



Joint Committee on Appropriations, Health and Human Services

Budget Item Update 2017-2019

February 26, 2019

Top priorities

1. Medicaid Transformation

2. Opioid Crisis

3. Early Childhood Action Plan

Medicaid Transformation

Goal: Build an innovative, coordinated, and whole-person center system of care that addresses both medical and non-medical drivers of health

- Integrate behavioral and physical health
- Promote quality and value
- Promote access to high quality care
- Comprehensively address key drivers that impact health

Opioid Crisis

Goal: Turn the tide on North Carolina's Opioid Crisis

- Where we are today
  - $45.5M federal grant dollars this year
  - Modest positive trends in the data
- Strategies going forward
  - Opioid Action Plan
  - 1115 waiver opioid strategy
- Role of Medicaid Expansion

Early Childhood Action Plan

Goal: Ensure all NC children get a healthy start and develop to their full potential in safe and nurturing families, schools, and communities

- Galvanize coordinated action across public and private stakeholders
- Focus on making measurable changes in early childhood outcomes
- 10 data-informed goals

DHHS Values

People-Focused

Teamwork

Proactive Communication

Transparency

Stewardship

Joy

DHHS Senior Leadership

• Susan Perry-Manning	Principal Deputy
• Mark Benton	Health Services
• Sam Gibbs	Technology and Operations
• Kody Kinsley	Behavioral Health and I/DD
• Tara Myers	Human Services
• Dave Richard	Medicaid

Personal Care Services Rate Increase

Background

- 38,000 Medicaid eligible people receive this state plan service
- Settings of care: In home, Adult Care Home (assisted living), Family Care Homes
- Growth of the program has slowed

Legislation

- Rate increases for SFY 18 & 19.
  - Hourly rate went from $13.88 to $15.52 on 8/1/2017
  - Hourly rate went from $15.52 to $15.60 on 1/1/2018

Update

- Expect implementation of Electronic Visit Verification (EVV) in 2020 as required by federal 21st Century Cures Act. States who have implemented EVV have observed a 5-10% decline in utilization.

Prepayment Claims Review Modifications

Background

- From 2012 – 2017, providers put on Prepayment Claims review reduced their billing approximately 82% of their average prior billings during the review period

Legislation

- Requires a provider to bill a minimum of 50% of average prior billings
- Extends prepayment review period from max of 12 months to up to 24 months
- Prohibits providers from withholding claims to avoid the claims review process

Update

- There is now only a 33% reduction in billing by providers when they are on Prepayment Claims Review
- Providers who pass Prepay Claims Review tend to only reduce their billing by 3%

Ambulance Transportation to Alternative Locations

Background

- Ambulance Transport to locations other than hospitals is not currently reimbursed by Medicaid

Legislation

- S.L. 2017-57, Section 11H.14A directed Medicaid to reimburse for Ambulance Transportation to Alternative Locations (i.e. crisis centers)

Update

- No State Plan Amendment needed for this change
- Policy has been developed and will be submitted for review by the Physician's Advisory Group (PAG) in April 2019
- Target implementation date is July 1, 2019

Nurse Home Visit Pilot Projects

Background

- Medicaid was directed to pilot voluntary home visiting programs for pregnant beneficiaries

Legislation

- Session Law 2018-5, Section 11H.3 directed Medicaid to implement the design outlined in its JLOC report entitled "Plan to Implement Coverage for Home Visits for Pregnant Women and Families with Young Children."

Update

- Pilots are in process in Johnston and Cleveland counties and are scheduled to conclude June 30, 2019
- A waiver was not required for the pilot programs
- Cleveland County has had 19 participants enroll since July 2018; Johnston County has had 1 participant enroll that met enrollment requirements

Graduate Medical Education Funding

Background

- S.L. 2015 – 241, as amended by S.L. 2015 – 264 implemented the prohibitions on reimbursement for Graduate Medical Education (GME) payments to teaching hospitals
- S.L. 2017 – 57 restored the funding to continue GME payments to teaching hospitals

Legislation

- Reinstated funding to maintain the graduate medical education add on to inpatient hospital DRG payment effective July 1

Update

- The add on graduate medical education payment is continuing to be paid as allowed under this legislation

Management Flexibility Reduction

Legislation

- The Department is directed to identify savings or reduce spending within their authority defined in G.S. 108A-54(e) to achieve a savings in appropriation of $15,000,000

Update

- The Department managed the Medicaid spending such that the program operated within the authorized budget and achieved the required savings

LME/MCO Solvency Range Calculation

Are there changes DHHS will be proposing to the solvency range calculation and what will be the impact?

- Consistent with the DHHS Solvency Report dated 12/11/18, we recommend:
  - Remove the Risk Reserve as part of the available cash calculation since this is restricted to pay providers only should the LME/MCO be non-compliant
  - Use the actual incurred but not reported (IBNR) with variance guidelines instead of a fixed calculation percentage
  - Allow for 30 to 45 days of cash in the solvency calculation

LME/MCO Solvency Range Calculation

How does the Department intend to work with the LME/MCOs to make sure that reinvestments identified by the LME/MCOs are consistent with the goals for behavioral health?

- The Department is refining its procedure for approving the reinvestment plans to ensure that they are consistent with the Department's overall goals

When will the Department begin developing corrective action plans with the LME/MCOs that have cash balances outside the solvency range?

- The Department will develop corrective action plans after three quarters of reporting

Medicaid Physician Upper Limit Payment Plan

Background

- SFY 2011 UNC and ECU Schools of Medicine Faculty physicians receive a UPL payment funded through Intergovernmental Transfers (IGT)
- S.L. 2014-100 Caps the number faculty physicians at the respective Schools of Medicine and excludes any services provided in Wake County as being eligible for the UPL payment
- S.L. 2018-5 increases the total cap by 60 physicians to be divided amongst both Schools of Medicine

Legislation

- Provides funding for increasing the number of allowable slots by 60 slots that are to be allocated between UNC and Brody Schools of Medicine

Update

- In collaboration with each of the medical schools, of the 60 additional slots, 45 will be assigned to UNC and 15 will be assigned to the Brody. The Division is in the process of updating the State Plan and seeking CMS approval.

Single Stream Funding

Background

- FY 18/19 Single Stream Funding (SSF) was $208M; a net reduction of $20.6M from FY 17/18.
- Law requires LME/MCOs maintain 2015 paid service levels at $274M
- Since 2015, LME/MCOs have used $216M to maintain service levels.
- In CY 2018, 97,442 people were served from single stream and federal grant funding, which is roughly 9% of the uninsured population.
- $2,042 is the average spent per uninsured person; conversely, $4,528 is the average spent per Medicaid beneficiary.

Legislation

- S.L 2018-5 made $36M cuts recurring, permanently reducing SSF to $278M; and made $71M cuts as non-recurring, to the $208M for FY 18/19.

Update

- DMH is developing a formula to allocate Non-Medicaid Funds to LME/MCOs that takes into account the perceived needs of the populations in the various catchment areas.

Opioid Spending

Background

- Federal government has awarded NC $77M through two grants; approx. $19.3M/year over 4 years
  - CURES/State Targeted Response (STR): $31M = $15.5M a year for two years, May 2017 – April 2019
  - State Opioid Response (SOR): $46M = $23M a year for two years, October 2018 – September 2020
- 60% of federal grants directly fund services through LME/MCOs and the remaining 40% fund contracts and services to promote adherence and access, such as purchasing medication, piloting access in EDs, and training providers in rural communities.
- In NC, an estimated 444,082 persons have an opioid use or heroin use disorder.

Update

- Federal grant spending is being used at a rate of roughly $2M per month; we anticipate expending the first year of the SOR grant 3 months ahead of schedule.
- The STR grant ends in April 2019 – funds allocated for services were expended 2 months ahead of schedule. Just over 10,000 people received treatment from this grant.
- Congress has renewed STR grant for another 2-year cycle but allocated amounts have not been provided.

Dix Beds

Background

- $38,249,750 funds for contracts to construct and/or renovate 199 new beds at 7 hospitals
- These types of capital construction projects are inherently complex and typically require months from the point of development and design to completion of the new behavioral health beds

Legislation

- SL 2015-241 required the Department to develop a plan to use up to $25 million to produce 150 new behavioral health inpatient beds
- S.L. 2016-94, Section 12F.4, the General Assembly established a reserve for the Dorothea Dix Land Proceeds to provide funding for expanding inpatient capacity in rural areas and to establish up to two new child facility-based crisis centers for a total of $20 million
- Continuing with SL 2017-57, Section 11F. 5, the sum of up to $17 million was appropriated to pay for any renovation or building costs associated with (i) the construction of new licensed inpatient behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed inpatient behavioral health beds, or (iii) a combination of these options

Update

- As of February 22, 2019, all but the Cape Fear Valley contract has been executed
- The majority of the projects/construction are well underway but some have experienced delays for varied reasons including the contract process along with design and engineering challenges
- Cape Fear Valley's contract is delayed due to legislative changes
- Mission and Dix Crisis Intervention anticipate occupancy in March 2019
- Special provision language is needed to extend the time allowed to expend funds
- Several hospitals have flagged that there is no funding for the operation of new beds

The Wright School

Background

- Department operates the Wright School which provides residential treatment and special education services for children ages 6 to 12
- Submitted the Cost Analysis for Expansion of Wright School report to open-up two schools

Legislation

- Wright School Legislative Report (Session Law 2018-5, Section 11F.6)

Update

- One-time construction and start-up costs: $12.7M construction costs for each of 2 facilities and $625,000 for one time start-up costs per facility
- Total annual operating costs (less Medicaid and state savings): $3.2M per facility + $310,000 across facilities
  - Operating costs per facility: $4.5M annual costs per facility including staffing
  - Cross-program operating cost: $310,000 annually for cross-program staffing to ensure fidelity to the current Wright School program model
  - Medicaid and state cost savings: $29,288 per student or $1.3M per facility in reduced service utilization by students 1 year post Wright School programming

Community Health Centers

Background

- Community Health Centers, Rural Health Centers, Federally Qualified Health Centers and Free Clinics are key parts of NC's safety-net system
- 350+ such centers located in 97 counties
- A third of the clinics receive a Community Health Grant (CHG)
- 47% of patients seen in grant-funded clinics are uninsured

Legislation

- Increased annual grant funding to centers by $7.5M
- Directed DHHS to develop a method to collect/measure clinic outcomes

Update

- $14.6 million in grants to 113 clinics (65 counties)
- Leveraged existing federal reporting system, focusing on BMI, diabetes, high blood pressure & tobacco use. Outcome data collected quarterly.

Program Improvement Plan Achievements

Background

- The federal Child and Family Services Review resulted in a Program Improvement Plan (PIP designed to improve safety, permanency and well-being outcomes.

Legislation

- $9.1M was appropriated in response to the PIP to help build child welfare workforce capacity and expand services available to families.

Update

- Established 29 new positions for child fatality reviews and county technical assistance and monitoring. As a result:
  - Cleared a three-year backlog of 112 child fatality reviews.
  - Developed new county monitoring process and increased the number of onsite technical assistance visits.

- Funded additional intensive family preservation services to support children remaining safely in their homes.
  - Serving 1,000 families

- Established the Child Welfare Family Advisory Council to ensure that ongoing feedback from families in the child welfare system is used to improve services.

Social Services and Child Welfare Reform

Background

- NC Session Law 2017-41, Family-Child Protection and Accountability Act/Rylan's Law provides a comprehensive blueprint for reforming state's child welfare and social services systems.
- Required 1) a third-party review and recommendations for improvements; 2) a cross-sector Social Services Working Group (SSWG) to make recommendations for the state to implement regional supervision; 3) a proposed implementation plan by DHHS; 4) implementation of a memorandum of understanding (MOU) between DHHS and counties for social and child welfare service outcomes; 4) the creation of a wellness dashboard; 5) and the establishment of a Child Well-Being Transformation Council.

Legislation

- $200K (R) in 2017-18, $3.2 million (NR) in 2018-19 to develop reform plans for social reform and child welfare reform (for third party reviewer).

Update

- MOU implemented effective July 1, 2018. Refinements and county data validation process underway.
- Wellness dashboard prototype created - to be released after completion of data validation.
- The Center for Support of Families (CSF), the selected third-party reviewer, delivered preliminary reform plans on August 31, 2018. Final reform plans are due March 31, 2019.
- Social Services Working Group completed two reports with recommendations.
- DHHS submitted its proposed plan in response to both the CSF and SSWG plans to the NCGA last week.
- Child Well-Being Transformation Council established and has begun meeting.

Adult Guardianship Services

Background

- Increase of Social Services Block Grant (SSBG) federal receipts of $987,309, along with local match receipts, for county departments of social services to provide additional adult guardianship services.

Legislation

- S.L. 2018-5, Sec. 11L.1 – Changes to federal funding and how DHHS should allocate those

Update

- Additional SSBG funds were allocated to 58 counties based on their total number of guardianship wards and the growth of wards over the prior three years along with county poverty levels (weighted calculation of 50%).

Temporary Assistance for Facilities That Serve Special Assistance Recipients

Background

- Facilities receive temporary assistance of $34 per month for each resident who receives Special Assistance. Counties and the State each provide 50% of the funding. ($5 million nonrecurring in each year of the biennium).

Legislation

- SL 2016 – 94, Section 12C.7; Conference Report Item G-33; SL 2017-57, Item G-56

Update

- Total payments of $521,526 through January, 2019, have been made for 92% of the 18,008 recipients living in facilities

Home and Community Care Block Grant (HCCBG)

Background

- 57,915 individuals received one or more HCCBG-funded services in SFY 2018, 395 more than previous year
- 10,769 individuals on the Wait List statewide as of 2/19/2019

Legislation

- $150K of additional SSBG and $16.6K in local match in 2018-19 specifically for Congregate Nutrition; $850K in additional SSBG and $94.4K in local match to increase access to community based services and supports

Update

- 50,021 individuals have been served to date this year through HCCBG

Home and Community Care Block Grant (HCCBG)- Eastern Band of the Cherokee Indians

Background

- The Eastern Band of the Cherokee Indians (EBCI) plan for administering the Home And Community Care Block Grant

Legislation

- Required DHHS to develop plan for the Eastern Band of Cherokee Indians to administer the HCCBG for members residing within the Qualla Boundary

Update

- DHHS facilitated an agreement with EBCI that enable them to directly administer HCCBG funds.
- In consultation with the US Administration Community Living and in conjunction with representatives of the EBCI, the DHHS report to the General Assembly is pending final internal review and will be submitted shortly

Increase the Number of Children Served in NC Pre-K

Background

- ~62,000 income eligible children in NC today
- Only 29,791 children currently being served
- Wait lists are not an accurate representation of need
- Current average payment for a NC Pre K slot is $5,554
- This payment does not cover the full cost of NC Pre-K - ~$9,500- $10,000
- Significant growth in demand each year

Update

- Many counties have been limited from expanding due to low state rates and lack of local funding to support hiring qualified teachers and providing resources to support expanding capacity.

Smart Start - Dolly Parton Imagination Library (DPIL)

Background

- DPIL is an early literacy program that provides free books to children birth to five that is now available to families statewide with more than 200,000 children registered
- More than 1.5 million books distributed since 2017 expansion

Child Care Subsidy Market Rate Increases

Background

- 70,000 children are served monthly in child care subsidy
- 29,000 children are on the waiting list

Update

- Average monthly cost of subsidy has increased from $433 to $538.

Separate Star-Rated License/Birth through Two Legislative Report

Legislation

- Required a report be completed related to staff qualifications and turnover, educational outcomes and requirements for religious sponsored programs

Update

- Report was submitted on November 26th, 2018
- Five recommendations were included related to increasing minimum staff requirements for all teachers, providing enhanced subsidy for programs meeting higher levels of education, supporting developmental screenings and formative assessments, piloting a higher quality infant/toddler classroom project, and increasing standards for religious sponsored programs

Child Care Subsidy Recipient to Cooperate with Child Support Demonstration Project

Legislation

- Required DCDEE to work with DSS Child Support to develop a demonstration project related to requiring child care subsidy recipients to cooperate with child support services and report on the results

Update

- Findings from the demonstration project were:
  - 90% of the child care applications did not result in a referral to child support.
  - Of the total child care subsidy applications, only one percent resulted in an order for child support payments.
  - There will be significant costs when implementing the requirement, both in technology updates and the cost to local offices for the additional work placed on case workers