

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

H

1

HOUSE BILL 879

Short Title: LME/MCO Funds Transfer/Partners Add'l Funding. (Public)

Sponsors: Representatives K. Baker, Arp, and Willis (Primary Sponsors).

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

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

May 5, 2021

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDING FOR PARTNERS HEALTH MANAGEMENT, A LOCAL MANAGEMENT ENTITY/MANAGED CARE ORGANIZATION (LME/MCO), FOR STAFF TRAINING AND DEVELOPMENT OF PROVIDER NETWORKS AND TO DIRECT THE TRANSFER OF LME/MCO FUNDS UPON DISSOLUTION OF AN LME/MCO OR DISENGAGEMENT OF A COUNTY OR COUNTIES FROM AN LME/MCO.

The General Assembly of North Carolina enacts:

**SECTION 1.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of ten million dollars (\$10,000,000) in nonrecurring funds in the 2021-2022 fiscal year to be allocated to the local management entity/managed care organization (LME/MCO) Partners Health Management to be used for staff training and development of its health care provider networks.

**SECTION 2.** G.S. 122C-115.3 reads as rewritten:

**"§ 122C-115.3. Dissolution of area ~~authority~~-authority; transfer of area authority funds.**

...

(e) Any fund balance or risk reserve available to an area authority at the time of its dissolution that is not utilized to pay ~~liabilities~~-liabilities, including liabilities to health care providers, shall be transferred to ~~the area authority~~ one or more area authorities contracted to operate the 1915(b)/(c) Medicaid Waiver or a BH IDD tailored plan in all or a portion of the catchment area of the dissolved area authority. ~~If the fund balance transferred from the dissolved area authority is insufficient to constitute fifteen percent (15%) of the anticipated operational expenses arising from assumption of responsibilities from the dissolved area authority, the Secretary shall guarantee the operational reserves for the area authority assuming the responsibilities under the 1915(b)/(c) Medicaid Waiver until the assuming area authority has reestablished fifteen percent (15%) operational reserves.~~authority, as directed by the Department.

(e1) When any county disengages from one area authority and realigns with another area authority, a portion of the fund balance and risk reserve of the area authority from which the county is disengaging shall be transferred to the area authority with which the county is realigning in the following manner:

(1) Percentage calculation. – The percentage of funds to be transferred shall be the 12-month average number of Medicaid beneficiaries who were enrolled with the area authority from which the county is disengaging and resided in



1           the departing county divided by the 12-month average number of Medicaid  
2           beneficiaries who were enrolled with the area authority from which the county  
3           is disengaging.

4           (2)   Risk reserve funds. – The percentage calculated under subdivision (1) of this  
5           subsection shall be applied to the risk reserve of the area authority from which  
6           the county is disengaging, and that amount shall be transferred to the area  
7           authority with which the county is realigning no later than 10 days after the  
8           date of disengagement of the county. These funds shall be deposited into the  
9           risk reserve of the area authority with which the county is realigning.

10          (3)   Other fund balance. – Generally acceptable accounting principles issued by  
11          the Financial Accounting Standards Board shall be used to determine the fund  
12          balance, excluding the risk reserve funds, of the area authority at the time of  
13          county disengagement. The percentage calculated under subdivision (1) of  
14          this subsection shall then be applied to that fund balance, and the resulting  
15          amount shall be transferred from the area authority from which the county is  
16          disengaging to the area authority with which the county is realigning no later  
17          than 10 days after the date of disengagement of the county.

18          (e2)   Effective until the date that BH IDD tailored plans begin operating, if the amount  
19          transferred pursuant to subsection (e) or subdivision (e1)(2) of this section is insufficient to  
20          constitute fifteen percent (15%) of the anticipated increased operational expenses of the assuming  
21          area authority resulting from a county realignment under this section, then the Secretary shall  
22          guarantee the operational reserves for the assuming area authority until the assuming area  
23          authority has reestablished fifteen percent (15%) operational reserves.

24          ...."

25          **SECTION 3.** This act becomes effective July 1, 2021.