that still need to be reviewed by November 30, 2012. Of the facilities reviewed thus far, several have converted to Special Care Units, four remain under preliminary injunction, and several others have been determined not to be IMDs.

Ms. Larson also provided an update on PCS independent assessments. She indicated that persons who no longer qualify for PCS can use private funds, if available, to cover the needed assistance. She also outlined options for ACHs to use to continue to provide room, board and services such as converting to multiunit assisted housing with services (MAHS). Ms. Larson continued her presentation by providing the detailed results of IAs completed at this time. Approximately 9,322 persons across all types of facilities appear to no longer qualify for PCS. She provided a handout including summary and specific facility data. Ms. Larson indicated that DMA has been providing PCS and IMD data to local department of social services (DSS) agencies. She also provided specifics on different State funding sources and possible Medicaid State Plan amendments for additional funding for needed services.

Ms. Suzanne Merrill, Adult Services Section Chief, Division of Aging and Adult Services, DHHS, provided details about the State-County Special Assistance-Adult Care Home (SA-ACH) program. State-County Special Assistance provides a cash payment to supplement an individual's income to live in adult care homes licensed under Chapter 131D of the General Statutes, and Supervised Living Facilities (Group Homes) licensed under Chapter 122C of the General Statutes and defined in 10A NCAC 27G.5601 to serve adults whose primary diagnosis is mental illness but may also have other diagnoses (5600a) and to serve adults whose primary diagnosis is a developmental disability but may also have other diagnoses (5600c). SA-ACH covers expenditures not related to PCS (e.g salaries and benefits for non-PCS staff, housekeeping, food, supplies, depreciation or rent, repairs, insurance, equipment, linens, etc.). Medication administration is not covered by SA.

Ms. Merrill also described the SA In-Home program which covers expenses to support a person living safely at home. Needs are determined by a local DSS case manager and may include expenditures such as rent, utilities, and personal assistance in the home. Ms. Merrill's presentation included an overview of recent changes (S.L. 2012-142, Section 10.23) to SA In-Home. The changes include equalization of SA In-Home payments with SA-ACH. Previously SA In-Home payments were 75% of SA-ACH, effective July 1, 2012 the payments are 100%. Additionally, she highlighted how counties pay for the administrative costs for SA In-Home and she provided a breakdown of SA cases by setting: ACH (52%); Family Care Home (9%); Special Care Unit (12%); Supervised Living Facility/Group Home – for the mentally ill (8%); Supervised Living Facility/Group Home – for the developmentally disabled (10%); and SA In-Home (6%).

Finally, Ms. Merrill provided information on the relationship between SA and Medicaid. She explained that SA-ACH is an Optional State Supplement (OSS) to the Social Security's Supplemental Security Income (SSI) program. Since Medicaid is automatic for SSI recipients, SA-ACH residents receive Medicaid. However, SA In-Home was established by the NC General Assembly and is not part of the OSS program. As a result, SA In-Home residents must qualify for full private living Medicaid. The DHHS estimates that approximately 27% of all SA recipients in licensed facilities have income above the federal poverty level and will not qualify for Medicaid in a private living setting. Ms. Merrill provided information on how North Carolina compares with other states on implementation of the OSS program: six (6) states provide supplements only to individuals in private living settings; 16 states provide supplements only to individuals in residential care settings (includes NC), 22 states provide supplements to individuals in both residential care settings and private living settings, and six (6) states do not participate in the OSS program.

Donnie Charleston, Subcommittee staff, Fiscal Research Division, NCGA, provided an overview of ACH funding used in other states, as compared to those used in NC. Comparison states were chosen based upon similar domiciliary requirements. He indicated that the comparison states use five options to fund ACHs: (1) Medicaid State Plan Services, (2) 1915(c) waiver, (3) 1115 Demonstration Programs, (3) 1915(i) option, and (5) State revenue. He indicated NC had a significantly larger number of ACH residents compared to the other states used in the study. Mr. Charleston also gave rankings on the amounts spent on PCS by a number of states, including NC, and indicated that NC's PCS expenditures had risen more than those of the comparison states since 1999. He outlined State and federal legislation and audit activity to try to meet, limit, and control PCS funding needs. Mr. Charleston also provided comparative information on the amount of state funds (Special Assistance) provided to ACHs. He concluded his remarks by explaining "cost modeling rate methodology" to determine Special Assistance rates.

Dr. Janet O'Keefe, Senior Researcher and Policy Analyst, RTI International, shared her opinion on some of the reasons NC is in the current situation with CMS regarding PCS, IMDs, and the US DOJ Settlement Agreement. She indicated that NC's definition of "nursing facility" is more stringent than in other states. She recommended that NC consider an (i) option to help address the needs of adults with Severe Mental Illness,

especially now that, under the Affordable Care Act, the (i) option can serve those with lesser levels of impairment. Dr. O'Keefe also recommended that NC lower nursing home eligibility criteria in an effort to serve additional people and receive additional federal funding in those facilities. She suggested that NC pay a higher PCS In-Home rate, and that NC use licensing rules to address varying levels of need. Overall, Dr. O'Keefe said that NC needs to rethink how the adult care system is structured, especially with the growing aging population having long-term care needs.

The Subcommittee members commented and discussed various issues.

### **December 12, 2012**

The Subcommittee met on December 12, 2012, to discuss and approve a report. The final meeting of the Blue Ribbon Commission on Transitions to Community Living is scheduled for December 19, 2012.

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# SUBCOMMITTEE ON HOUSING PROCEEDINGS

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The Blue Ribbon Commission on Transitions to Community Living, Subcommittee on Housing, was created by S.L. 2012-142. S.L. 2012-142, Section 10.23A, subsections (a)-(c) and (h) are provided in the Appendix.

The Blue Ribbon Commission on Transitions to Community Living, Subcommittee on Housing, met 4 times from September 12, 2012, until December 12, 2012.

## **Overview of Housing Subcommittee Topics and Presenters**

### **September 12, 2012**

- **Housing Options under the DOJ Settlement**  
Dr. Beth Melcher, Deputy Secretary, DHHS
- **Tenant-Based Residential Assistance and Key Program**  
Martha Are, DHHS Homeless Programs Coordinator
- **Access to Housing for Persons with Disabilities**  
Ken Edminster, DHHS Housing Specialist
- **Housing in North Carolina:  
The Final Report of the Plan for the Efficient and Effective Use of State  
Resources in the Financing and Development of Independent and  
Supportive Living Apartments for Persons with Disabilities**  
Bob Kucab, Executive Director, NC Housing Finance Agency

### **October 10, 2012**

- **Supportive Housing Overview**  
Jonathan Wilkins, Director, Resources for Human Development
- **Innovations in Supportive Housing**  
Thava Mahadevan, UNC Center for Excellence in Community Mental Health
- **CASA**  
Debra King, CEO
- **Mecklenburg's Promise**  
Cherene Allen-Caraco
- **DOJ Slot Requirements and Wraparound Services**  
Dr. Beth Melcher, Deputy Secretary, DHHS
- **Service Delivery by LMEs**  
Leza Wainwright, ECBH



- **TBRA Under DOJ**  
Martha Are, DHHS
- **Challenges in Administering TBRA Statewide**  
Bob Kucab, Executive Director, NC Housing Finance Agency
- **Collaboration with the Private Sector**  
Ken Szymanski, AICP, Executive Director, Greater Charlotte Apartment Association & Apartment Association of North Carolina

#### **November 14, 2012**

- **Review of Subcommittee Purpose and Goals**  
Senator Hise
- **Explanation of DHHS Draft Plan and Budget Estimates**  
Dr. Beth Melcher and Steve Owen, DHHS
- **LME Response to DHHS Draft Plan/Summary of LME Survey**  
Brian Ingram, Smoky Mountain Center  
Pam Shipman, Cardinal Innovations
- **Recommendations from Housing Advocacy Community**  
Carley Ruff, Policy and Outreach Coordinator, NC Housing Coalition
- **Committee Discussion and Recommendations/ Results of Survey of Committee Members**

#### **December 12, 2012**

- **Assistive Technology - Overview**  
Tammy Koger, Director, Assistive Technology Project, DHHS Division of Vocational Rehabilitation
- **Technology for Independent Living**  
Allen Ray, President/CEO, SimplyHome-CMI
- **Committee Discussion of Draft Report**

## Summary of Housing Subcommittee Proceedings

### September 12, 2012

The Housing Subcommittee of the Blue Ribbon Commission on Transitions to Community Living met on September 14, 2012, at 10:00 AM in Room 415 of the Legislative Office Building.

Senator Hise explained the Housing Subcommittee's charge. He said the primary focus of the subcommittee, as directed by the budget provision, would be to:

- Review the current community-based housing options in North Carolina.
- Develop a plan for the expansion of low-cost, community-based housing options for individuals with severe mental illness or intellectual or other developmental disabilities available throughout the state.
- Ensure that individuals in community-based housing options have access to the services they need.

Senator Hise recognized Mr. Bob Kucab, Executive Director of the NC Housing Finance Agency, for the first presentation on the current housing needs in North Carolina and the inventory of affordable rental housing stock. In addition, Mr. Kucab discussed the NC Housing Search website, which offers information about affordable housing and matches clients with units; as well as the Housing 400 program, a program that provides capital and operating subsidies.

Senator Hise then recognized Dr. Beth Melcher, Deputy Secretary for Health Services at the Department of Health & Human Services, for the next presentation on housing options under the Department of Justice (DOJ) Settlement. Ms. Melcher discussed the challenges now faced by the state: (1) how to create a stock of integrated housing and (2) how to provide support services to assist persons with disabilities in maintaining this housing.

Next, Ms. Martha Are, Homeless Programs Coordinator for the Department of Health & Human Services, gave a presentation on tenant-based residential assistance and the Key Program. Ms. Are provided an overview of the inventory of housing available to persons with disabilities and persons with mental illness. Ms. Are also explained how the interplay between various funding sources often makes housing inventory difficult to count. Ms. Are then provided an explanation of the Key Program, a rental assistance program which provides bridge funding between what a tenant can pay and the cost to operate the unit. She explained the Key rental assistance is only given to individuals who are referred by a service provider. Lastly, Ms. Are discussed the development of a Tenant Based Rental Assistance (TBRA) program, which she described as a core feature of the DOJ agreement and the most geographically flexible housing option.

Senator Hise then recognized Mr. Ken Edminster, Housing Specialist for the Department of Health & Human Services, for the final presentation on best practices for supportive housing, a model consisting of permanent housing for individuals alongside wraparound support services that ensure the best chance of success for those individuals. Mr. Edminster outlined strategies for expanding supportive housing, which include increasing

the number of affordable options, ensuring community supports, and separating housing from support services.

Before adjourning the meeting, Chairman Hise asked for additional comments and questions from Subcommittee members.

### **October 10, 2012**

The Housing Subcommittee of the Blue Ribbon Commission on Transitions to Community Living met on October 10, 2012, at 10 A.M. in Room 643 of the Legislative Office Building. The first presentation on supportive housing was given by Mr. Jonathan Wilkins, Unit Director for Resources for Human Development (RHD) and Mr. Bernard Glavin, Corporate Associate Director, Resources for Human Development, Central Office. Their presentation focused on twelve key elements of supportive housing and RHD's enhanced program designed to offer independent living through subleasing programs, as well as several different variations of programs tailored to meet the needs of individuals.

Mr. Thava Mahadevan, M.S., LCAS-A, Director of Operations at UNC Center for Excellence in Community Mental Health, discussed innovations in supportive housing through research, training, technical assistance and clinical care in the community. Next Ms. Debra King, CASA Chief Executive Officer, gave examples of the rental housing built and managed by CASA and explained CASA's guiding principles and the importance of upfront and ongoing funding. Lastly Ms. Cherene Allen-Caraco, Director of Mecklenburg's Promise, presented consumer-operated program solutions for recovery and national reform.

After a period of question and answer, Chairman Burr moved to the next section of the agenda on Supporting DOJ-Required Housing Slots. The first to present was Dr. Beth Melcher, Deputy Secretary of DHHS. Dr. Melcher emphasized the need for rental subsidy, support of LMEs, and linking support services with housing. The next presenter was Ms. Leza Wainwright, Executive Director of East Carolina Behavioral Health (ECBH), a LME/MCO managing care functions, serving 19 counties in a rural and economically challenged area. Ms. Wainwright presented information on the challenges of local implementation issues and care coordination functions.

After lunch, Chairman Burr reconvened the meeting with the Exploring Tenant-Based Rental Assistance (TBRA) section by calling Mr. Bob Kucab, Executive Director of NC Housing Finance Agency, to speak about challenges in administering TBRA statewide. Mr. Kucab gave an overview of TBRA, including discussion on the challenges that are ahead and an outline of the five main TBRA components. Ms. Martha Are, DHHS Division of Aging and Adult Services, described TBRA under the DOJ – Community Living Voucher Program. Lastly, Mr. Ken Szymanski, AICP, Executive Director of Apartment Association of North Carolina (AANC), discussed collaboration with the private sector.

After a lengthy question and answer session, Chairman Burr thanked everyone for their participation and adjourned the meeting.

### **November 14, 2012**

The Housing Subcommittee of the Blue Ribbon Commission on Transitions to Community Living met on November 14, 2012, at 1 PM. in Room 643 of the Legislative Office Building.

At the outset of the meeting, Senator Hise reviewed the purpose and goals of the Subcommittee for the members. The first speaker, Dr. Beth Melcher, Deputy Secretary of DHHS, presented the DHHS draft plan for implementation of the United States DOJ settlement along with the Department's initial cost estimates to implement the plan. Next, Subcommittee staff reviewed the results of a survey of LME's on local housing availability. The survey responses showed that housing availability meeting the DOJ settlement agreement criteria is minimal, especially in the near term.

The Subcommittee then heard from three LME CEO's responding to the DHHS draft plan. Ellen Holliman, CEO of Alliance Behavioral Healthcare, stated that housing is the cornerstone for persons with mental illness to remain in the community and be successful. She noted the need for adequate funding to carry out implementation of the settlement. Brian Ingraham, CEO of Smoky Mountain Center, thought the DHHS plan was a well thought out approach and consistent with the role of the LME's. He agreed that sufficient funding will be needed to support the LME's increased responsibilities. Mr. Ingraham also expressed concern about the lack of available housing in western North Carolina. Pam Shipman, CEO of Cardinal Innovations, noted that the plan focused on the important areas of housing, access to clinical treatment, and supportive work. There will be challenges in implementation.

The next presenter was Carley Ruff of the North Carolina Housing Coalition. Ms. Ruff provided a number of recommendations for expanding available housing to meet the terms of the DOJ settlement agreement including supporting and expanding the State's existing State housing resources and creating a Tenant Based Rental Assistance program.

Staff made the final presentation of the day providing the Subcommittee with a chart summarizing the recommendations made by the members of the Subcommittee to address the Subcommittee's charge.

The meeting concluded with a discussion by Subcommittee members. Senator Hise reminded the members that the Subcommittee would be considering recommendations to submit to the full Blue Ribbon Commission on Transitions to Community Living at the next meeting scheduled for December 12, 2012.

### **December 12, 2012**

The Housing Subcommittee of the Blue Ribbon Commission on Transitions to Community Living met on December 12, 2012, at 10:00 a.m. in Room 643 of the Legislative Office Building.

The first speaker, Tammy Koger, Director, Assistive Technology Project, Division of Vocational Rehabilitation, DHHS, gave an overview of assistive technology and explained how the technology enabled persons with mental illness to live more independently. The next speaker, Allen Ray, President/CEO of SimplyHome, explained

how assistive technology can reduce costs while providing options for independent living.

Finally, the Subcommittee reviewed the draft report. Following a period of discussion, the amended report was approved and adopted. The Subcommittee report will be transmitted to the Blue Ribbon Commission on Transitions to Community Living. The final meeting of the Blue Ribbon Commission on Transitions to Community Living is scheduled for December 19, 2012.

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# APPENDICES

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# APPENDIX 1

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## Authorizing Legislation

S.L. 2012-142

Section 10.23A, Subsections (a)-(c) and (h)

### TRANSITIONS TO COMMUNITY LIVING INITIATIVE

**SECTION 10.23A.(a)** The General Assembly finds that the State's long-term care industry plays a vital role in ensuring that citizens are afforded opportunities for safe housing and adequate client-centered supports in order to live as independently as possible in their homes and communities across the State. This role is consistent with citizens of the State having the opportunity to live in the most appropriate, integrated settings of their choice. The General Assembly also is committed to the development of a plan that continues to advance the State's current system into a statewide system of person-centered, affordable services and supports that emphasize an individual's dignity, choice, and independence and provides new opportunities and increased capacity for community housing and community supports.

**SECTION 10.23A.(b)** Blue Ribbon Commission on Transitions to Community Living. – There is established the Blue Ribbon Commission on Transitions to Community Living (Commission). The Commission shall (i) examine the State's system of community housing and community supports for people with severe mental illness, severe and persistent mental illness, and intellectual and developmental disabilities and (ii) develop a plan that continues to advance the State's current system into a statewide system of person-centered, affordable services and supports that emphasize an individual's dignity, choice, and independence. In the execution of its duties, the Commission shall consider the following:

- (1) Policies that alter the State's current practices with respect to institutionally based services to community-based services delivered as close to an individual's home and family as possible.
- (2) Best practices in both the public and private sectors in managing and administering long-term care to individuals with disabilities.
- (3) An array of services and supports for people with severe mental illness and severe and persistent mental illness, such as respite, community-based supported housing and community-based mental health services, to include evidence-based, person-centered recovery supports and crisis services and supported employment.
- (4) For adults with intellectual and other developmental disabilities, expansion of community-based services and supports, housing options, and supported work. Maximize the use of habilitation services that may be available via the Medicaid "I" option for individuals who do not meet the ICF-MR level of need.
- (5) Methods to responsibly manage the growth in long-term care spending, including use of Medicaid waivers.
- (6) Options for repurposing existing resources while considering the diverse economic challenges in communities across the State.
- (7) Opportunities for systemic change and maximization of housing, and service and supports funding streams, including State-County Special Assistance and the State's Medicaid program.

- (8) The appropriate role of adult care homes and other residential settings in the State.
- (9) Other resources that might be leveraged to enhance reform efforts.

**SECTION 10.23A.(c)** The Commission shall be composed of 32 members as follows:

- (1) Six members of the House of Representatives appointed by the Speaker of the House of Representatives.
- (2) Six members of the Senate appointed by the President Pro Tempore of the Senate.
- (3) Secretary of the Department of Health and Human Services (DHHS) or the Secretary's designee.
- (4) Director of the Housing Finance Agency or the Director's designee.
- (5) Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of DHHS or the Director's designee.
- (6) Director of the Division of Medical Assistance of DHHS or the Director's designee.
- (7) Two mental health consumers or their family representatives.
- (8) Two developmental disabilities consumers or their family representatives.
- (9) Two persons in the field of banking or representing a financial institution with housing finance expertise.
- (10) Two representatives of local management entities/managed care organizations.
- (11) A county government representative.
- (12) A North Carolina Association, Long Term Care Facilities representative.
- (13) A North Carolina Assisted Living Association representative.
- (14) A family care home representative.
- (15) A representative of group homes for adults with developmental disabilities.
- (16) A representative of group homes for individuals with mental illness.
- (17) Two representatives of service providers with proven experience in innovated housing and support services in the State.

The Secretary of the Department of Health and Human Services shall ensure adequate staff representation and support from the following: Division of Mental Health, Developmental Disabilities and Substance Abuse Services, Division of Aging and Adult Services, Division of Health Services Regulations, Division of Social Services, and other areas as needed.

The Commission shall appoint a Subcommittee on Housing composed of 15 members and a Subcommittee on Adult Care Homes.

The chairs shall jointly appoint members described in subdivisions (7) through (17) of this subsection and shall fill vacancies in those positions. The Commission shall meet at the call of the chairs. Members of the Commission shall receive per diem, subsistence, and travel expenses as provided in G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Commission may contract for consultant services as provided in G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional staff to assist the Commission in its work. Clerical staff shall be furnished to the Commission through the offices of the House of Representatives and Senate Directors of Legislative Assistants. The Commission may meet in the Legislative Building or the Legislative Office Building. The Commission may exercise all of the powers provided under G.S. 120-19 through G.S. 120-19.4 while in the discharge of its official duties. The funds needed to support the cost of the



Commission's work shall be transferred from the Department of Health and Human Services upon request of the Legislative Services Director.

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**SECTION 10.23A.(h)** The Commission shall issue an interim report by October 1, 2012, and a final plan to the 2013 General Assembly no later than February 1, 2013, at which time the Commission shall expire.

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