



FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

DHHS Division of Central Management and Support Base Budget Overview

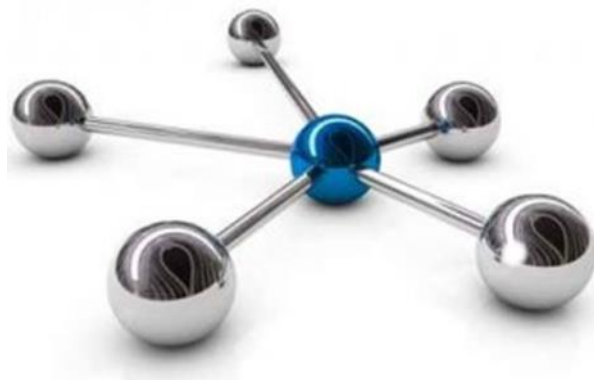
Joint House and Senate HHS Appropriations
Committee

March 6, 2019

Division of Central Management and Support

Division mission

To direct operations and provide support services for the department's agencies and institutions to ensure that legislative and administrative policies are properly implemented



DHHS Administration

Office	Function
Office of the Secretary	Department's leadership
Budget and Analysis	Develops, modifies, and executes the DHHS operating budget.
Controller	Executes all DHHS accounting transactions in compliance with accounting and financial reporting policies and procedures
General Counsel	Provides legal advice and counsel to DHHS staff
Government Affairs	DHHS legislative liaison and constituent services
Information Technology	Plans, develops, and operates automated systems
NCTracks	Operates the Medicaid management information system with separate access portals for providers, recipients, and internal operations
Internal Audit	Conducts audits and investigations of DHHS operations, expenditures, and program performance
Communications	Media relations and public information requests
Privacy and Security	Safeguards DHHS information from unauthorized use, disclosure, modification, damage, or loss
Procurement and Contract Services	Oversees contract and procurement for the purchase of DHHS supplies, materials, equipment, and services
Property and Construction	Oversees the planning, design, budget, purchasing, and management activities related to the maintenance and construction of DHHS facilities
Office of Rural Health	Assists underserved communities to improve access to high quality, cost effective health care
Human Resources	Oversees all personnel recruitment, development, and retention activities



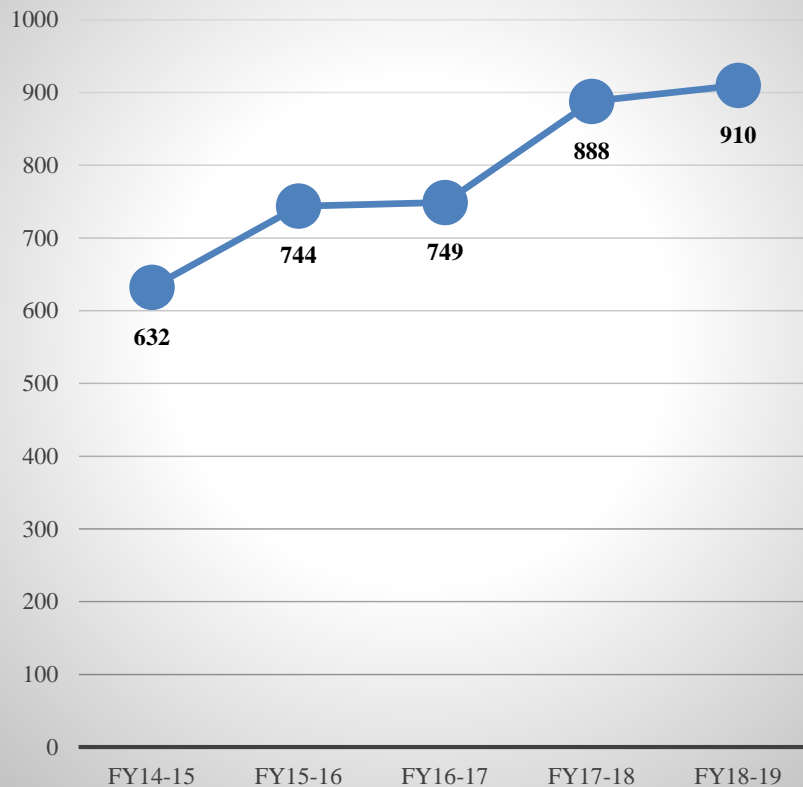
DCMS Position Changes by Unit/Fund

Fund Code	Fund Title	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY18-19 % CMS Positions	% Growth Over 5 Years
1119	Service Support - Administration	67.000	66.000	66.000	61.000	61.000	6.7%	-9%
1120	Service Support - Central Management	59.250	101.750	104.750	109.750	109.750	12.1%	85%
1121	Service Support - Controller's Office	257.000	245.000	245.000	217.000	217.000	23.9%	-16%
1122	DIRM - Information System Services	200.000	232.000	235.000	338.000	360.000	39.6%	80%
1124	NC Council on Developmental Disabilities	11.000	11.000	11.000	10.000	10.000	1.1%	-9%
1126	Central Regional Maintenance - Dix		108.000	108.000	99.000	99.000	10.9%	-8%
1127	Office of Program Evaluation, Reporting & Accountability	n/a	n/a	n/a	3.000	3.000	0.3%	
	Office of Rural Health	38.000	37.000	36.000	44.000	44.000	4.8%	19%
1910	Reserves and Transfers	0	-53.000	-57.000	6.000	6.000	0.7%	-111%
	Total	632.25	743.75	748.75	887.75	909.75	100.0%	44%

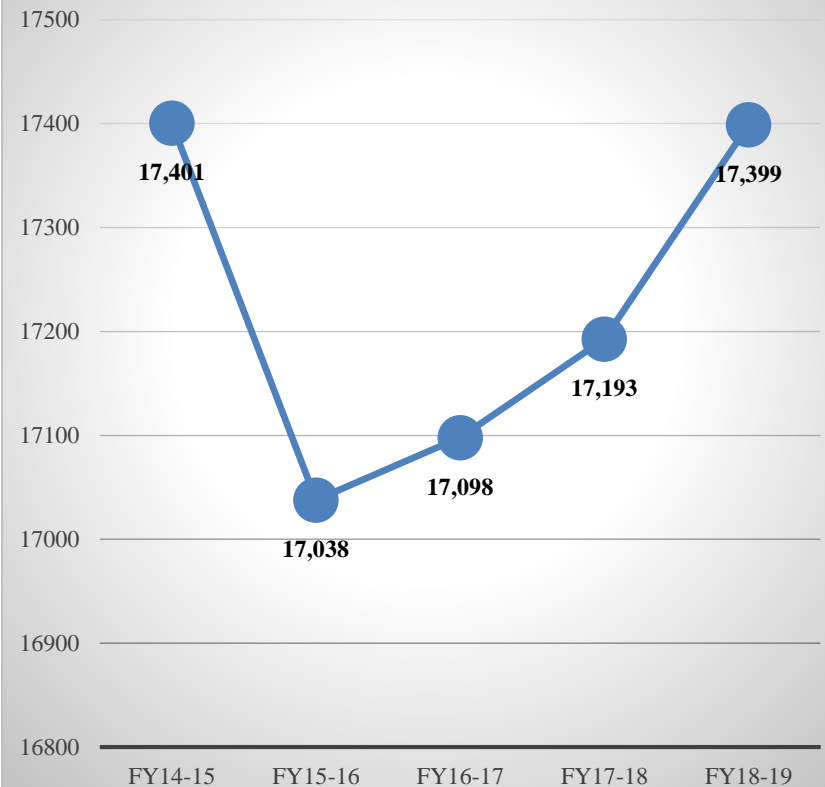


DCMS Position Growth

5-Year Change - DCMS Positions



5-Year Change - DHHS Positions

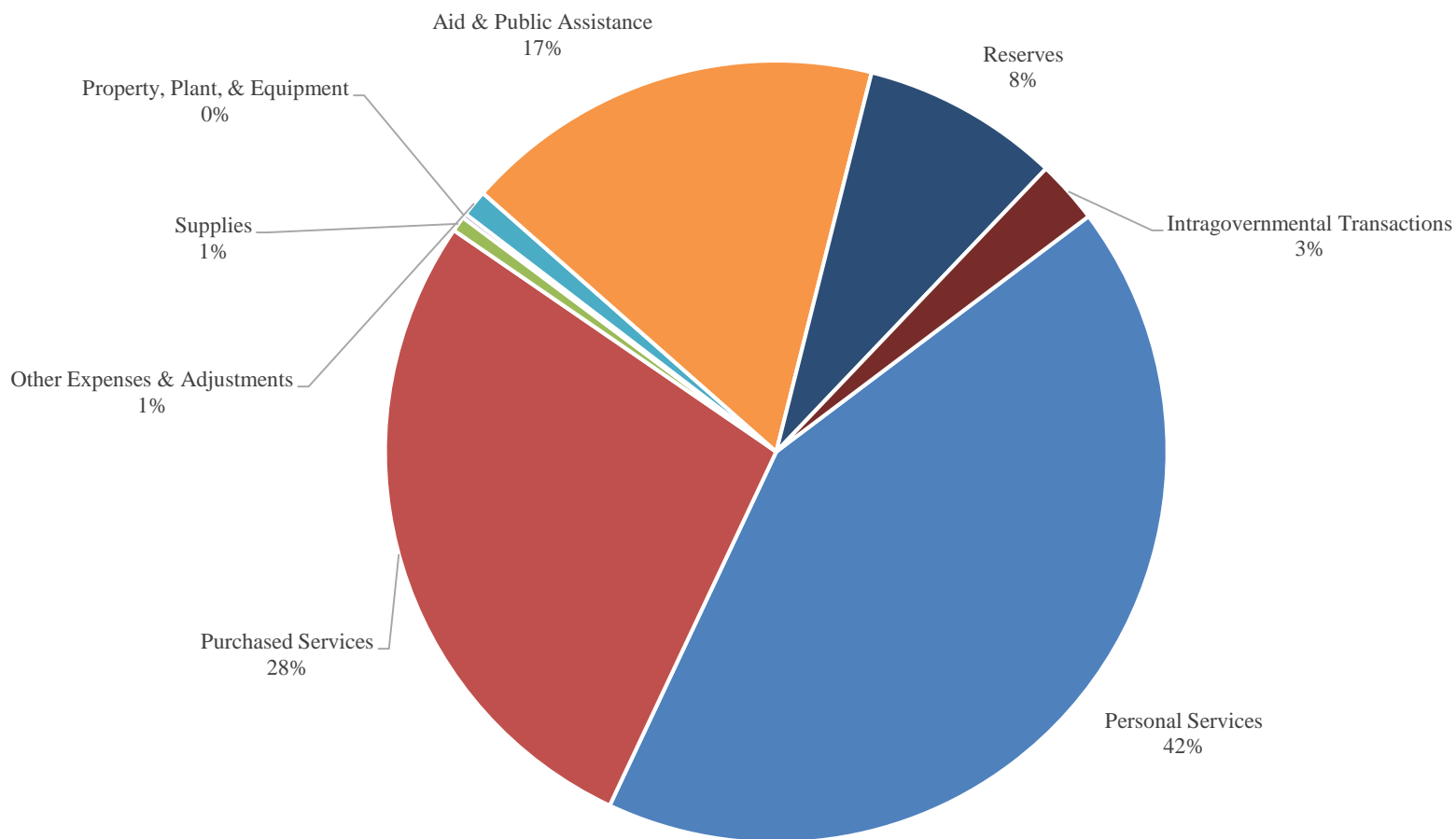


DCMS FY 2019-21 Budget Summary

	Actual FY 2017-18	Certified Budget FY 2018-19	Authorized Budget FY 2018-19	Base Budget FY 2019-20	Base Budget FY 2020-21
Requirements					
Personal Services	68,228,019	87,986,241	90,228,670	90,310,347	90,310,347
Purchased Services	53,469,274	61,919,976	59,265,076	58,901,658	58,901,658
Supplies	1,107,671	1,412,071	1,359,253	1,359,253	1,359,253
Property, Plant, & Equipment	2,702,536	933,432	393,405	393,405	393,405
Other Expenses & Adjustments	2,352,477	1,467,684	2,356,284	2,356,284	2,356,284
Aid & Public Assistance	40,047,980	37,226,702	39,179,384	37,208,023	37,208,023
Reserves	(44)	22,483,417	22,675,698	17,499,908	17,499,908
Intragovernmental Transactions	35,476,136	24,375,087	24,742,403	5,568,070	5,568,070
Total Requirements	203,384,050	237,804,610	240,200,173	\$ 213,596,948	\$ 213,596,948
Receipts					
Grants	543,310	722,285	737,461	737,461	737,461
Sales, Service, and Rentals	18,325	13,875	13,875	13,875	13,875
Fees, Licenses, & Fines	750	-	-	0	0
Contributions & Donations	250	-	-	0	0
Miscellaneous	3,042,596	1,565,232	2,545,498	2,545,498	2,545,498
Intragovernmental Transactions	23,185,232	17,388,696	15,568,336	15,568,336	15,568,336
Intragovernmental Transactions (Federal)	56,295,588	84,366,967	87,222,526	78,635,352	78,635,352
Total Receipts	83,086,051	104,057,055	106,087,696	\$ 97,500,522	\$ 97,500,522
General Fund Appropriation	\$ 120,297,999	\$ 133,747,555	\$ 134,112,477	\$ 116,096,426	\$ 116,096,426
Total FTE	927.00	908.75	966.00	962.00	962.00

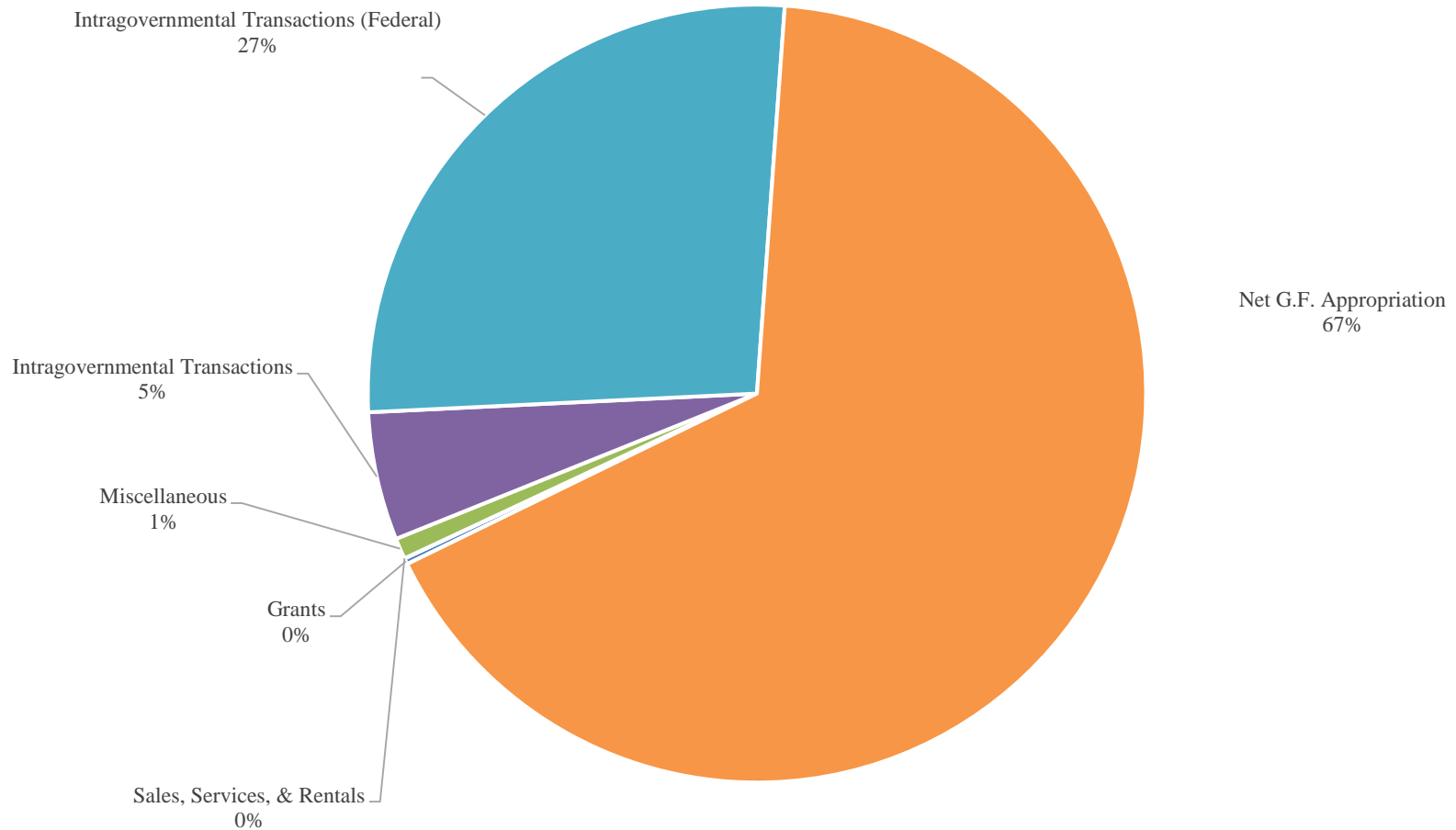


CMS FY 2019-20 Base Budget Requirements: \$213,596,948



CMS FY 2019-20 Base Budget

Funding Sources: \$213,596,948



DCMS FY 2019-21 Base Budget Adjustments

Increase/Decrease Detail		
	FY 2019-20	FY 2020-21
Partial Year Funding Annualized		
Transferred Positions	37,608	37,608
NR Items Removed		
State Retirement Contributions	(125,790)	(125,790)
NC Medication Assistance Program	(200,000)	(200,000)
NC Fast Enhancement	(250,000)	(250,000)
DHHS IT Application Expansion	(327,341)	(327,341)
Child Welfare Assist Program	(1,000,000)	(1,000,000)
Health Service Regulation Enterprise Solution	(3,294,028)	(3,294,028)
NC FAST Child Welfare and Other Development	(11,109,000)	(11,109,000)
Special Appropriations	(1,747,500)	(1,747,500)
Total All Changes	(18,016,051)	(18,016,051)



S.L. 2017-57: 2017 Appropriations Act

Significant Actions	FY 2017-18 (\$)	FY 2018-19 (\$)
Reduce DHHS miscellaneous contracts	(3,200,000)	(3,200,000)
Increase Community Health Grant funding	7,500,000	7,500,000
NC FAST Child Welfare and other development	8,900,000 NR	11,109,000 NR
	1,000,000	1,000,000
Health Information Exchange	3,000,000 NR	
Consolidated Office of Rural Health loan repayment programs		

Directed DHHS, in corporation with State Chief Information Officer, to coordinate State health information technology (HIT) policies and programs in a manner consistent with State and federal HIT goals



S.L. 2018-5 Significant Actions

Action	FY 2018-19
	\$ 936,806
Funding for NCFAST and Child Welfare Assist IT initiatives	\$1,250,000 NR
Miscellaneous contracts and purchased services	(\$300,000)
Appropriated funds to the Department of Administration to develop and implement a contracting specialist training and certification program for DHHS staff	\$166,000 \$100,000 NR
Prohibited use of Division's salary reserve funds until a Director and staff are hired for the Office of Program Evaluation, Accountability, and Reporting	



DHHS CONTRACTS

Total DHHS budget from all sources is over \$20 billion

\$18 billion is budgeted for purchased services and aid & assistance

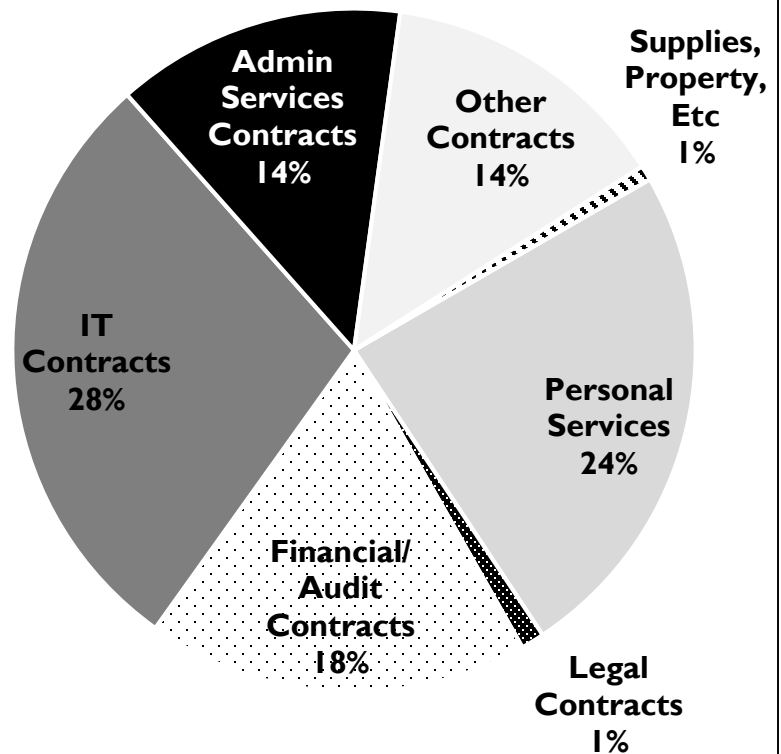
Most of these funds will be disbursed through some type of contract agreement with:

- nonprofits
- individual service providers
- colleges and universities
- public agencies including county social services departments, local health departments, LME/MCOs, etc.

DHHS provided a list of approximately 2,600 contracts, excluding LME/MCO Medicaid

1,300 DHHS employees have purchasing or contract administration related duties

DHB FY19-21 Administrative Expenses



Contract Training and Certification Program for DHHS Personnel

- Due to concerns about DHHS contract performance, schedule delays, and budget overruns, starting with the 2015 appropriations bill the General Assembly began actions to initiate and implement a contract specialist training and certification program for DHHS management level personnel similar to the Certified Local Government Purchasing Program offered by the UNC School of Government
- S.L. 2018-5, Sec. 31.1(b) appropriated funds to the Department of Administration (DOA) to, in consultation with the UNC School of Government, develop and implement a contract training and certification program for DHHS (\$100,000 NR, \$166,000 R)
- DOA has hired the staff and is in the process of developing the course with input from DHHS
 - Anticipates enrolling the first class in May 2019



Office of Performance, Evaluation, Reporting, and Accountability (OPERA)

- S.L. 2015 – 241, Sec. 12A.3 established within DHHS the Office of Performance, Evaluation, Reporting, and Accountability to address the need data on the effectiveness of DHHS programs and service, particularly participant impact and outcomes.
 - To evaluate as directed by the Secretary, Governor, and as requested by the General Assembly
- Appropriated \$250,000 R for FY 2015-16 and \$500,000 R for FY 2016-17 for its operation
- DHHS established the Office and hired a director in July 2018.
- In January 2019, the OPERA director was appointed to another DCMS position
 - The DHHS Director of Internal Auditor has been temporarily reassigned as OPERA director
- The remaining OPERA positions are vacant



Office of Rural Health

Community Health Grant Program

Provides funds to safety-net health care providers including community health centers, rural health centers, free clinics, local health departments, school-based health centers, and federally qualified health centers.

Grants may be used for capital improvements and to provide direct patient care

S.L. 2017-57 increased base budget funding for the Community Health Grant Program from \$7,500,000 to \$15,000,000

State Loan Repayment Programs

S.L. 2017-57, Sec. 11A.9 combined the Physician Loan Repayment Program, the Psychiatric Loan Repayment Program, and the Loan Repayment Initiative at State Facilities in order to achieve efficient and effective management

Expanded the use of the program funds to include incentives to general surgeons practicing in Critical Access Hospitals across the State and loans to eligible providers living in NC who use telemedicine in rural and underserved areas

NC Medication Assistance Program

Provides prescription assistance services for indigent and uninsured persons

S.L. 2017-57 provided \$200,000 NR expansion in each year of the biennium



DHHS Information Technology (IT) Projects

- DCMS receives funding for information technology projects across all DHHS divisions
- Major IT projects include:
 - NC TRACKS
 - NC FAST
 - Health Information Exchange (HIE)
 - Controlled Substance Reporting System (CSRS)
- Total General Fund appropriations to DCMS for IT projects since FY2015-16
 - \$ 32.0 million recurring
 - \$65.9 million nonrecurring



Office of Property and Construction

- DHHS operates 14 health care facilities and 2 vocational training facilities and its headquarters location on the campus of the former Dorothea Dix Hospital

January 2019 DHHS Capital Improvement Projects Report listed approximately 100 construction, repair, and renovation projects, including the new Broughton Hospital

- July 2015, the State sold the Dix Hospital property to the City of Raleigh and entered a lease that requires DHHS to vacate the property by July 2025
- S. L. 2015-241, Sec. 31.10 required DHHS, in consultation with the Department of Administration, to develop a plan for relocating all DHHS administration personnel and resources on the Dorothea Dix Campus and in other property leased or owned by the State in the Greater Triangle Area to one site. Report the relocation plan to the Joint Legislative Oversight Committee and the Fiscal Research Division by October 1, 2016.

DHHS reported that the project will require the construction of about 1,000,000 square feet of building space and parking decks and the relocation of approximately 4,300 employees



Questions

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