

Joint Appropriations Committee on Health and Human Services - Status Update on Legislative Budget Items - 2013 Session											
Item #	Snappy Title	Description	FY 13-14 Recurring	FY 13-14 Non- Recurring	FY 13-14 Position Change	FY 14-15 Recurring	FY 14-15 Non- Recurring	FY 14-15 Position Change	DHHS Response		
2013 Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets									Completed (Yes/No)	Date Report Submitted (If Applicable)	Additional Information (For all Medicaid items please include SPA related date information (submitted and approved/rejected) and the dates the required changes were implemented into NC Tracks.)
4	Department of Justice Settlement Agreement	Provides funds pursuant to the agreement between the State and the U.S. Department of Justice to develop and implement housing, support, and other services for people with mental illness. The funds will be used to provide services to an additional 150 people in FY 2013-14 and up to 708 people in FY 2014-15. (S.B. 663)	3,834,275			9,394,658			Yes	N/A	
6	Medication Assistance Program	Provides funding for the Medication Assistance Program (MAP). MAP assists uninsured, low-income people in obtaining free prescription drugs.	1,704,033			1,704,033			Yes	N/A	In SFY 2013, 46,269 patients were served by the Medication Assistance Program (MAP), which was offered through 133 sites. The program obtained 236,090 free and low-cost prescriptions at a value of \$148,267,169. In SFY 2014, 43,862 patients were served by MAP through 122 sites. In addition, 204,490 medications were received at a value of \$150,801,856.
7	NC MedAssist Program	Provides funding to award a grant to the NC MedAssist Program to expand the capacity of its statewide pharmacy program which serves uninsured and low-income persons.	400,000			400,000			Yes	N/A	In SFY 2014, 45,414 prescriptions (based on 90-day fills) were filled and the value of medications obtained was \$11,559,024.
8	DHHS Competitive Block Grant for Non-Profits	Provides funds for historically funded non-profits for FY 2013-14. The Department is directed to create a competitive block grant process for the appropriation of these funds beginning in FY 2014-15. In addition to the state funds, Social Services Block Grant funds are appropriated for non-profits for FY 2013-14 and FY 2014-15 in the amount of \$3,852,500 for a total appropriation of \$13,699,034. (H.B. 434/S.B. 340; S.L. 2013-360, Sec. 12A.2)	9,529,134	317,400		9,529,134	317,400		Yes	Monday, 2/3/2014; 6/27/14	For SFY 2014, DHHS allocated amounts to non-profit organizations as directed by the General Assembly. For SFY 2015, a competitive grant process was implemented in accordance with Section 12A.2.(d) and consistent with the implementation plan submitted January 31, 2014. A report of awards was filed on June 27, 2014. These awards were subsequently modified to conform to legislative changes enacted by SL 2014-100.
9	Supplemental Short-Term Assistance for Group Homes	Provides funds for one year for group home residents who were determined to be ineligible for Medicaid personal care services on or after January 1, 2013. The maximum monthly payment is set at \$464.30 and is based on providing 33 hours of service per eligible recipient. Group homes may only use these funds to provide supervision and medication management to residents who meet the required eligibility criteria. Funds for this purpose are capped at a maximum amount of \$4,600,000 and will end upon the implementation of a tiered State-County Special Assistance Block Grant program or upon depletion of the funds. (S.L. 2013-360, Sec. 12A.2A)		4,600,000					Yes	N/A	A total of \$3,115,455.78 of the nonrecurring funds was expended in FY 2013-2014 per Year End BD701 Authorized report. As of February 9, 2015, approximately \$996,076.78 has been expended for this purpose.

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10	Statewide Telepsychiatry Program	Provides funds to establish a statewide telepsychiatry program to provide consultant services as an alternative to alleviate hospital emergency department wait times, involuntary commitments, and local law enforcement involvement in the transport of patients who have been involuntarily committed, especially in rural and medically underserved areas. The funds are provided to the Office of Rural Health and Community Care to establish and administer the program and to purchase telepsychiatry equipment for the State-owned facilities. (S.B. 562/H.B. 580; S.L. 2013-360, Sec. 12A.2B)	2,000,000			2,000,000			Yes	8/15/13; Tuesday, 11/4/2014	As of June 2014, the Statewide Telepsychiatry Program (NC-SteP) had increased the number of referring sites to 30, provided evaluation and care to 1,465 involuntary commitment patients, overturned 346 involuntary commitments, and provided cost savings estimated at \$1,102,356.
15	TANF Funds for Child Care Subsidy	Replaces General Fund appropriation for child care subsidy with Temporary Assistance for Needy Families (TANF) block grant carryforward funds on a nonrecurring basis. (S.L. 2013-360, Sec. 12J.1)		(5,111,251)			(3,348,849)		Yes	N/A	
21	NC Reach - Child Welfare Postsecondary Education	Provides funds to support 10 percent growth each year of the biennium for NC Reach, which provides funds for former foster care youth who have aged out of foster care and children adopted after age 12 who attend college within the UNC and Community College systems. There is currently no waiting list for this service. The expenditure growth rate from FY 2010-11 to FY 2011-12 was 10 percent. No additional funding was available for FY 2012-13. NC Reach funding is the payer of last resort and covers items such as books, supplies, transportation, and room and board not covered by other funding sources. (S.L. 2013-360, Sec. 12C.5)	200,000			400,000			Yes	N/A	In SFY 13-14, 292 youth were served through NC Reach for a total expenditure of \$1,735,020. The original amount funded for SFY13-14 was \$1,784,125 for 306 students, however 14 students either did not attend school or their cost of attendance was reduced and other scholarships and grants covered their expense. This resulted in \$49,105 in monies refunded. Additionally, 11 students at community college funded in SFY12-13 deferred their funding for SFY13-14 to remain eligible in subsequent years (NC Reach is limited to 4 years or 8 semesters). As of 2/10/15, 320 students have been awarded \$1,470,104 in funding for SFY14-15. This amount includes full funding awarded in Fall semester and one of two disbursements for the Spring semester. The second disbursement has not been issued yet and fund are still being distributed for new students recently determined eligible. It is anticipated that all funds available for SFY14-15 will be expended.
22	Adoption Promotion Fund	Provides funds to support adoptions through reimbursements to private nonprofit organizations to support adoption programs and provide financial incentive to county departments of social services to complete adoptions above an established baseline. (H.B. 971; S.L. 2013-360, Sec.12C.10)	1,500,000			1,500,000			Yes	N/A	In SFY 13-14, 438 children were served through Adoption Promotion totaling \$3,268,572 in expenditures. In SFY 14-15, through December 2014, 58 children were served totaling \$620,280 in expenditures.

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23	Permanency Innovation Initiative Fund	Provides funds to support the Permanency Innovation Initiative Fund that will improve permanency outcomes for children living in foster care, improve engagement with biological relatives of children in or at risk of entering foster care, and reduce costs associated with maintaining children in foster care. (H.B. 971; S.L. 2013-360, Sec. 12C.10)	1,000,000			2,750,000			Yes	N/A	SFY 13-14 reflects only 6 months of data due to late start of contract. In SFY 13-14, 67 youth were served in Family Finding, 35 youth were served in Child Specific Recruitment and 1,466 professionals received permanency training. The youth opened for these services in SFY 13-14 continue to be served into the current fiscal year as permanency is a process. \$810,534 was spent SFY 13-14 out the contract budget of \$966,200. For the first 6 months of SFY 14-15, an additional 82 youth have received Family Finding for a total of 149 youth. Of these, 10 youth have currently been placed with a family with the goal of legal permanence in the future. An additional 22 youth have received Child Specific Recruitment for a total of 57 youth. Of these, 7 youth have been placed with a family for the purpose of adoption. In SFY 14-15, 775 professionals and caregivers have received permanency training. Currently \$909,380.77 of the SFY 14-15 contract budget of \$2,750,000 has been spent through December 31, 2014.
31	Early Intervention - Children's Developmental Services Agencies (CDSA)	<p>Reduces FY 2013-14 funding to the Division of Public Health based on historical transfers to the Division of Medical Assistance. In FY 2010-11, approximately \$17.1 million was transferred from lapsed salary, administration, and contract accounts to address the Medicaid shortfall. In FY 2011-12, approximately \$17.4 million was transferred. Of the amounts transferred, over half was lapsed salary and other unspent funds budgeted to the Early Intervention Branch.</p> <p>Eliminates 160 CDSA positions, effective July 1, 2014. In implementing the position eliminations, the Division is authorized to close up to 4 of the 16 CDSAs. However, the Division shall retain the Morganton CDSA and make it a priority to maintain the CDSAs that have the highest caseloads of children who reside in rural or medically underserved areas of the State. (S.L. 2013-360, Sec. 12E.4)</p>		(8,000,000)		(10,000,000)		(160.00)	Yes	02/28/2014	160 FTEs have been eliminated.

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32	AIDS Drug Assistance Program (ADAP) Drug Purchases	Reduces ADAP funding to more accurately reflect current spending levels. ADAP provides pharmaceuticals to financially-eligible persons with AIDS. There are currently two ADAP funding sources: federal Ryan White CARE Act and State appropriations. Due to increased FY 2013-14 federal ADAP receipts, the amount of funds remaining for ADAP pharmaceutical purchases after the \$8 million reduction is anticipated to be \$5 million more than the FY 2012-13 budget.	(8,000,000)			(8,000,000)			Yes	N/A	ADAP clients continued to be enrolled and served.
33	Oral Health Section	Eliminates 15 positions in the Oral Health Section, effective October 1, 2013. (S.L. 2013-360, Sec. 12E.2)	(637,500)		(15.00)	(850,000)		(15.00)	Yes	02/01/2014	15 FTEs were eliminated & statewide coverage areas for remaining dental hygienists were adjusted.
34	Autopsy Fee Receipts	Reduces the General Fund appropriation and budgets increased autopsy fee receipts. Effective August 1, 2013, the autopsy fee increases from \$1,000 to \$1,250. (S.L. 2013-360, Sec. 12E.8)	(220,000)			(220,000)			Yes	N/A	This change in funding was revenue neutral.
35	State Public Health Laboratory	Provides funding for the State Public Health Laboratory to offset receipts lost due to FY 2010-11 Medicaid provider rate reductions.	1,052,000			1,052,000			Yes	N/A	These appropriations provided and continue to provide fiscal stability in the State Laboratory of Public Health budget.
36	NC Tobacco Use Quitline	Provides funds to continue the operation of the North Carolina Tobacco Use Quitline (NC Quitline). NC Quitline provides free tobacco cessation services and treatment for NC residents.	1,200,000			1,200,000			Yes	N/A	60% of NC smokers make a serious but failed attempt to quit smoking each year. If a smoker/tobacco user quits with coaching from QuitlineNC and with FDA approved tobacco treatment medications, they are 3-4 times more likely to quit successfully than if they try to quit on their own. With the recurring state funding of \$1.2 million for QuitlineNC, less than one percent of NC tobacco users who want to quit were able to receive treatment (0.88%). The funding in FY 2013-2014 allowed 12,133 tobacco users to receive services from QuitlineNC. Nicotine replacement therapy (NRT) is recommended for at least 8 weeks. A two-week starter kit of NRT is provided to tobacco users who are Medicaid eligible, uninsured or on Medicare. Of these, 6,493 received at least two weeks of nicotine replacement patches.
37	High Risk Maternity Clinic	Provides funds for the East Carolina University High Risk Maternity Clinic.		375,000			375,000		Yes	N/A	A contract for these services has been executed with East Carolina University for both years.
38	Maternity Homes	Provides funds for maternity homes. (S.L. 2013-360, Sec. 12A.2)		925,085			925,085		Yes	N/A	Funds were transferred to the Division of Social Services for both years to provide these services.

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39	Nurse-Family Partnership	Provides funds to the Nurse-Family Partnership for intensive home visiting services.		675,000			675,000		Yes	N/A	Contracts with community based organizations were executed for both years to carry out these services.
40	LME/MCO Administration	Reduces funds provided for Local Management Entities (LME)/Managed Care Organizations (MCO) administration funding formula. The LME/MCO transition phase will be fully implemented by July 1, 2013 resulting in savings to the General Fund.	(15,228,245)			(15,228,245)			YES	N/A	
42	Alcohol and Drug Abuse Treatment Centers (ADATC)	Reduces the budget for each ADATC by 12 percent: R.J. Blackley ADATC (1,667,037) Walter B. Jones ADATC (1,493,983) Julian F. Keith ADATC (1,757,337) (S.L. 2013-360, Sec. 12F.7)	(4,918,357)			(4,918,357)			Yes	N/A	The \$4.9M resulted in the closure of 44 beds and a reduction of 44.4 FTE's across the three ADATC's. Due to the loss in efficiencies, the three ADATC's ended SFY 13/14 with an overall shortfall of \$5.2M. Additionally the daily rate/per diem charged for care in these Facilities has increased from an average of \$630 per day to \$897 per day.
44	Broughton Hospital Beds	Realigns the Division's base budget to transfer \$3,513,000 in recurring funds from Fund Code 1910 - Reserves and Transfers to Fund Code - 1561 Broughton Hospital to open 19 additional adult psychiatric care beds. These funds were originally appropriated by S.L. 2012-142 for this purpose but were contingent upon the status of the Medicaid budget. Due to the contingency, FY 2012-13 funds were placed in the reserve account and then transferred to Budget Code 14445 to address the Medicaid budget shortfall. In the Division's FY 2013-15 continuation budget, the funds remain in Fund Code 1910.							Yes	N/A	The \$3.5M was transferred from Reserves to Broughton Hospital's Operating Fund 1561, and the 19 beds have been opened. These beds added capacity for Mental Health patients in the state of NC, and eased the backlog in the Emergency Departments of Hospitals in the Western part of the state.
45	Three-Way Contracts	Realigns the Division's base budget to transfer \$9 million in recurring funds from Fund Code 1910 - Reserves and Transfers to Fund Code 1464 - Crisis Services to increase the number of three-way contract community hospital beds available to Local Management Entities/Managed Care Organizations. These funds were originally appropriated by S.L. 2012-142 for this purpose but were contingent upon the status of the Medicaid budget. Due to the contingency, FY 2012-13 funds were placed in the reserve account and then transferred to Budget Code 14445 to address the Medicaid budget shortfall. In the Division's FY 2013-15 continuation budget, the funds remain in Fund Code 1910. In addition to increasing the number of beds which may be purchased, the Department shall develop and implement a two-tiered payment system for the three-way contracts. The two-tiered system shall provide an enhanced payment for inpatients assessed at higher acuity levels. The enhanced payment rate shall not exceed the lowest average cost per patient bed day among the three State psychiatric hospitals. (S.L. 2012-360, Sec.							YES	02/28/2014	

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46	New Broughton Hospital	Provides funds to purchase medical equipment, furniture, and information technology infrastructure for the new, expanded Broughton Hospital scheduled to open in December 2014.		11,510,467			16,598,589		Yes	N/A	Funds for the New Broughton Hospital were originally certified as intended; however, due to delays in construction, the \$11.5M was carryforward from SFY 14 into SFY 15 and is currently being spent.
47	NC Child Treatment Program	Provides funds for the statewide implementation of the NC Child Treatment Program. Funds will be used to provide clinical training to Medicaid-certified physicians, to provide child trauma treatment services, and to develop an online database system. (S.B. 605; S.L. 2013-360, Sec. 12F.3)	1,818,745	250,000		1,818,745	250,000		YES	N/A	
48	Controlled Substances Reporting System	Provides funds to redesign the Controlled Substances Reporting System (CSRS) to shorten the amount of time in which dispensers report information to the CSRS, as provided in G.S. 90-113.73(a). (S.B. 222/H.B. 173; S.L. 2013-152)		54,000					YES	N/A	
50	Certificate of Need Exemption for Main Campus Replacements	Reduces receipts from Certificate of Need (CON) fees based on the exemption of hospitals from CON when replacing or improving capital assets on the main campus. (S.L. 2013-360, Sec. 12G.3 (a) and (b))	(150,513)			(150,513)			Yes	N/A	
51	Increase in Staffing Positions for Health and Safety Inspections	Provides additional operating funds for ten additional positions in the Acute and Home Care Licensure Section to investigate complaints, conduct surveys for uncredentialed hospitals, and monitor abortion clinics on an annual basis. Total costs in FY 2013-14 are \$84,776, with \$761,198 in receipts resulting in an increased appropriation of \$84,578. In FY 2014-15 total costs are \$1,000,000: receipts \$900,000 and appropriations \$100,000. (S.B. 353; S.L. 2013-366, Sec. 4.(c))	84,578		10.00	100,000		10.00	Yes	N/A	
52	Health Homes for the Chronically Ill	Reflects the last quarter of increased federal match under the Health Homes for the Chronically Ill program for qualified care management per member per month expenditures. Includes an enhanced federal match for all Medicaid care management payments for recipients with comorbid conditions including a chronic health condition and severe and persistent mental health conditions paid through September 30, 2013.		(3,757,682)					Yes	N/A	Implementaion authority from SPA 11-050, approved 5/24/2012.

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55	Hospital Provider Assessment	Modifies the hospital provider assessment plan, effective July 1, 2013, so the State's retention will be 25.9% of the total assessment paid by hospitals instead of a stated amount of \$43,000,000. (S.B. 553; S.L. 2013-360, Sec. 12H.19.) (S.L. 2013-397, Sec. 10, LME/MCO Enrollees Grievances and Appeals, amends this item to stipulate that \$43 million of the State's annual Medicaid payment must be allocated based on total supplemental payments under the hospital assessment plan under G.S. 108A-124, including both equity and upper payment limit (UPL) payments. The portion above \$43 million will be allocated to each hospital based only on the supplemental UPL payments under the assessment plan.)	(52,000,000)			(52,000,000)			Yes	N/A	Implemented September 2013.
56	Hospital Base Rates	Recalibrates the hospital inpatient payment system so that the base rates will be regionally set for all hospitals in that region to eliminate the disparity in rates for the same services between hospitals that exist in the current system. Hospital inpatient services are paid based on a diagnosis related group (DRG) system. There are 746 DRG's in the Medicaid program that represent classifications of services provided during an inpatient hospitalization. Each of the 746 DRG's has a weight that represents the relative resources required for services related to that diagnosis, recipient age, sex, and the presence of complications or comorbidities. Hospital payment is determined by applying a base rate, unique to each hospital, to the DRG weight. The hospital base rates were developed using each hospital's costs in 1994. Changes to these base rates have only occurred when the General Assembly has approved an increase or decrease in rates. The Department will work with hospitals to identify appropriate regional differences and define regional definitions. (S.L. 2013-360, Sec.12H.20 (b))							No	N/A	Provision revised/rewritten in SL 2014-100. DHHS has worked collaborately with FRD to address thoughts regarding what constitutes a single statewide base rate as defined in our Medicaid State Plan in legislation, and understanding the implications of both including the Graduate Medical Education (GME) adjustment and excluding the GME adjustment from the base rate. Based on all of the information available to us and the relevant language contained in the State Plan, DHHS is confident in our interpretation that the base rate is not inclusive of the GME adjustment and we are not persuaded that the session law effectively eliminates the GME adjustment as interpreted by FRD. DHHS believes that the GME adjustment is an important and significant component of the rates paid to teaching hospitals and DHHS does not consider the GME adjustment to be part of the term "base rate." Having given full consideration to the alternative interpretation and the financial information in support of such an interpretation, we do not plan to update or amend the proposed SPA 14-046 which was submitted to CMS on 09/30/2014.
57	Medicaid Copays	Increases nominal copays for eligible Medicaid services to the maximum allowed by the Centers for Medicare and Medicaid Services (CMS) effective November 1, 2013. Services that are excluded from copays by CMS are medical emergency services, family planning services, "preventative" services for children, and pregnancy-related services. All nominal copays will be capped at the maximum allowed by CMS at June 30, 2013. (S.L. 2013-360, Sec. 12H.13 (c))	(3,308,100)			(4,962,150)			Pending	N/A	NC SPA 13-044 submitted 12/31/2013; received an Informal Request for Additional Information(IRAI) and conference call 01/07/2013; conference call 1/17/2014 to confirm copays would be subject to 5% family income cap; received a Request for Additional Information (RAI) 3/11/2014; pending response. Still determining (1) how to prevent federally recognized American Indians from being charged copays without centralized database and systems changes; and (2) how to ensure that the claims processing system keeps track of copays paid per beneficiary/family so that the total does not exceed 5% of annual income, in accordance with 42 C.F.R. 447.56(f)(1). Significant NCTRACKS programming required.

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58	Medicaid Contract Reductions	Adjusts contract expenditures in the second year of the biennium to reflect a reduced cost of operation and adjudication of claims related to the new Medicaid Management Information System that will be implemented July 1, 2013.	0			(2,016,771)			Yes	N/A	
59	Hospital Outpatient Payments at 70% of Costs	Reduces interim outpatient payments to hospitals to reflect the impact of reducing the settlement to 70 percent of costs effective January 1, 2014. Hospitals are currently paid for outpatient services at 80 percent of costs. (S.L. 2013-360, Sec. 12H.13 (e))	(23,122,268)			(48,002,826)			Yes	N/A	NC SPA 14-002 submitted 03/31/2014; received IRAI 05/01/2014; submitted IRAI responses 06/03/2014; received IRAI 06/10/2014; submitted IRAI responses 06/10/2014; approved 06/19/2014. No NCTracks programming required. It is effective January 1, 2014 and will be reflected in the year-end cost report.
60	Cost Savings Through Drug Adjustments	Requires the Department to implement payment reforms to achieve savings, with changes to be effective January 1, 2014. Currently, brand drugs are paid at Wholesale Acquisition Cost (WAC) plus six percent and Generic drugs are paid at 195 percent of the State Medicaid Average Costs (SMAC). WAC mark up for non-specialty brand drugs will be adjusted to 2.7 percent, specialty brand drugs to WAC plus one percent and SMAC mark up to 150 percent. Dispensing fees for brand drugs will be reduced by \$1. Selected generic dispensing fees will be reduced by \$1 and \$2 accordingly. (S.L. 2013-360, Sec.12H.13) (S.L. 2013-363, Sec. 4.13, Modifications/2013 Appropriations Act, amends language on brand pricing from WAC plus 1 percent and reduces generic dispensing fees)	(14,616,627)			(30,185,714)			Yes	N/A	SPA 14-008 submitted 03/31/2014; received IRAI 4/22/14; submitted IRAI response 4/29/2014; received IRAI 05/12/2014; submitted IRAI response 06/03/2014; received IRAI 6/16/2014; received RAI 07/08/2014; submitted RAI response 8/20/2014; received IRAI 11/06/2014; submitted IRAI response 11/06/2014; approved 11/17/2014. Implemented in NC Tracks 01/01/2014.

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61	Shared Savings Plan	Establishes a three percent withhold on selective services effective January 1, 2014. Services subject to the withhold include inpatient hospital, physician (excluding primary care physicians until January 1, 2015), dental, optical services and supplies, podiatry, chiropractors, hearing aids, personal care services, nursing homes, adult care homes, and drug dispensing fees. The Department will work with providers to develop a shared savings plan that will be implemented by January 1, 2015 that will include incentives to provide effective and efficient care that results in positive outcomes for Medicaid recipients. In FY 2013-14 the State share of the amount withheld will be \$14.7 million. This represents a total impact of \$41.9 million in provider payments, including both the State and federal shares. In FY 2014-15, the State share of the withhold will be \$30.6 million, providers will be eligible for shared savings that are projected to total \$8.9 million, and the impact of the shared savings plan on expenditures is projected to be \$15.1 million. (S.L. 2013-360, Sec. 12H.18)	(26,924,941)			(44,710,352)			Yes	Monday, 3/3/14	NC SPAs 14-004 (submitted 03/19/2014, approved 08/22/2014); 14-005 (submitted 03/31/2014, approved 06/24/2014); 14-006 (submitted 03/31/2014, approved 06/24/2014); 14-007 (submitted 03/31/2014, approved 06/27/2014); 14-009 (submitted 03/31/2014, approved 06/27/2014); 14-010 (submitted 03/31/2014, approved 09/02/2014); 14-012 (submitted 03/31/2014, approved 06/27/2014); 14-013 (submitted 03/31/2014, approved 06/19/2014). All implemented in NCTracks 01/01/2014, except physician reduction; still pending implementation. 3% rate reduction on dispensing fees was implemented 04/07/2014, retro back to 01/01/2014. The State Plan Amendment for implementing this part provides, that “effective January 1, 2014 rates will be adjusted such that they will equal 97% of the rate in effect July 1, 2013.” The Department confirmed this interpretation with the General Assembly’s Fiscal Research Division. The second part of the shared savings program—the sharing of the savings with providers—proved to be problematic. To start, none of the funds withheld in SFY13-14 were budgeted to be shared with providers. Additionally, in March of 2014, the Department submitted a report to the LOC on HHS detailing the work the Department had done to implement the program but also explaining the challenges encountered as a result of the legislation’s design. A presentation was also given on this topic to the LOC on HHS at its March 26, 2014 meeting. In addition, private meetings with legislators were held on this topic. This part of the provision was repealed by SL 2014 100 and modified the program to be a rate reduction only.
62	Rehabilitation Services Limitation	Limits adult rehabilitative services for set up and training to three visits per year, effective January 1, 2014. (S.L. 2013-360, Sec. 12H.13 (d))	(2,748,350)			(5,651,495)			Yes	N/A	No SPA required. Implemented in policy and NCTracks on 06/01/2014; two additional tiers were further limited and can be viewed in Clinical Coverage Policy 10A, Section 5.0.
63	Physician Office Visits Limitation	Reduces the limit on office visits for adults from 22 visits a year to ten visits a year effective January 1, 2014. Prior authorization will be required for medically necessary visits in excess of ten per year. Recipients with chronic conditions will be exempted from this limitation. (S.L. 2013-360, Sec. 12H.13 (d))	(3,676,525)			(7,560,122)			Pending	N/A	NC SPA 14-003 submitted 3/31/2014; received IRAI from CMS 05/01/2014; received RAI 6/12/2014; submitted RAI responses to CMS 11/24/2014; received IRAI from CMS 12/11/2014; received revised questions to Post-IRAI 01/09/2015; submitted IRAI responses 01/09/2015; received additional IRAI 01/12/2015; submitted IRAI responses 01/13/2015; pending approval. The heart of the problem with this SPA is that CMS interpreted the SPA as the State of North Carolina attempting to place a hard cap on the number of office visits, which is not possible. This interpretation led to a number of questions about the existing soft cap (the point after which PA is required), and CMS interpreting the current limit as one per type of provider per year, which is inconsistent with historical practice. Nonetheless, the Department is working to obtain CMS approval for this SPA but the process has been slow.

Item #	Snappy Title	Description	FY 13-14 Recurring	FY 13-14 Non- Recurring	FY 13-14 Position Change	FY 14-15 Recurring	FY 14-15 Non- Recurring	FY 14-15 Position Change	DHHS Response		
2013 Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets									Completed (Yes/No)	Date Report Submitted (If Applicable)	Additional Information (For all Medicaid items please include SPA related date information (submitted and approved/rejected) and the dates the required changes were implemented into NC Tracks.)
64	Medicaid Rate Methodologies Modification for Acquired Providers	Modifies Medicaid rate methodologies to ensure that rates paid to hospital or physician providers that were acquired, merged, leased, or managed after December 31, 2011 will not exceed rates that would have been paid if the provider had not been acquired, merged, leased, or managed. (S.L. 2013-360, Sec. 12H.20 (a))							No	N/A	The Division advised NCHA during our monthly meetings of the special budget provision and had initial discussions on the subject without resolution or conclusions. To implement such a provision would require a SPA and significant programming changes that most likely not be completed within 24 months. The Division suggests consideration, to change the outpatient reimbursement methodology from a cost settlement to a prospective payment methodology similar to Medicare's APC reimbursement, which is in the Division strategic plan.
65	Rate Freeze for Services Subject to Automatic Increases	Freezes rates for hospital outpatient services and other rates that contain an inflation or increase factor not specifically approved by the General Assembly at the rate in effect June 30, 2013. Interim hospital outpatient services percentage of cost will be adjusted to compensate for expected inflation for which hospitals would be eligible. The cost settlement will be limited to that percentage. Nursing direct care services will continue to receive case mix index increases after June 30, 2013. Federally Qualified Health Centers, Rural Health Centers, State Operated services, Hospice, Medicare Part B and D Premiums, third party and HMO premiums, drugs, Critical Access Hospitals, and MCO capitation payments are excluded. (S.L. 2013-360, Sec. 12H.13 (b))	(17,165,653)			(26,567,409)			Yes	N/A	NC SPAs 13-012 (submitted 9/24/2013, approved 12/11/2013); 13-013 (submitted 9/24/2013, approved 12/11/2013); 13-014 (submitted 09/24/2013, approved 12/05/2013); 13-015 (submitted 9/24/2013, approved 12/04/2014); 13-016 (submitted 9/24/2013, approved 12/11/2014); 13-017 (submitted 09/24/2013, approved 12/08/2014); 13-018 (submitted 09/24/2013, approved 12/11/2013); 13-019 (submitted 09/24/2013, approved 12/11/2013); 13-020 (submitted 09/24/2013, approved 12/11/2013); 13-021 (submitted 09/24/2013, approved 12/11/2013); 13-022 (submitted 09/24/2013, approved 12/11/2013); 13-023 (submitted 09/24/2013, approved 12/11/2013); 13-024 (submitted 09/24/2013, approved 12/11/2013); 13-025 (submitted 09/24/2013, approved 12/11/2013); 13-026 (submitted 9/24/2013, approved 08/28/2014); 13-027 (submitted 09/24/2013, approved 12/12/2013); 13-028 (submitted 09/24/2013, approved 12/12/2013); 13-029 (submitted 09/24/2013, approved 10/20/2014); 13-030 (submitted 09/24/2013, approved 12/12/2013); 13-031 (submitted 09/24/2013, approved 12/12/2013); 13-032 (submitted 09/24/2013, approved 12/20/2013); 13-033 (submitted 09/24/2013, approved 12/12/2013); 13-034 (submitted 09/24/2013, approved 12/12/2013); 13-035 (submitted 09/24/2013, approved 12/12/2013); 13-036 (submitted 09/24/2013, approved 12/12/2013); 13-037 (submitted 09/24/2013, approved 12/12/2013); 13-038 (submitted 09/24/2013, approved 12/05/2013); 13-039 (submitted 09/24/2013, approved 12/12/2013) No NCTracks implementation required.
66	Medicaid Rebase	Provides Medicaid funding for the continuation of the program at the current level, adjusted for changes in enrollment, mix of enrollment, consumption, new service, and new policy. Additionally, the rebase includes the impact of changes in federal match (FMAP), annualization of reductions not fully implemented during FY 2012-13 and the extension of Medicaid to the former foster care children until age 26 beginning January 1, 2014. (S.B. 335, H.B. 336; S.L. 2013-184)	434,000,000			557,000,000			Yes	N/A	N/A

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2013 Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets									Completed (Yes/No)	Date Report Submitted (If Applicable)	Additional Information (For all Medicaid items please include SPA related date information (submitted and approved/rejected) and the dates the required changes were implemented into NC Tracks.)
71	MMIS Implementation Costs	Provides funding to implement manual processes to ensure the appropriate payment of claims by hiring temporary staff or through external contracts. The new Medicaid Management Information System (MMIS) for the adjudication of claims is scheduled to be implemented July 1, 2013. The new system will not contain all of the functionality of the current MMIS.		4,828,664					Yes	N/A	N/A
72	Community Care of North Carolina Study	Provides funding for a study to determine whether the Community Care of North Carolina model saves money and improves health outcomes. This was recommended by the State Auditor in the January 2013 performance audit of the Medicaid Program. Total funding available for the study is \$200,000 as the State funds may be used to match federal Medicaid administrative funds. (S.L. 2013-360, Sec. 12H.21)		100,000						N/A	This item and reporting requirements falls under the purview of the Office of the State Auditor.
73	Transfer of Health Choice Children	Reduces funds by transferring children to Medicaid. Beginning January 1, 2014 the Affordable Care Act requires all children under 133 percent of the Federal Poverty Level be covered under Medicaid instead of Health Choice. In FY 2013-14 there will be about 51,000 recipients impacted, and the State will retain the State Children's Health Insurance Plan federal match instead of the traditional Medicaid federal match.	(12,348,000)			(25,480,000)			Yes	N/A	Implemented in NCFast/NCTracks 01/01/2014.
74	Contract Budget Adjustment	Reduces Health Choice contract expenditures to actual amounts.	(2,800,000)			(2,800,000)			Yes	N/A	N/A
75	Rate Freezes for Services Subject to Automatic Increases	Freezes rates for hospital outpatient services and other rates that contain an inflation or increase factor not specifically approved by the General Assembly at the rate in effect June 30, 2013. Hospital outpatient services percentage of cost will be adjusted to compensate for expected inflation for which hospitals would be eligible. Cost settlement will be limited to that percentage. Federally Qualified Health Centers, Rural Health Centers, State Operated services, Hospice, Medicare Part B and D Premiums, third party and HMO premiums, drugs, Critical Access Hospitals, and MCO capitation payments are excluded. (S.L. 2013-360, Sec. 12H.13 (b))	(1,265,912)			(1,405,614)			Yes	N/A	NC Health Choice rates follow Medicaid rates. See Money Item 65 above.

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2013 Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets									Completed (Yes/No)	Date Report Submitted (If Applicable)	Additional Information (For all Medicaid items please include SPA related date information (submitted and approved/rejected) and the dates the required changes were implemented into NC Tracks.)
76	Shared Savings Plan	Establishes a three percent withhold on selective services effective January 1, 2014. Services subject to the withhold include inpatient hospital, physician services (excluding primary care until January 1, 2015), dental, optical services and supplies, podiatry, chiropractors, hearing aids, personal care services, nursing homes, adult care homes and drugs. The Department will collaborate with providers to develop and implement a shared savings plan that will be implemented by January 1, 2015 to provide incentives for effective and efficient care that results in positive outcomes for Medicaid recipients. (S.L. 2013-360, Sec. 12H.18)	(881,640)			(1,787,957)			Yes	Monday, 3/3/14	<p>NCHC rates follow Medicaid rates. See Money Item 61 above. All implemented in NCTracks 01/01/2014, except physician reduction; still pending implementation. 3% rate reduction on dispensing fees was implemented 04/07/2014, retro back to 01/01/2014. The State Plan Amendment for implementing this part provides, that “effective January 1, 2014 rates will be adjusted such that they will equal 97% of the rate in effect July 1, 2013.” The Department confirmed this interpretation with the General Assembly’s Fiscal Research Division.</p> <p>The second part of the shared savings program—the sharing of the savings with providers—proved to be problematic. To start, none of the funds withheld in SFY13-14 were budgeted to be shared with providers. Additionally, in March of 2014, the Department submitted a report to the LOC on HHS detailing the work the Department had done to implement the program but also explaining the challenges encountered as a result of the legislation’s design. A presentation was also given on this topic to the LOC on HHS at its March 26, 2014 meeting. In addition, private meetings with legislators were held on this topic. This part of the provision was repealed by SL 2014 100 and modified the program to be a rate reduction only.</p>
77	Cost Savings Through Drug Adjustments	<p>Requires the Department to implement payment reforms to achieve savings, with changes to be effective January 1, 2014. Currently, brand drugs are paid at Wholesale Acquisition Cost (WAC) plus 6 percent and Generic drugs are paid at 195 percent of the State Medicaid Average Costs (SMAC). WAC mark up for non-specialty brand drugs will be adjusted to 2.7 percent, specialty brand drugs to WAC plus 1 percent and SMAC mark up to 150 percent. Dispensing fees for brand drugs will be reduced by \$1. Selected generic dispensing fees will be reduced by \$1 and \$2 accordingly. (S.L. 2013-360, Sec.12H.13)</p> <p>(S.L. 2013-363, Sec. 4.13, Modifications/2013 Appropriations Act, amends language on brand pricing from WAC plus 1 percent and reduces generic dispensing fees)</p>	(697,597)			(1,334,600)			Yes	N/A	NCHC rates follow Medicaid rates. See Money Item 60 above.
81	Cost Settle Hospital Outpatient Services to 70% of Cost	Reduces interim outpatient payments to hospitals to reflect the impact of reducing the settlement to 70 percent of costs effective January 1, 2014. Hospitals are currently paid for outpatient services at 80 percent of costs. (S.L. 2013-360, Sec. 12H.13 (e))	(365,239)			(753,852)			Yes	N/A	NCHC rates follow Medicaid rates. See Money Item 59 above.