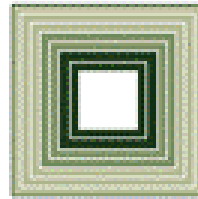




NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**



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

**Division of State Operated Health Facilities**  
**Budget and Educational Summary**  
**March 28, 2019**

# LME/MCO Solvency

SL 2018-5 Section 11F.10

- Incurred but unreported claims
- Net Operating Liabilities
- Catastrophic or Extraordinary Items
- 24 Months Mandated Intergovernmental Transfers
- 24 Month Forecasted Net Operating Loss
- 36 Month Reinvestment Plans

First DHHS Quarterly Report Findings

- Alliance - within range
- Cardinal – over upper range
- Eastpointe – over upper range
- Partners – within range
- Sandhills – within range
- Trillium – under lower range
- Vaya – over upper range

*Corrective action plans in process for  
LME/MCO 5% over or under ranges*

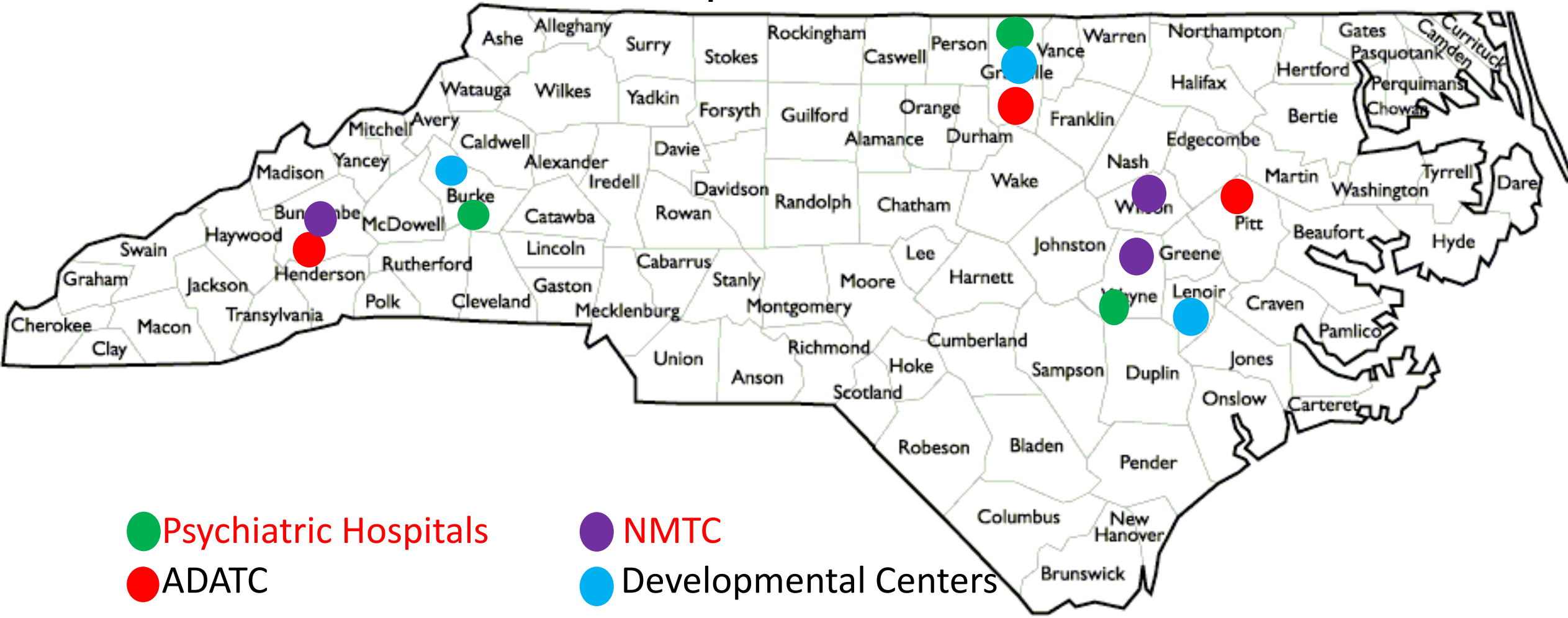
# Discussion Guide

- State Operated Facilities Overview
- Delivery System Discussion
- Goals and Objectives
- Trends in Utilization and Performance
- Challenges of State Operated System
- Budget Summary
- Prior Year's Legislative Actions

# Overview of State Operated Facilities

- Psychiatric Hospitals
- Alcohol and Drug Abuse Treatment Centers (ADATC)
- Developmental Centers
- Neuro-Medical Treatment Centers (NMTC)
- Children's Residential Programs — *Wright and Whitaker*

# Overview of State Operated Facilities



# Psychiatric Hospitals

Psychiatric hospitals provide care and treatment for adults, children and adolescents who have psychiatric illnesses and whose needs cannot be met in the community. Inpatient services include crisis stabilization, assessment, medical care, psychiatric treatment, patient advocacy, social work services including counseling, discharge planning and linkages to the community.

## Broughton, Morganton

<b>Beds =297</b>	<b>Avg#/month on waiting list SFY18 = 30, avg wait for admission = 7.86 days (ED)</b>
Average Census in SFY18 = 272	Median LOS SFY18 = 92 days
Admissions in SFY18 = 331, # served in SFY18 = 608	ITP Days in SFY18 = 35,472 (45% of total adult civil bed days)

## Cherry Hospital, Goldsboro

<b>Beds = 243</b>	<b>Avg#/month on waiting list SFY18 = 19, avg wait for admission = 2.95 days (ED)</b>
Average Census in SFY18 =223	Median LOS SFY18 = 22 days
Admissions in SFY18 =859, # served in SFY18 = 1,076	ITP Days in SFY18 = 24,948 ( 37% of total adult civil bed days)

## Central Regional Hospital, Butner

<b>Beds =398</b>	<b>Avg#/month on waiting list SFY18 = 61, avg wait for admission = 7.29 days (ED)</b>
Average Census in SFY18 = 368	Median LOS SFY18 = 36
Admissions in SFY18 = 928, # served in SFY18 = 1,299	ITP Days in SFY18 = 30,384 (38% of total adult civil bed days)

# Children's Residential Programs

The residential programs are for children and adolescents who have severe emotional and behavioral needs. Both employ a re-education model which prepares the child/adolescent to successfully return to the community.

## **Whitaker (PRTF), Butner**

- Beds = 18
- Average Census in SFY 18 = 12
- Admissions in SFY 18 = 25

## **Wright School, Durham**

- Beds =16 – Note: renovations were ongoing at this time. Normal capacity is 24 beds.
- Average Census in SFY 18 = 15
- Admissions in SFY 18 = 28

# Alcohol and Drug Abuse Treatment Centers

ADATCs are designed to treat persons with addictions and/or co-occurring disorders (addiction and mental health diagnoses). They provide crisis stabilization, detoxification services, substance abuse treatment and education, psychiatric services, rehabilitation therapy, social work, nursing, psychological and collateral treatment services for family members of consumers served.

## R.J. Blackley, Butner

<b>Beds =40</b>	<b>Median LOS (days) - SFY 18 Rolling 12 month average: 11</b>
Average Census in SFY18 = 26	Wait list - SFY 18 Rolling 12 month average: 8
Admissions in SFY 18 = 841, # served in SFY 18 = 866	30 day readmission rate - SFY 18: 1.88%

## Walter B. Jones, Greenville

<b>Beds = 40</b>	<b>Median LOS (days) - SFY 18 Rolling 12 month average: 8</b>
Average Census in SFY18 =22	Wait list - SFY 18 Rolling 12 month average: 16
Admissions in SFY 18 = 904, # served in SFY 18 = 923	30 day readmission rate - SFY 18: 4.50%

## Julian F. Keith, Black Mountain

<b>Beds =68</b>	<b>Median LOS (days) - SFY 18 Rolling 12 month average: 13</b>
Average Census in SFY 18 = 57	Wait list - SFY 18 Rolling 12 month average: 22
Admissions in SFY 18 = 1,619, # served in SFY 18 = 1,679	30 day readmission rate - SFY 18: 3.33%



# Developmental Centers

The Developmental Centers provide comprehensive residential supports to maintain and improve the health and functioning of individuals with intellectual and/or developmental disabilities (IDD). The services may include time-limited, specialized programs for individuals in identified target populations (Autism, IDD/MI, etc.) with the goal of community reintegration. The types of admissions include general, therapeutic, respite and specialty programs.

## **Caswell, Kinston**

- Beds = 358
- Average Census in SFY 18 = 315
- Admissions\* in SFY 18 = 18, # served in SFY 18 = 341

## **Murdoch, Butner**

- Beds = 458
- Average Census in SFY 18 = 421
- Admissions\* in SFY 18 = 94, # served in SFY 18 = 505

## **J. Iverson Riddle, Morganton**

- Beds = 285
- Average Census in SFY 18 = 274
- Admissions\* in SFY 18 = 10, # served in SFY 18 = 290

\*includes Respite and Specialty Programs

## **Current Waitlist for Developmental Centers:**

- 35 individuals (Adult General Population=6, Adult Specialty Programs=5, Children/Adolescent Specialty Programs=24)

# Neuro-Medical Treatment Centers

The Neuro-Medical Treatment Centers are specialized skilled nursing facilities serving individuals who have chronic, complex medical conditions that co-exist with neurological conditions often related to a diagnosis of severe and persistent mental illness, and intellectual and/or developmental disability.

## **Black Mountain, Black Mountain**

- Beds = 156
- Average Census in SFY 18 = 148
- Admissions\* in SFY 18 = 21, # served in SFY 18 = 207

## **Longleaf, Wilson**

- Beds = 200
- Average Census in SFY 18 = 181
- Admissions\* in SFY 18 = 14, # served in SFY 18 = 203

## **O'Berry, Goldsboro**

- Beds = 96 NF; 123 ICF/IID
- Average NF Census in SFY 18 = 95; Average ICF Census in SFY 18 = 98
- Admissions\* in SFY 18 = 12, # served in SFY 18 = 202

\*Excludes Respite

## **Current Waitlist for Neuro-Medical Treatment Centers:**

- 62 individuals

# DSOHF System Priorities

- Ensure the protection and safety of the people we serve
- Create a high reliability and safety culture
- Provide evidence based best practices
- Maximize existing resources and fiscal efficiency

# Hospital Objectives

The State psychiatric hospitals will continue to provide high quality psychiatric inpatient care to North Carolinians whose psychiatric and co-occurring medical symptoms exceed the capability of the community system. As the safety-net provider, it is crucial that the hospitals manage resources efficiently to serve the greatest number of individuals. To accomplish this, the hospital system will focus on maximizing bed availability and increasing patient throughput.

- Ensure safe and timely transition of patients and staff to new Broughton Hospital
- Improve patient throughput at the Hospitals by increasing discharges of individuals with challenging needs
- Improve patient throughput at the Hospitals by reducing number of admissions of individuals who are incapable to proceed (ITP)

# ADATC Objectives

The ADATCs will continue to provide inpatient treatment, psychiatric stabilization and medical detoxification for individuals with substance use and other co-occurring mental health diagnoses to prepare for ongoing community-based treatment and recovery. Ensure adequate capacity to maintain critical safety-net services by providing inpatient treatment for those individuals with the most significant substance use and co-occurring conditions that exceed the capability of the community system.

- Maximize revenue by increasing alternate funding sources/payors
- Increase capacity and expand service array to create market-driven utilization of the ADATCs
- Maintain provision of security net services (substance use and co-occurring mental health diagnosis, indigent, homeless, unemployed, criminal justice system, etc.)

# Developmental Center Objectives

Admissions to the Developmental Centers should be as limited as possible and only in cases where the individual's needs exceed the capability of the community system. Our focus during admission is on the safety and stabilization of the individual while the LME/MCO actively develops community supports to address missing components that led to admission. We will continue deliberate efforts to reduce our census and evolve our practices to best meet the needs of the people in our care and in a manner conducive to successful transition back to the community.

- Focus on community integration/reintegration
- Provide crisis stabilization/short-term admissions
- Serve as a center of excellence/resource for the community system to support individuals in the least restrictive setting

# Neuro-Medical Treatment Center Objectives

The NMTCs will continue to meet the needs and expand specialty services, for adults with chronic and complex medical conditions and/or behavioral conditions that coexist with neurocognitive disorders related to a diagnosis of Alzheimer's disease and related dementias that exceed the capability of the community system. They will focus on providing skilled nursing facility care efficiently, maximizing capacity, managing aging infrastructure and developing innovative responses to new and existing populations.

- Provide evidence-based safety-net skilled nursing facility level services
- Maintain regulatory reporting and life safety requirements
- Be responsive to community and state facility needs to increase access

# Ongoing Clinical/Operational Priorities

- Enhance clinical consistency across facilities and by facility type
- Evaluate and increase capacity for system-wide revenue cycle maximization and management commensurate with services and populations
- Address recruitment and retention challenges
- Address aging IT infrastructure to bring facilities to industry standards, e.g. Electronic Health Record (EHR), pharmacy equipment, etc.
- Implement plan to respond to Medicaid Transformation
- Ensure adequate and optimized resources to achieve system priorities



# Challenges of a State Operated System

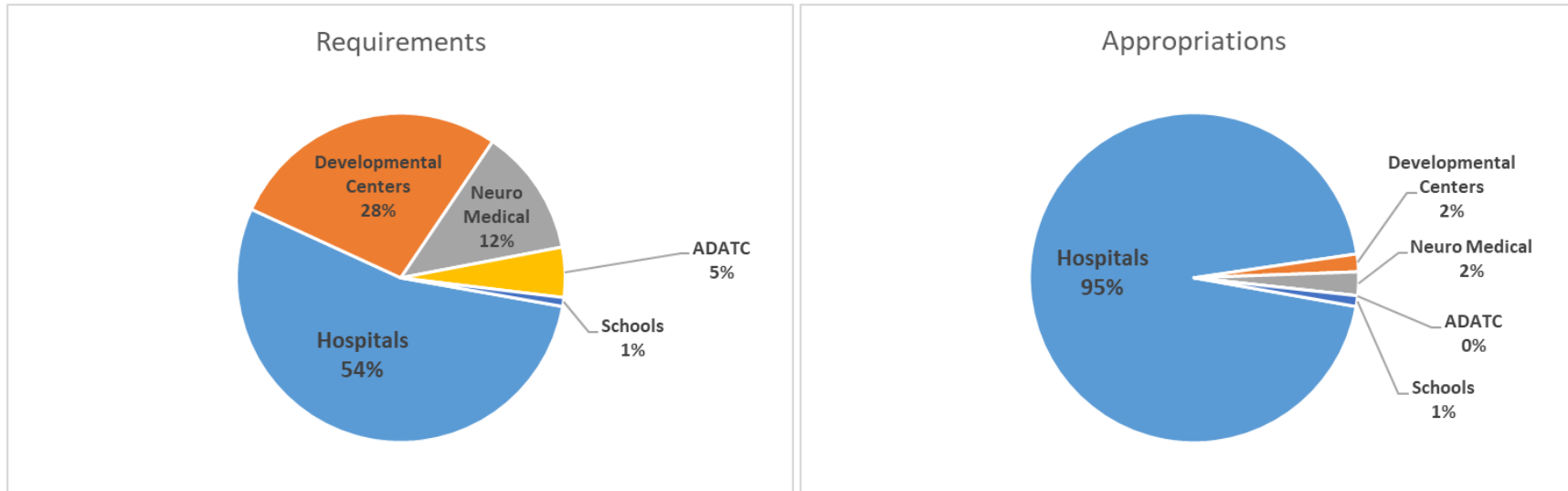
- Recruitment and retention
  - Time to hire
  - Use and cost of contract staffing due to inability to hire key clinical staff
  - Lack of flexibility in salary and other hiring incentives, e.g., sign on bonuses, funding for continuing education, etc.
- Serve highest acuity, most behaviorally challenging individuals (e.g., forensic/ITP patients in hospitals) impacts:
  - Hiring
  - Workers comp claims
  - Staffing ratios
  - Throughput issues
  - Cost of care
- Cost-based rates that are inclusive of psychiatry, dental, medical, pharmacy, ancillary services, and medical care provided in an external facility
- Lack of EHR impacts recruitment, revenue maximization, and data analysis

# Budget Summary

<b>STATE OPERATED FACILITIES</b>		<b>Actual 2017-18</b>	<b>Certified 2018-19</b>	<b>Authorized 2018-19</b>	<b>Inc\Dec 2019-20</b>	<b>Total 2019-20</b>	<b>Inc\Dec 2020-21</b>	<b>Total 2020-21</b>
1543	Whitaker School	\$ 5,783,897	\$ 5,405,356	\$ 5,409,755	\$ -	\$ 5,409,755	\$ -	\$ 5,409,755
1545	Murdoch Developmental Center - Child	-	-	-	-	-	-	-
1546	Wright School - Child	2,903,383	3,334,809	3,334,809	-	3,334,809	-	3,334,809
1561	Broughton Hospital - Adult	163,131,794	153,004,918	153,767,060	11,902,781	165,669,841	11,902,781	165,669,841
1562	Cherry Hospital - Adult	148,802,509	161,323,860	161,329,703	1,820,118	163,149,821	1,820,118	163,149,821
1563	Central Regional Hospital - Adult	218,104,232	228,411,240	230,037,820	(9,576,616)	220,461,204	(9,576,616)	220,461,204
1565	Caswell Developmental Center - Adult	85,245,605	98,921,190	97,689,961	-	97,689,961	-	97,689,961
1566	Murdoch Developmental Center - Adult	105,332,113	114,979,177	115,091,491	-	115,091,491	-	115,091,491
1567	J Iverson Riddle Developmental Center - Adult	62,415,224	67,075,075	67,752,343	-	67,752,343	-	67,752,343
156A	Longleaf Neuro-Medical Treatment Center - Adult	35,710,848	38,522,892	39,714,747	-	39,714,747	-	39,714,747
156B	Black Mountain Neuro-Medical Treatment Center - Ad	28,794,799	31,722,089	32,195,241	-	32,195,241	-	32,195,241
156C	O'Berry Neuro-Medical Treatment Center - Adult	45,510,481	59,780,094	55,530,216	-	55,530,216	-	55,530,216
156D	Julian F Keith ADATC - Adult	17,410,172	17,758,158	17,703,009	-	17,703,009	-	17,703,009
156E	RJ Blackley ADATC - Adult	13,973,829	17,131,994	16,888,547	-	16,888,547	-	16,888,547
156F	Walter B Jones ADATC - Adult	14,266,662	15,403,382	15,362,347	-	15,362,347	-	15,362,347
<b>Total Requirements</b>		<b>\$ 947,385,549</b>	<b>\$ 1,012,774,234</b>	<b>\$ 1,011,807,049</b>	<b>\$ 4,146,283</b>	<b>\$ 1,015,953,332</b>	<b>\$ 4,146,283</b>	<b>\$ 1,015,953,332</b>
1543	Whitaker School	\$ 5,338,505	\$ 5,390,205	\$ 5,394,604	\$ -	\$ 5,394,604	\$ -	\$ 5,394,604
1546	Wright School - Child	809	510	510	-	510	-	510
1561	Broughton Hospital - Adult	83,340,174	68,446,335	62,439,174	9,134,933	71,574,107	9,134,933	71,574,107
1562	Cherry Hospital - Adult	64,676,907	72,745,474	72,751,317	1,820,118	74,571,435	1,820,118	74,571,435
1563	Central Regional Hospital - Adult	90,002,849	108,185,058	109,811,638	(9,576,616)	100,235,022	(9,576,616)	100,235,022
1565	Caswell Developmental Center - Adult	86,121,825	97,931,357	96,840,810	-	96,840,810	-	96,840,810
1566	Murdoch Developmental Center - Adult	110,980,822	112,069,092	112,069,092	-	112,069,092	-	112,069,092
1567	J Iverson Riddle Developmental Center - Adult	64,783,132	65,611,767	66,087,867	-	66,087,867	-	66,087,867
156A	Longleaf Neuro-Medical Treatment Center - Adult	31,979,685	34,030,375	34,740,731	-	34,740,731	-	34,740,731
156B	Black Mountain Neuro-Medical Treatment Center - Ad	28,424,945	30,100,868	30,293,395	-	30,293,395	-	30,293,395
156C	O'Berry Neuro-Medical Treatment Center - Adult	51,334,831	59,262,640	55,017,271	-	55,017,271	-	55,017,271
156D	Julian F Keith ADATC - Adult	14,409,761	17,758,157	17,703,008	-	17,703,008	-	17,703,008
156E	RJ Blackley ADATC - Adult	11,476,966	17,131,994	16,888,547	-	16,888,547	-	16,888,547
156F	Walter B Jones ADATC - Adult	10,408,293	15,403,383	15,362,348	-	15,362,348	-	15,362,348
<b>Total Receipts</b>		<b>\$ 653,279,504</b>	<b>\$ 704,067,215</b>	<b>\$ 695,400,312</b>	<b>\$ 1,378,435</b>	<b>\$ 696,778,747</b>	<b>\$ 1,378,435</b>	<b>\$ 696,778,747</b>
<b>Net Appropriation</b>		<b>\$ 294,106,045</b>	<b>\$ 308,707,019</b>	<b>\$ 316,406,737</b>	<b>\$ 2,767,848</b>	<b>\$ 319,174,585</b>	<b>\$ 2,767,848</b>	<b>\$ 319,174,585</b>

Primary increase - annualization of salaries for Broughton Hospital in prior years budget

# Budget Summary



- Hospitals have the lowest level of Medicaid funding and the LME/MCO's don't use single stream allocations to pay for services in these facilities
- Developmental Centers and Neuro Medical Treatment Centers primarily funded with Medicaid receipts
- ADATC's primarily funded from LME/MCO receipts

# Prior Years Legislative Actions

- **2017-57 Local IP Psychiatric Bed Days 11F.3** — *funding for the purchase of additional inpatient bed days not currently funded by LME/MCO's*
- **2017-57 ADATC Funding 11F.4** — *modify previous provision for the mandatory LME/MCO spending at state ADATC as part of transition to a receipt supported operation*
- **2017-57 Use of Dorothea Dix Property Funds 11F.5** — *fund conversion of private acute care beds to inpatient psychiatric beds*

# Prior Years Legislative Actions

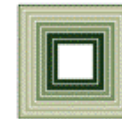
- 2018-5 Dorothea Dix 11F.2 beds — *modify reporting requirement previous provision and extend date for the use of funds to June 30, 2019*
- 2018-5 Dorothea Dix 11F.3 — *transfers \$10 million to the Department of Public Instruction for mental health related school safety initiative*
- 2018-5 Wright School 11F.6 — *directed report for the cost analysis of expanding to two additional locations within the State*

# QUESTIONS AND DISCUSSION

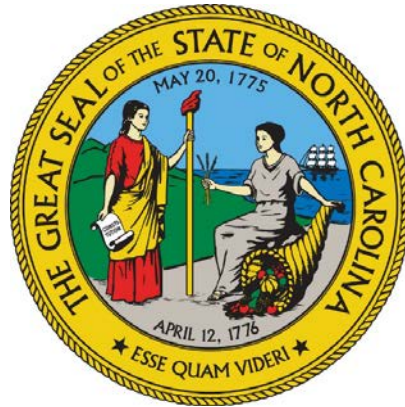
- Kody Kinsley, *Division of Mental Health, Developmental Disabilities and Substance Abuse Services*
- Steve Owen, *Fiscal Research Division*



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# Broughton Hospital Update March 28, 2019

# Construction Timeline

- **April 2, 2012** - Notice to Proceed issued to Archer Western Contractors (AWC)
- **September 19, 2014** - Original Project Complete date
- **April 2012 to April 2017** - DHHS Property & Construction Office engaged in multiple actions to attempt to keep AWC on schedule
- **April 20, 2017** - DHHS declared AWC in default and made demand for Travelers to take over completion of the project
- **June 16, 2017** – In lieu of default, DHHS executed Takeover Agreement with Travelers who maintained AWC as their Completing Contractor
- **June 27, 2017 to March 11, 2019** – The Travelers/AWC forecast for Certificate of Compliance/Project Complete has been extended 30 times
- **February 19 - 28, 2019** – State Construction Office (SCO) Final Inspection
- **March 20, 2019** – SCO Final Acceptance
- **April 19, 2019** – Certificate of Compliance/Project Complete



# Remaining Construction Activities

- Project Completion
  - Complete punch list items
  - Closeout documents
  - DHHS to consider other options for completing the project if Travelers/Vertex/AWC fails to complete it
- Post Construction/Acceptance
  - Post construction, there are several physical plant updates required for patient safety and regulation compliance -- such as pharmacy and dental clinical modifications, and medical and supportive equipment installation.

# Transition Activities

- Transition and Move In
  - Projected to begin April 19, 2019
  - Select staff will begin to occupy parts of the building almost immediately
  - Comprehensive employee training, technology and equipment installation, patient care unit and department set up, emergency drills, mock operations must occur
  - Physical relocation of patients and staff anticipated early September 2019

# QUESTIONS AND DISCUSSION

- Kody Kinsley, *Division of Mental Health, Developmental Disabilities and Substance Abuse Services*



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