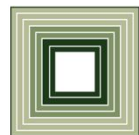


# Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

## Division of State Operated Healthcare Facilities

**March 9, 2011**



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Outline

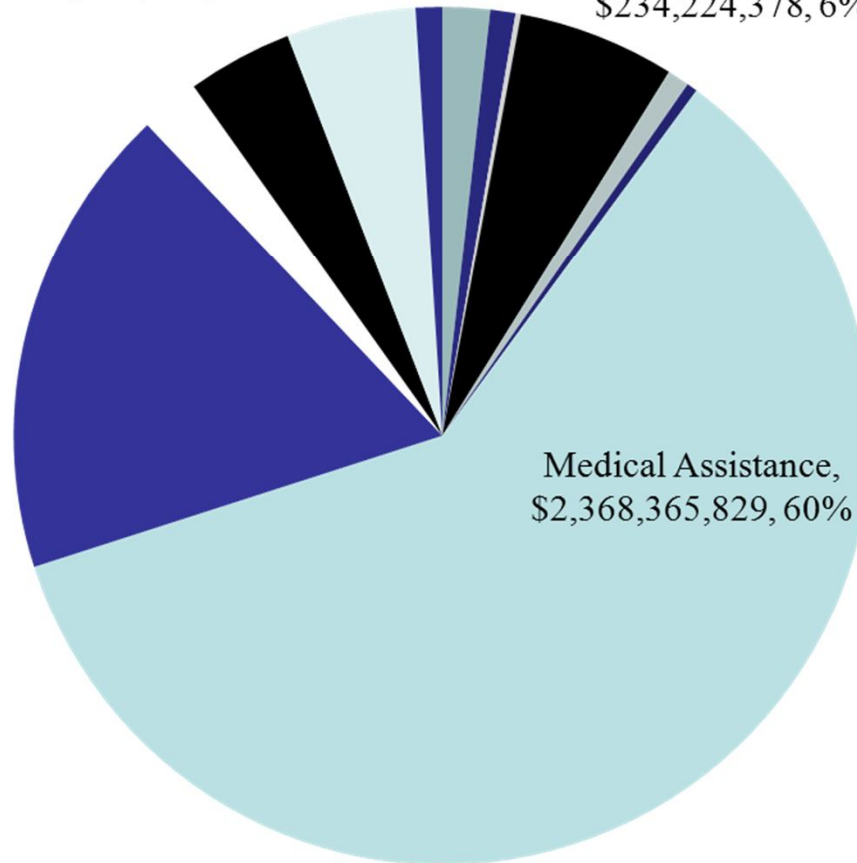
- Budget
- Overall System
- Local Management Entities (LMEs)
- State Service Dollars (IPRS – Integrated Payment Reporting System)
- Three Way Contracts
- Facilities
  - Wright School
  - Alcohol and Drug Abuse Treatment Centers
- Advocacy

# DHHS Budget FY2010-11 State General Funds

Division of  
State Operated  
Facilities and  
  
Mental Health,  
Developmental  
Disabilities, and  
Substance Abuse  
Services,

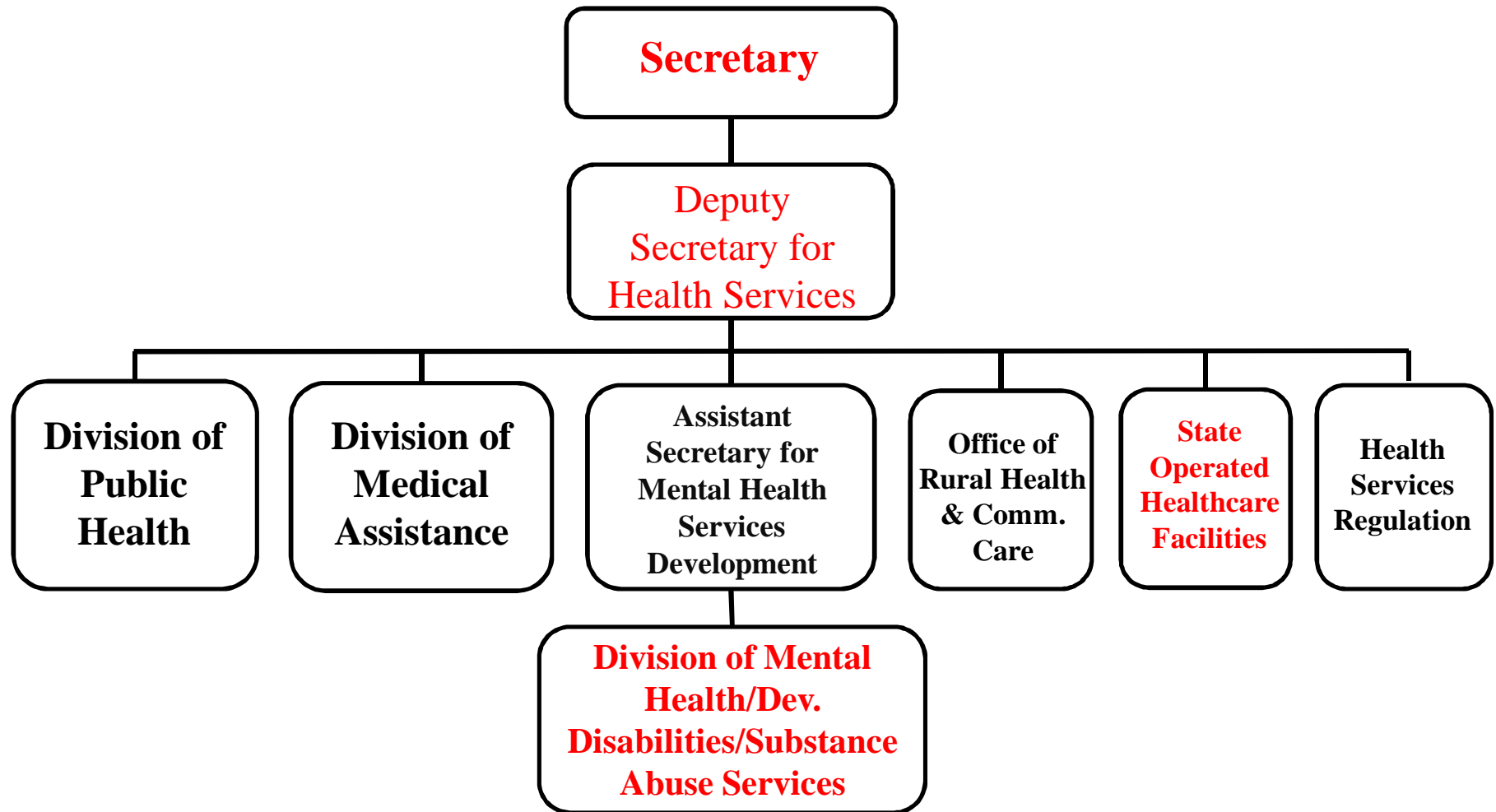
Social Services,  
\$192,729,691, 5%

Child Development,  
\$234,224,378, 6%



# Department of Health & Human Services

## Organizational Chart for Health



# Total Budget

	FY2009-10	FY2010-11	FY2011-12	FY2011-12
	Actual	Certified	Continuation	Proposed Budget
Requirements	\$1,375,707,463	\$1,382,036,744	\$1,406,181,668	\$1,393,761,612
Receipts	\$707,965,801	\$676,560,130	\$682,506,556	\$679,425,995
Appropriations	\$667,741,661	\$705,476,614	\$723,675,112	\$714,335,617
Positions	11,438	11,412	11,412	\$11,412

**Divisions of Mental Health, Developmental Disabilities, and Substance Abuse Services**  
**Division of State Operated Facilities**

# Health System for Mental Health, Developmental Disabilities, and Substance Abuse Services

- Community Services
  - Medicaid (\$1.5billion spent annually on Mental Health Services)
  - Local Management Entities
  - State Service Funds (IPRS)
  - Three Way Contracts (psychiatric beds)
- State Facilities
  - Psychiatric Hospitals
  - Intermediate Care Facilities
  - Alcohol and Drug Abuse Treatment Centers
  - Alternative Schools
  - Neuro-medical Centers

# Local Management Entities Funding

- Total Funds Managed Through LME's
  - \$533M (state and federal funds)
- Community Service Funds
  - \$350M (does not include all of PBH's Funding)
  - \$70M (block grants)
- Administrative Funding for LME's
  - \$115M Total
  - \$65M State Funds
  - \$50M Federal Funds

# Local Management Entities

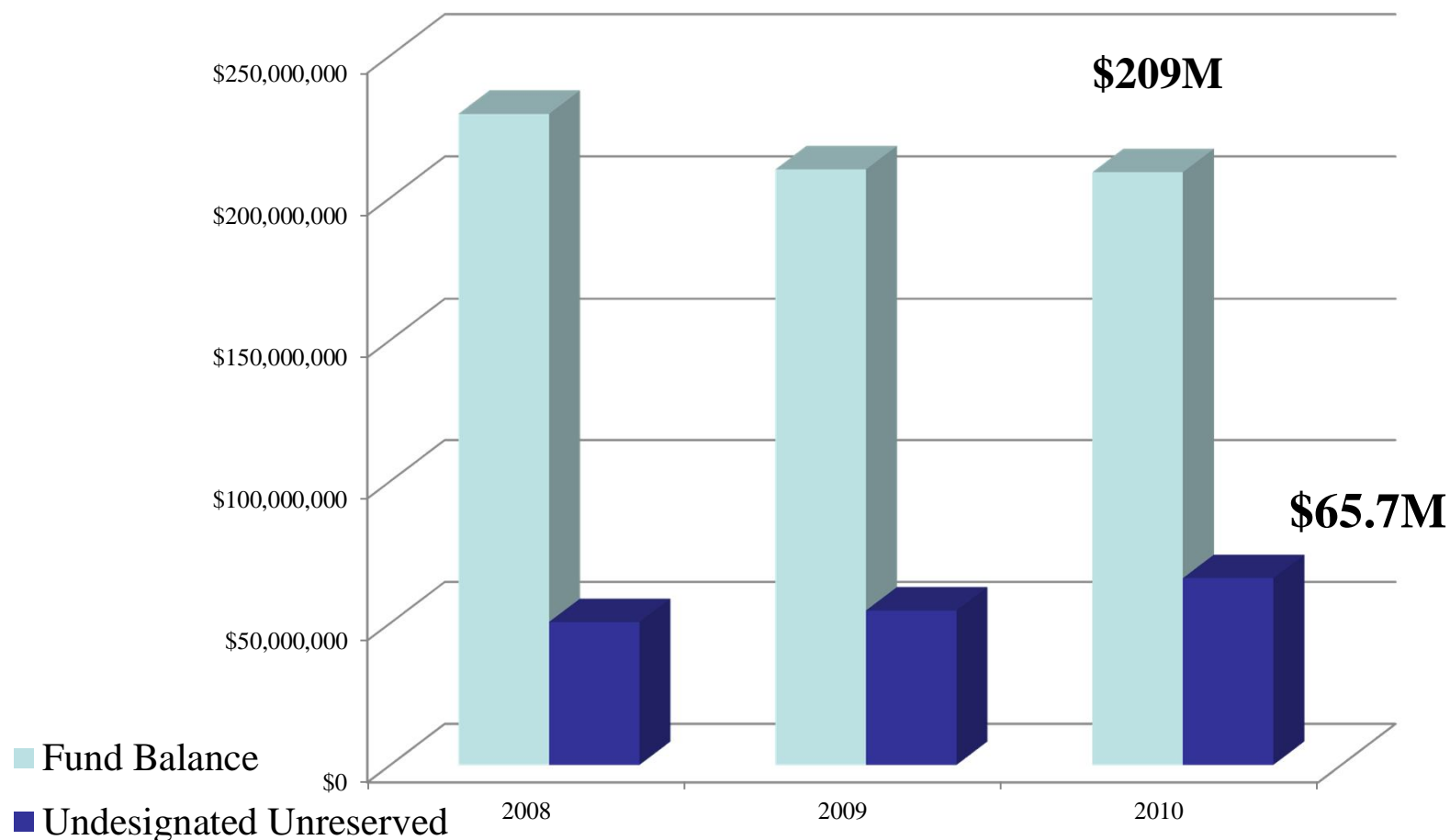
- There are currently 23 LMEs, as compared to 10 years ago - 2001 – 40 LMEs
- GS 122C-115
  - Prescribes functions of LMEs
  - Minimum population of 200,000 or minimum of 6 counties participating. Two do not meet guidelines - Johnston County and Alamance/Caswell LME.
  - If entities do not meet guidelines their administrative and service funds are reduced by 10% annually. Current law holds harmless Johnston County for 2010-11.
  - Piedmont Behavioral Healthcare Restriction (SL 2010-31)



# Local Management Entities

- *2008 Report – Mercer Government Human Services Consulting - findings*
  - Administrative Costs were greater 19% on average
  - Administrative Expense ratios' normal range were between 10% to 15% on average around the country
- Report Options
  - Consolidate and operate w/ fewer than 20 LME's (cap administration – saving \$29.5M)
  - Create Regional Management Entities (Save \$48.4M)
  - Create one Centralized Management Entity (Savings TBD)
  - Cap Administration to 15%
  - Reduce Budget – Force Consolidations

# Local Management Entities Fund Balance



# Community Service Funds

## Critical Access Behavioral Health Agencies (CABHAs)

- Effective January 2011
- Medicaid State Plan
- Created to increase clinical oversight
- Certain services must be provided by CABHA's
  - Community Support Team
  - Intensive In-Home
  - MH/SA Case Management
  - Peer Support (7/2011)

# Community Service Funds

## IPRS System

Integrated Payment Reporting System

- Medicaid Program covers MH, DD, SA services
- \$350M - State Funding
  - \$57.7M – Expenses for Medicaid Recipients
    - \$33.5M – Residential Support Services
    - \$24.2M – Other Services
    - *Note – Based on a match of individuals who received a Medicaid service in the same month as receiving an IPRS Service.*
  - Annualized - based on July 2010 – January 2011 Actual Expenses*
  - Other Alternate Services – LME Defined Services \$24M

# Community Service Funds

## IPRS System - Options

Integrated Payment Reporting System

- Standardize the services package of benefits among LMEs
  - Create a standard benefit among LME's and only pay for services identified as best practices
  - Only pay for services w/ IPRS funds for non-Medicaid recipients
- Implement a co-payment for the services
  - Reduce Reimbursement Rates



# Community Hospital Bed Contracts

- Contracts among the Department, LMEs, and local hospitals for the purchase of psychiatric beds
- Funding level \$29.1M
- 20 Contracts (distribution around the state – Central 39 beds, Eastern 47 beds, Western 55 beds)
- Reimbursement Rate \$750 per day

# Community Hospital Bed Contracts Options

- Reduce to the contract level of 2009-10
- Lose local psychiatric beds, may increase demand on state hospitals
- Cut state appropriations of \$9M

# Wright School Closure Option

- Residential School for children ages 5-12
  - Durham
- Serves children who have severe emotional and behavioral needs
- Capacity of 24
- Average Daily Census = 22
- Continuation Budget = \$2,607,746
- Cost per student slot = \$118,533
  - assuming the average daily census continues throughout 2011-12



# Alcohol and Drug Abuse Treatment Facilities

- ADATCs are certified as inpatient psychiatric hospitals
- Admitted 4,384 patients in 2009-10
- Total cost = \$37.5M for three facilities
  - \$8,553 per patient
    - RJ Blackley - Butner
    - WB Jones – Greenville
    - JF Keith – Black Mountain

# Advocacy Staff

- Advocates located within the state operated facilities and throughout the communities
- Ensure rights are protected and that all complaints or suspicions of rights violations are promptly investigated
- 40 throughout the 15 facilities
- 23 throughout the communities
- Approximately \$3.5M in salaries/fringe
  - State/Federal Funded

# Hospital Administrator Contract

- Contract for Central Regional Hospital Director
  - Total Contract amount for this fiscal year \$196,000
  - Breakdown \$170,000 Annual salary; \$4,929 Health Insurance; \$21,723 Other UNC Required Costs
- Option – terminate contract and hire the director
- Savings range \$30,000-\$50,000 annually
  - *(based on salaries of the other state hospital directors)*

# Legislative Budget Actions

- \$1.6M Crisis Services Expansion 2009-2010
- \$12M Local Hospital Contracts 2009-10
- \$9M Local Hospital Contracts 2010-11
- \$40M Reduction in 2009-10 and 2010-11
  - \$40M Restored in 2010-11

# Questions?

