

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 990

Short Title: Group Home Stabilization & Transition/Funds. (Public)

Sponsors: Representatives Dobson, Bell, Lambeth, and Carney (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, Health and Human Services, if favorable, Rules, Calendar, and Operations of the House

April 26, 2019

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE STABILIZATION OF COMMUNITY-BASED GROUP HOMES LICENSED UNDER CHAPTER 122C OF THE GENERAL STATUTES THAT RECEIVE STATE FUNDS AND TO PROVIDE FUNDS TO TRANSITION GROUP HOME REIMBURSEMENT TO MORE APPROPRIATE AND SUSTAINABLE SOURCES OF FUNDS AND TO ADDRESS DIRECT SUPPORT STAFF WAGES.

Whereas, many community-based group homes licensed under Chapter 122C of the North Carolina General Statutes that are funded through appropriations from the General Assembly have been harmed by reimbursement policy changes that have affected general operating revenue and the ability of these homes to continue to operate; and

Whereas, in many cases, community-based group homes for individuals with developmental disabilities and mental health residential support needs have and continue to be the residents' long-time and permanent home and personal choice for long-term support services; and

Whereas, direct support staff wages are below those wages paid for similar work in the State operated facilities and have not been addressed in many years; and

Whereas, the General Assembly seeks to assure the continued operation of licensed, community-based group homes as a valuable part of the developmental disability and mental health residential services continuum; Now, therefore;

The General Assembly of North Carolina enacts:

SECTION 1.(a) The Group Home Stabilization and Transition Fund is established as a special fund in the Department of Health and Human Services. The Fund shall be used solely to stabilize the operations of licensed, community-based group homes receiving State funds, to provide incentives for the local management entities/managed care organizations (LME/MCOs) operating as prepaid health plans to use State funds to facilitate the transition of those group homes to more sustainable sources of permanent funding, and to improve wages and retention of staff providing direct support to the residents of those group homes.

SECTION 1.(b) There is transferred from the General Fund to the Group Home Stabilization and Transition Fund the sum of twenty-six million dollars (\$26,000,000) in nonrecurring funds for the 2019-2020 fiscal year, and the sum of twenty-six million dollars (\$26,000,000) in nonrecurring funds for the 2020-2021 fiscal year. Funds deposited in the Group Home Stabilization and Transition Fund do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.



1 **SECTION 2.(a)** There is appropriated from the Group Home Stabilization and
2 Transition Fund, established in Section 1 of this act, to the Department of Health and Human
3 Services (DHHS) the sum of twenty-six million dollars (\$26,000,000) in nonrecurring funds for
4 the 2019-2020 fiscal year, and the sum of twenty-six million dollars (\$26,000,000) in
5 nonrecurring funds for the 2020-2021 fiscal year for the following purposes only:

- 6 (1) Incentivizing LME/MCOs as operating prepaid health plans to develop and
7 implement new "in-lieu-of" services, 1915(b)(3) services, or other Medicaid
8 funded services to support the residential needs of Medicaid recipients living
9 in licensed, community-based group homes.
- 10 (2) Establishing new rate models and rate methodologies to replace the currently
11 inadequate and insufficient State-funded rates supporting residents of
12 licensed, community-based group homes, as required by Section 3 of this act.
13 DHHS shall identify any vacant beds and eligible individuals to fill those beds
14 under the new rate models and rate methodologies and assist with the orderly
15 transition of the eligible individuals into the vacant beds.
- 16 (3) Increasing the existing per member per month payments to LME/MCOs for
17 the 2019-2020 fiscal year to quickly enable and facilitate the transition to a
18 more appropriate and sustainable service-funding model for licensed,
19 community-based group homes by January 1, 2020. Funds expended under
20 this subdivision shall be allocated in per-person amounts, to be determined by
21 DHHS, to individuals with intellectual or other developmental disabilities
22 who received State funding prior to January 1, 2020, and who reside in
23 licensed community-based group homes for eligible individuals with
24 intellectual and other developmental disabilities.
- 25 (4) Continuing the existing rate structure at the per-person amounts for the
26 2018-2019 fiscal year to offset the loss of bridge funds and maintain the
27 current financial conditions of licensed, community-based group homes
28 whose residents are eligible individuals with intellectual and other
29 developmental disabilities.
- 30 (5) Continuing the existing rate structure at the per-person amounts for the
31 2018-2019 fiscal year to offset the loss of bridge funds and maintain the
32 current financial conditions of licensed, community group homes that
33 received State funds and whose residents have mental health residential
34 support needs.

35 Residents of group homes who are supported by the North Carolina Innovations Waiver are
36 not eligible to receive any funding under this section

37 **SECTION 2.(b)** No later than November 1, 2019, DHHS shall report to the Joint
38 Legislative Oversight Committee on Health and Human Services and the Joint Legislative
39 Oversight Committee on Medicaid and NC Health Choice on a more appropriate and sustainable
40 service model for residents of licensed, community-based group homes. The model shall be
41 implemented by January 1, 2020. Once the model is implemented, the State funds that were used
42 to support residents of licensed community-based group homes prior to implementation shall be
43 reinvested in their entirety in both the new funding model and increased rates to support and
44 equalize wages of direct support personnel serving the residents. The reinvested State funds
45 match plus the federal funds portion of the new services shall be annualized and become a part
46 of the prepaid health plan per member per month amount.

47 **SECTION 3.(a)** No later than January 1, 2020, DHHS shall implement a policy
48 whereby LME/MCOs are directed to (i) implement "in-lieu-of" services or other
49 Medicaid-funded services for all eligible residents with intellectual or other developmental
50 disabilities living in licensed, community-based group homes receiving State funds and (ii)

1 transition eligible residents to these more sustainable and appropriate Medicaid services available
2 under the 1915(b)/(c) Waiver.

3 **SECTION 3.(b)** DHHS shall, in cooperation with stakeholders and LME/MCOs,
4 develop an actuarially sound, needs-based rate model and rate methodology for new "in-lieu-of"
5 Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services, or
6 other Medicaid-funded services, that will be specific to the residential support services needed
7 in group homes serving Medicaid recipients with intellectual or other developmental disabilities.
8 The rate methodology shall be comparable to, or a percentage of, existing rates for similar
9 services currently provided through the North Carolina Innovations Waiver. The new rate
10 structure shall include wage and hour increases for direct support personnel working in these
11 group homes.

12 DHHS shall develop a process whereby all, or a portion of, the State funds used to
13 support Medicaid recipients with intellectual or other developmental disabilities living in
14 licensed, community-based group homes prior to the implementation of the new rate structure
15 are used for the new "in-lieu-of" services or other Medicaid services developed pursuant to this
16 section. The policy shall ensure an orderly home-by-home transition process. The policy shall
17 ensure that residents who are found to be ineligible for Medicaid services or who do not meet
18 medical necessity criteria for the new "in-lieu-of" services or other Medicaid funded services
19 shall continue to be served using State funds at a needs-based rate comparable to the North
20 Carolina Innovations Waiver rate. No resident shall be displaced as a result of being found
21 ineligible for Medicaid services after the implementation of the new "in-lieu-of" services or other
22 Medicaid-funded services. DHHS may use a regional phased-in approach to achieve the goals
23 set forth in this section.

24 **SECTION 4.(a)** No later than January 1, 2020, DHHS shall implement a policy
25 whereby LME/MCOs are incentivized to (i) implement 1915(b)(3) alternative services for all
26 eligible Medicaid recipients with mental health needs residing in group homes that receive State
27 funds and (ii) transition eligible residents to these more sustainable and appropriate Medicaid
28 services available under the 1915(b)/(c) Waiver.

29 **SECTION 4.(b)** DHHS shall develop new model service definitions specific to the
30 residential support services needed by Medicaid recipients with mental health needs living in
31 licensed, community-based group homes. The new service definitions shall require the delivery
32 of new habilitation or rehabilitation support services in the residential setting. Further, DHHS
33 shall, in cooperation with stakeholders and LME/MCOs, develop an actuarially sound rate model
34 and rate methodology for the new 1915(b)(3) alternative services implemented under subsection
35 (a) of this section. This rate methodology shall be benchmarked to a percentage of residential
36 support rates for comparable services provided through the North Carolina Innovations Waiver
37 prior to the implementation of the new 1915(b)(3) alternative services.

38 DHHS shall develop as a process whereby all or a portion of the State funds used to
39 support Medicaid recipients with mental health needs living in licensed, community-based group
40 homes prior to the implementation of the new rate structure are used to fund the new 1915(b)(3)
41 alternative developed pursuant to this section. The policy shall ensure an orderly home-by-home
42 transition process. The policy shall ensure that residents who are found to be ineligible for
43 Medicaid services shall continue to be served using State funds. No resident shall be displaced
44 as a result of being found ineligible for Medicaid services after the implementation of the new
45 1915(b)(3) alternative services. DHHS may use a regional phased-in approach to achieve the
46 goals set forth in this section.

47 **SECTION 5.** This act becomes effective July 1, 2019.