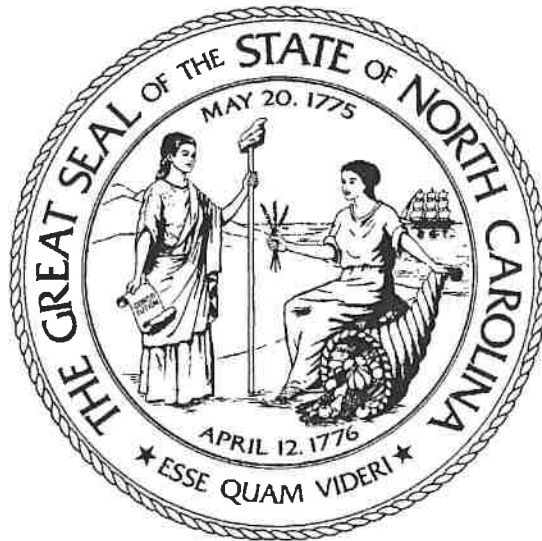


# **Senate Appropriations Committee on Health and Human Services**

## **Special Provisions for H.B. 966, 2019 Appropriations Act**



**May 28, 2019**

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37 **PART IX. HEALTH AND HUMAN SERVICES**

38  
39 **PART IX-A. AGING AND ADULT SERVICES**

40  
41 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

42 **SECTION 9A.1.(a)** For each year of the 2019-2021 fiscal biennium, the maximum  
43 monthly rate for residents in adult care home facilities shall be one thousand one hundred  
44 eighty-two dollars (\$1,182) per month per resident.

45 **SECTION 9A.1.(b)** For each year of the 2019-2021 fiscal biennium, the maximum  
46 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five  
47 hundred fifteen dollars (\$1,515) per month per resident.

48  
49 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**  
50 **ALLOWANCE**

1           **SECTION 9A.2.(a)** Effective October 1, 2019, the Department of Health and Human  
2 Services, Division of Aging and Adult Services, shall increase the personal needs allowance  
3 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month  
4 per recipient to fifty-eight dollars (\$58.00) per month per recipient.

5           **SECTION 9A.2.(b)** Effective October 1, 2019, and notwithstanding the increase in  
6 the personal needs allowance authorized by subsection (a) of this section or any other provision  
7 of law to the contrary, the following limits are applicable for determining financial eligibility for  
8 State-County Special Assistance:

9           (1) The total countable monthly income for individuals residing in adult care  
10 home facilities shall not exceed one thousand two hundred twenty-eight  
11 dollars (\$1,228) per month.

12           (2) The total countable monthly income for individuals residing in  
13 Alzheimer's/Dementia special care units shall not exceed one thousand five  
14 hundred sixty-one dollars (\$1,561) per month.

15  
16 **AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM**  
17 **NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS**

18           **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

19           "(a) The Department of Health and Human Services may use funds from the existing  
20 State-County Special Assistance budget to provide Special Assistance payments to eligible  
21 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~  
22 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The  
23 standard monthly payment to individuals enrolled in the Special Assistance in-home program  
24 shall be one hundred percent (100%) of the monthly payment the individual would receive if the  
25 individual resided in an adult care home and qualified for Special Assistance, except if a lesser  
26 payment amount is appropriate for the individual as determined by the local case manager. The  
27 Department shall implement Special Assistance in-home eligibility policies and procedures to  
28 assure that in-home program participants are those individuals who need and, but for the in-home  
29 program, would seek placement in an adult care home facility. The Department's policies and  
30 procedures shall include the use of a functional assessment."

31  
32 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

33  
34 **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH**  
35 **TECHNOLOGY (NC FAST)**

36           **SECTION 9B.1.(a)** Of the funds appropriated to the Department of Health and  
37 Human Services, Division of Central Management and Support, the sum of eighteen million  
38 ninety-one thousand eight hundred sixty-four dollars (\$18,091,864) in nonrecurring funds for the  
39 2019-2020 fiscal year and the sum of eleven million two hundred twenty-nine thousand eight  
40 hundred twenty-one dollars (\$11,229,821) in nonrecurring funds for the 2020-2021 fiscal year  
41 shall be used for nonrecurring operations and maintenance expenses for the North Carolina  
42 Families Accessing Services Through Technology (NC FAST) system and to match federal funds  
43 to expedite development and implementation of the following within the NC FAST system: (i)  
44 the child welfare case management component, (ii) 24 hours per day/seven days per week access  
45 to the NC FAST system, and (iii) a document management solution to allow State and federal  
46 Program Integrity staff and the county departments of social services to share and provide data  
47 in a timely manner. The Department of Health and Human Services, Division of Central  
48 Management and Support, shall report any change in approved federal funding or federal match  
49 rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and  
50 Human Services, the Joint Legislative Oversight Committee on Information Technology, and the  
51 Fiscal Research Division.

**SECTION 9B.1.(b)** Departmental receipts appropriated in this act in the sum of forty-one million one hundred twenty-nine thousand six hundred two dollars (\$41,129,602) for the 2019-2020 fiscal year and in the sum of twenty-three million seven hundred seventy thousand seven hundred fifty-three dollars (\$23,770,753) for the 2020-2021 fiscal year shall be used for the purposes described in subsection (a) of this section.

## **COMMUNITY HEALTH GRANT PROGRAM**

**SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management, Office of Rural Health, for each year of the 2019-2021 fiscal biennium for the Community Health Grant Program shall be used to continue to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-57.

**SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about awarding grants under this Program, but no single grant award shall exceed one hundred fifty thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after hours care; and collaboration between the applicant and a community hospital or other safety net organizations.

**SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the following:

- (1) Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not obligate the Department of Health and Human Services to continue to fund compensation beyond the grant period.
- (2) Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.
- (3) Finance or satisfy any existing debt.

**SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for administrative purposes.

**SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on community health grants that includes at least all of the following information:

- (1) The identity and a brief description of each grantee and each program or service offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of individuals served by each grantee, and for the individuals served, the types of services provided to each.
- (4) Any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

**SECTION 9B.2.(f)** By November 1, 2019, the Office of Rural Health shall report to the Joint Legislative Oversight Committee on Health and Human Services on the implementation status of the following Community Health Grant Program requirements enacted by Section 11A.8 of S.L. 2017-57:

- (1) Establishment of a Primary Care Advisory Committee, and that Committee's development of an objective and equitable process for grading applications for grants funded under the Community Health Grant Program.
- (2) Development of a standardized method for grant recipients to report objective, measurable quality health outcomes.

## **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY**

**SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability within the Department of Health and Human Services is eliminated.

**SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes is repealed.

## **ELIMINATION OF UNNECESSARY AND REDUNDANT REPORTS**

**SECTION 9B.6.(a)** Eliminate Report on Expansion of Controlled Substances Reporting System Monitoring Capacity. – G.S. 90-113.73A(b) is repealed.

**SECTION 9B.6.(b)** Eliminate Report on Coordination of Diabetes Programs. – G.S. 130A-221.1(b) is repealed.

**SECTION 9B.6.(c)** Eliminate Report on Department's Coordination of Chronic Care Initiatives. – G.S. 130A-222.5(3) is repealed.

**SECTION 9B.6.(d)** Eliminate Report on Compliance with Federal Maintenance of Effort Requirements Under TANF. – G.S. 108A-27.12(g) is repealed.

**SECTION 9B.6.(e)** Eliminate Report on Use of Lapsed Salary Funds. – G.S. 120-208.4(b) is repealed.

## **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

**SECTION 9B.8.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each year of the 2019-2021 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit organizations:

- (1) The sum of ten million six hundred fifty-three thousand nine hundred eleven dollars (\$10,653,911) in recurring funds for each year of the 2019-2021 fiscal biennium.
- (2) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act in Social Services Block Grant funds.
- (3) The sum of one million six hundred thousand dollars (\$1,600,000) for each year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds.

**SECTION 9B.8.(b)** The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

- (1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
- (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.

- (3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.
- (4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:
- a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
  - b. A system of residential supports for those afflicted with substance abuse addiction.
  - c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
  - d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
  - e. A food distribution system for needy individuals.
  - f. The provision and coordination of services for the homeless.
  - g. The provision of services for individuals aging out of foster care.
  - h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
  - i. The provision of services and screening for blindness.
  - j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
  - k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
  - l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.
  - m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.
  - n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.
- It is the intent of the General Assembly that annually the Secretary evaluate and prioritize the categories of health and wellness initiatives described under this subdivision to determine the best use of these funds in making grant awards, exclusive of direct allocations made by the General Assembly.
- (5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.
- (6) A process that allows grants to be awarded to nonprofits for up to two years.
- (7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

**SECTION 9B.8.(c)** No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

- (1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
- (2) The amount of funding awarded to each grantee.

- (3) The number of persons served by each grantee, broken down by program or initiative.

**SECTION 9B.8.(d)** No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

- (1) The entity's mission, purpose, and governance structure.
- (2) A description of the types of programs, services, and activities funded by State appropriations.
- (3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
- (4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
- (5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

**SECTION 9B.8.(e)** For the 2019-2021 fiscal biennium only, from the funds identified in subsection (a) of this section, the Department shall make the following allocations, provided that each nonprofit organization receiving funds pursuant to this subsection shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section:

- (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of the 2019-2021 fiscal biennium to provide grants to Big Brothers Big Sisters.
- (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000) for each year of the 2019-2021 fiscal biennium and the sum of one million six hundred thousand dollars (\$1,600,000) appropriated in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2019-2021 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals with substance abuse addiction.
- (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in each year of the 2019-2021 fiscal biennium to provide grants to Boys and Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates.
- (4) The sum of two hundred fifty thousand dollars (\$250,000) to Cross Trail Outfitters for purposes of promoting wellness and physical activity for youth 7 to 20 years of age.

## **TELEHEALTH PILOT PROGRAM**

**SECTION 9B.10.(a)** Of the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2019-2020 fiscal year shall be allocated to Southeastern Regional Medical Center (Southeastern), a nonprofit corporation, to develop and administer a telehealth pilot program. The purpose of the pilot program is to purchase telehealth infrastructure and equipment that will enable Southeastern to establish telehealth services with health care providers in Robeson County, Bladen County, and Columbus County. The pilot program expires on December 31, 2020, unless otherwise extended by law.



1           **SECTION 9B.10.(b)** By November 1, 2020, Southeastern shall submit to the  
2 Department of Health and Human Services, Division of Central Management and Support, Office  
3 of Rural Health, a written report of all telehealth services provided under the pilot program  
4 authorized by this section. The report shall include at least all of the following information:

- 5           (1) A description of all telehealth infrastructure and equipment funded by State  
6           appropriations.
- 7           (2) A description of the types of telehealth services provided under the pilot  
8           program, and a list of the health care providers participating in the pilot  
9           program.
- 10          (3) Statistical and demographical information on the number of persons served  
11          under the pilot program.
- 12          (4) Objective outcome measures that demonstrate the impact and effectiveness of  
13          the telehealth services provided under the pilot program.
- 14          (5) A detailed budget and list of expenditures funded by State appropriations.

15           **SECTION 9B.10.(c)** By March 1, 2021, the Department of Health and Human  
16 Services, Division of Central Management and Support, Office of Rural Health, shall report to  
17 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
18 Research Division on the pilot program authorized by this section. The report shall include, at a  
19 minimum, the information described in subdivisions (1) through (5) of subsection (b) of this  
20 section.

21  
22           **PROVIDER PARTICIPATION IN NORTH CAROLINA'S HEALTH INFORMATION**  
23           **EXCHANGE NETWORK KNOWN AS NC HEALTHCONNEX**

24           **SECTION 9B.11.(a)** G.S. 90-414.4 reads as rewritten:

25           **"§ 90-414.4. Required participation in HIE Network for some providers.**

26           (a) Findings. – The General Assembly makes the following findings:

- 27           (1) That controlling escalating health care costs of the Medicaid program and  
28           other State-funded health care services is of significant importance to the  
29           State, its taxpayers, its Medicaid recipients, and other recipients of  
30           State-funded health care services.
- 31           (2) That the State needs and covered entities in North Carolina need timely access  
32           to certain demographic and clinical information pertaining to services  
33           rendered to Medicaid and other State-funded health care program  
34           beneficiaries and paid for with Medicaid or other State-funded health care  
35           funds in order to assess performance, improve health care outcomes, pinpoint  
36           medical expense trends, identify beneficiary health risks, and evaluate how  
37           the State is spending money on Medicaid and other State-funded health care  
38           services.
- 39           (3) That making demographic and clinical information available to the State and  
40           covered entities in North Carolina by secure electronic means as set forth in  
41           subsection (b) of this section ~~will, with respect to Medicaid and other~~  
42           ~~State-funded health care programs, will~~ improve care coordination within and  
43           across health systems, increase care quality for such beneficiaries, enable  
44           more effective population health management, reduce duplication of medical  
45           services, augment syndromic surveillance, allow more accurate measurement  
46           of care services and outcomes, increase strategic knowledge about the health  
47           of the population, and facilitate health care cost containment.

48           (a1) Mandatory Connection to HIE Network. – Notwithstanding the voluntary nature of  
49 the HIE Network under G.S. 90-414.2, the following providers and entities shall be connected to  
50 the HIE Network and begin submitting data through the HIE Network pertaining to services  
51 rendered to Medicaid beneficiaries and to other State-funded health care program beneficiaries

and paid for with Medicaid or other State-funded health care funds in accordance with the following time line:

- (1) The following providers of Medicaid services licensed to operate in the State that have an electronic health record system shall begin submitting-submitting, at a minimum, demographic and clinical data by June 1, 2018:
  - a. Hospitals as defined in G.S. 131E-176(13).
  - b. Physicians licensed to practice under Article 1 of Chapter 90 of the General Statutes, except for licensed physicians whose primary area of practice is psychiatry.
  - c. Physician assistants as defined in 21 NCAC 32S.0201.
  - d. Nurse practitioners as defined in 21 NCAC 36.0801.
- (2) Except as provided in subdivisions (3), (4), and (5) of this subsection, all other providers of Medicaid and State-funded health care services shall begin submitting demographic and clinical data by June 1, ~~2019~~2020.
- (3) The following entities shall submit encounter and claims data, as appropriate, in accordance with the following time line:
  - a. Prepaid Health Plans, as defined in S.L. 2015-245, by the commencement date of a capitated contract with the Division of Health Benefits for the delivery of Medicaid and NC Health Choice services as specified in S.L. 2015-245.
  - b. Local management entities/managed care organizations, as defined in G.S. 122C-3, by June 1, 2020.
- (4) The following entities shall begin submitting demographic and clinical data by June 1, 2021:
  - a. Ambulatory surgical centers as defined in G.S. 131E-146.
  - b. Dentists licensed under Article 2 of Chapter 90 of the General Statutes.
  - c. Licensed physicians whose primary area of practice is psychiatry.
- (5) The following entities shall begin submitting claims data by June 1, 2021:
  - a. Pharmacies registered with the North Carolina Board of Pharmacy under Article 4A of Chapter 90 of the General Statutes.
  - b. State health care facilities operated under the jurisdiction of the Secretary of the Department of Health and Human Services, including State psychiatric hospitals, developmental centers, alcohol and drug treatment centers, neuro-medical treatment centers, and residential programs for children such as the Wright School and the Whitaker Psychiatric Residential Treatment Facility.
  - c. The State Laboratory of Public Health operated by the Department of Health and Human Services.

(a2) Extensions of Time for Establishing Connection to the HIE Network. – The Department of Information Technology, in consultation with the Department of Health and Human Services, may establish a process to grant limited extensions of the time for providers and entities to connect to the HIE Network and begin submitting data as required by this section upon the request of a provider or entity that demonstrates an ongoing good-faith effort to take necessary steps to establish such connection and begin data submission as required by this section. The process for granting an extension of time must include a presentation by the provider or entity to the Department of Information Technology and the Department of Health and Human Services on the expected time line for connecting to the HIE Network and commencing data submission as required by this section. Neither the Department of Information Technology nor the Department of Health and Human Services shall grant an extension of time (i) to any provider or entity that fails to provide this information to both Departments, (ii) that would result in the provider or entity connecting to the HIE Network and commencing data submission as required

by this section later than June 1, 2020, or (iii) that would result in any provider or entity specified in subdivisions (4) and (5) of subsection (a1) of this section connecting to the HIE Network and commencing data submission as required by this section later than June 1, ~~2021, 2022~~. The Department of Information Technology shall consult with the Department of Health and Human Services to review and decide upon a request for an extension of time under this section within 30 days after receiving a request for an extension.

...  
(e) Voluntary Connection for Certain Providers. – Notwithstanding the mandatory connection and data submission requirements in subsections (a1) and (b) of this section, the following providers of Medicaid services or other State-funded health care services are not required to connect to the HIE Network or submit data, but may connect to the HIE Network and submit data voluntarily:

- (1) Community-based long-term services and supports providers, including personal care services, private duty nursing, and hospice care providers.
- (2) Intellectual and developmental disability services and supports providers, such as day supports and supported living providers.
- (3) Community Alternatives Program waiver services (including CAP/DA, CAP/C, and Innovations) providers.
- (4) Eye and vision services providers.
- (5) Speech, language, and hearing services providers.
- (6) Occupational and physical therapy providers.
- (7) Durable medical equipment providers.
- (8) Non-emergency medical transportation service providers.
- (9) Ambulance (emergency medical transportation service) providers.
- (10) Local education agencies and school-based health providers.

(f) Confidentiality of Data. – All data submitted to or through the HIE Network containing protected health information, personally identifying information, or a combination of these, that are in the possession of the Department of Information Technology or any other agency of the State are confidential and shall not be defined as public records under G.S. 132-1. This subsection shall not be construed to prohibit the disclosure of any such data as otherwise permitted under federal law."

**SECTION 9B.11.(b)** G.S. 90-414.10(d) reads as rewritten:

"(d) Except as otherwise permitted in ~~G.S. 90-414.9(a)(3)~~, G.S. 90-414.11(a)(3), or as required by law, the protected health information of an individual who has exercised the right to opt out may not be made accessible or disclosed to covered entities or any other person or entity through the HIE Network for any purpose."

**SECTION 9B.11.(c)** This section is effective when it becomes law.

## **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

### **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES**

**SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the

1 United States, including the North Carolina National Guard, State military forces, or a reserve  
2 component of the Armed Forces who was ordered to active duty by the proper authority within  
3 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
4 Armed Forces of the United States, including the North Carolina National Guard, State military  
5 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
6 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
7 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

8 Other than developmental disabilities or other chronic health issues, the Division shall  
9 not consider the health of a child as a factor in determining eligibility for participation in the NC  
10 Pre-K program.

11 **SECTION 9C.1.(b) Multiyear Contracts.** – The Division of Child Development and  
12 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
13 private child care centers providing NC Pre-K classrooms.

14 **SECTION 9C.1.(c) Building Standards.** – Notwithstanding G.S. 110-91(4), private  
15 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
16 standards for preschool students as provided in G.S. 115C-521.1.

17 **SECTION 9C.1.(d) Programmatic Standards.** – Except as provided in subsection  
18 (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
19 prescribed by the Division of Child Development and Early Education regarding programmatic  
20 standards and classroom requirements.

21 **SECTION 9C.1.(e) NC Pre-K Committees.** – Local NC Pre-K committees shall use  
22 the standard decision-making process developed by the Division of Child Development and Early  
23 Education in awarding NC Pre-K classroom slots and student selection.

24 **SECTION 9C.1.(f) Reporting.** – The Division of Child Development and Early  
25 Education shall submit an annual report no later than March 15 of each year to the Joint  
26 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
27 Management, and the Fiscal Research Division. The report shall include the following:

- 28 (1) The number of children participating in the NC Pre-K program by county.
- 29 (2) The number of children participating in the NC Pre-K program who have  
30 never been served in other early education programs such as child care, public  
31 or private preschool, Head Start, Early Head Start, or early intervention  
32 programs.
- 33 (3) The expected NC Pre-K expenditures for the programs and the source of the  
34 local contributions.
- 35 (4) The results of an annual evaluation of the NC Pre-K program.

36 **SECTION 9C.1.(g) Audits.** – The administration of the NC Pre-K program by local  
37 partnerships shall be subject to the financial and compliance audits authorized under  
38 G.S. 143B-168.14(b).  
39

## 40 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

41 **SECTION 9C.2.** Of the funds appropriated in this act to the Department of Health  
42 and Human Services, Division of Child Development and Early Education, funds shall be  
43 allocated to raise the base reimbursement rates for child care centers participating in the North  
44 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over the 2018-2019 fiscal  
45 year rates for each year of the 2019-2021 fiscal biennium. It is the intent of the General Assembly  
46 that funds allocated pursuant to this section be used to increase the salaries of teachers working  
47 in child care centers as a means to address disparities in teacher salaries among teachers working  
48 in child care centers versus those working in public schools or Head Start centers.  
49

## 50 **CHILD CARE SUBSIDY RATES**

**SECTION 9C.3.(a)** The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

**SECTION 9C.3.(b)** Effective October 1, 2019, fees for families who are required to share in the cost of care are established based on nine percent (9%) of gross family income. When care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

**SECTION 9C.3.(c)** Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

- (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.
- (2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.
- (3) No payments shall be made for transportation services charged by child care facilities.
- (4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment.
- (5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

**SECTION 9C.3.(d)** Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

- (1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.
- (2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

**SECTION 9C.3.(e)** A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

**SECTION 9C.3.(f)** The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy

1 funds shall not be paid for one- or two-star rated facilities. For those counties with an inadequate  
2 number of four- and five-star rated facilities, the Division shall continue a transition period that  
3 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
4 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
5 of four- and five-star rated facilities for non-star rated programs, such as religious programs.

6 **SECTION 9C.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
7 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
8 that provides for the purchase of care in child care facilities for minor children of needy families.  
9 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
10 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
11 any additional applicable requirements of federal law or regulations. Child care arrangements  
12 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
13 meet the requirements established by other State law and by the Social Services Commission.

14 County departments of social services or other local contracting agencies shall not  
15 use a provider's failure to comply with requirements in addition to those specified in this  
16 subsection as a condition for reducing the provider's subsidized child care rate.

17 **SECTION 9C.3.(h)** Payment for subsidized child care services provided with  
18 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
19 and policies issued by the Division of Child Development and Early Education for the subsidized  
20 child care program.

21 **SECTION 9C.3.(i)** Noncitizen families who reside in this State legally shall be  
22 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions  
23 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for  
24 child care subsidies only if at least one of the following conditions is met:

- 25 (1) The child for whom a child care subsidy is sought is receiving child protective  
26 services or foster care services.
- 27 (2) The child for whom a child care subsidy is sought is developmentally delayed  
28 or at risk of being developmentally delayed.
- 29 (3) The child for whom a child care subsidy is sought is a citizen of the United  
30 States.

31 **SECTION 9C.3.(j)** The Department of Health and Human Services, Division of  
32 Child Development and Early Education, shall require all county departments of social services  
33 to include on any forms used to determine eligibility for child care subsidy whether the family  
34 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

35 **SECTION 9C.3.(k)** Department of Defense-certified child care facilities licensed  
36 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
37 provides for the purchase of care in child care facilities for minor children in needy families,  
38 provided that funds allocated from the State-subsidized child care program to Department of  
39 Defense-certified child care facilities shall supplement and not supplant funds allocated in  
40 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
41 Department of Defense-certified child care facilities and who are eligible to receive subsidized  
42 child care shall be as set forth in this section.

#### 43 44 **CHILD CARE ALLOCATION FORMULA**

45 **SECTION 9C.4.(a)** The Department of Health and Human Services, Division of  
46 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
47 funds to pay the costs of necessary child care for minor children of needy families. The  
48 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
49 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
50 allocation. The Department of Health and Human Services shall use the following method when

1 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
2 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 3 (1) Funds shall be allocated to a county based upon the projected cost of serving  
4 children under age 11 in families with all parents working who earn less than  
5 the applicable federal poverty level percentage set forth in Section 9C.3(a) of  
6 this act.
- 7 (2) The Division may withhold up to two percent (2%) of available funds from  
8 the allocation formula for (i) preventing termination of services throughout  
9 the fiscal year and (ii) repayment of any federal funds identified by counties  
10 as overpayments, including overpayments due to fraud. The Division shall  
11 allocate to counties any funds withheld before the end of the fiscal year when  
12 the Division determines the funds are not needed for the purposes described  
13 in this subdivision. The Division shall submit a report to the Joint Legislative  
14 Oversight Committee on Health and Human Services and the Fiscal Research  
15 Division, which report shall include each of the following:
- 16 a. The amount of funds used for preventing termination of services and  
17 the repayment of any federal funds.
- 18 b. The date the remaining funds were distributed to counties.
- 19 c. As a result of funds withheld under this subdivision and after funds  
20 have been distributed, any counties that did not receive at least the  
21 amount the counties received the previous year and the amount by  
22 which funds were decreased.

23 The Division shall submit a report in each year of the 2019-2021 fiscal  
24 biennium 30 days after the funds withheld pursuant to this subdivision are  
25 distributed but no later than April 1 of each respective year.

- 26 (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
27 for vulnerable populations, which include a child identified as having special  
28 needs and a child whose application for assistance indicates that the child and  
29 the child's family is experiencing homelessness or is in a temporary living  
30 situation. A child identified by this subdivision shall be given priority for  
31 receiving services until such time as set-aside allocations for vulnerable  
32 populations are exhausted.

33 **SECTION 9C.4.(b)** The Division may reallocate unused child care subsidy voucher  
34 funds in order to meet the child care needs of low-income families. Any reallocation of funds  
35 shall be based upon the expenditures of all child care subsidy voucher funding, including North  
36 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service  
37 levels within the funds allocated to the counties. A county with a spending coefficient over one  
38 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation  
39 before receiving any reallocated funds.

40 **SECTION 9C.4.(c)** When implementing the formula under subsection (a) of this  
41 section, the Division shall include the market rate increase in the formula process rather than  
42 calculating the increases outside of the formula process. Additionally, the Department shall do  
43 the following:

- 44 (1) A county's initial allocation shall be the county's expenditure in the previous  
45 fiscal year or a prorated share of the county's previous fiscal year expenditures  
46 if sufficient funds are not available. With the exception of market rate  
47 increases consistent with any increases approved by the General Assembly, a  
48 county whose spending coefficient is less than ninety-two percent (92%) in  
49 the previous fiscal year shall receive its prior year's expenditure as its  
50 allocation and shall not receive an increase in its allocation in the following  
51 year. A county whose spending coefficient is at least ninety-two percent



(92%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ninety-two percent (92%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected county. By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.

- (2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

## SMART START INITIATIVES

**SECTION 9C.5.(a) Policies.** – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to five years of age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to 5 years of age that do the following:

- (1) Increase children's literacy.
- (2) Increase the parents' ability to raise healthy, successful children.
- (3) Improve children's health.
- (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

**SECTION 9C.5.(b) Administration.** – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

**SECTION 9C.5.(c) Salaries.** – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

- (1) The population of the area serviced by a local partnership.
- (2) The amount of State funds administered.
- (3) The amount of total funds administered.
- (4) The professional experience of the individual to be compensated.
- (5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.



1 The salary schedule shall be used only to determine the maximum amount of State  
2 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit  
3 a local partnership from using non-State funds to supplement an individual's salary in excess of  
4 the amount set by the salary schedule established under this subsection.

5 **SECTION 9C.5.(d) Match Requirements.** – The North Carolina Partnership for  
6 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
7 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2019-2021  
8 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local  
9 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
10 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
11 match requirement of nineteen percent (19%) for each year of the 2019-2021 fiscal biennium.  
12 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
13 the required match for a fiscal year in order to meet the match requirement of the succeeding  
14 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
15 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
16 match requirement of this subsection. Volunteer services that qualify as professional services  
17 shall be valued at the fair market value of those services. All other volunteer service hours shall  
18 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
19 Employment Security of the Department of Commerce in the Employment and Wages in North  
20 Carolina Annual Report for the most recent period for which data are available. Expenses,  
21 including both those paid by cash and in-kind contributions, incurred by other participating  
22 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
23 partnerships also may be considered resources available to meet the required private match. In  
24 order to qualify to meet the required private match, the expenses shall:

- 25 (1) Be verifiable from the contractor's records.
- 26 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
27 generally accepted accounting principles for nonprofit organizations.
- 28 (3) Not include expenses funded by State funds.
- 29 (4) Be supplemental to and not supplant preexisting resources for related program  
30 activities.
- 31 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
32 be necessary and reasonable for the proper and efficient accomplishment of  
33 the Program's objectives.
- 34 (6) Be otherwise allowable under federal or State law.
- 35 (7) Be required and described in the contractual agreements approved by the  
36 North Carolina Partnership for Children, Inc., or the local partnership.
- 37 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
38 partnership by the contractor in the same manner as reimbursable expenses.

39 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
40 2019-2021 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
41 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
42 responsible for compiling information on the private cash and in-kind contributions into a report,  
43 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
44 verification by the Department of Revenue. The same match requirements shall apply to any  
45 expansion funds appropriated by the General Assembly.

46 **SECTION 9C.5.(e) Bidding.** – The North Carolina Partnership for Children, Inc.,  
47 and all local partnerships shall use competitive bidding practices in contracting for goods and  
48 services on contract amounts as follows:

- 49 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified  
50 by a written policy as developed by the Board of Directors of the North  
51 Carolina Partnership for Children, Inc.

- (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen thousand dollars (\$15,000), three written quotes.
- (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty thousand dollars (\$40,000), a request for proposal process.
- (4) For amounts of forty thousand dollars (\$40,000) or more, a request for proposal process and advertising in a major newspaper.

**SECTION 9C.5.(f)** Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

**SECTION 9C.5.(g)** Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

**SECTION 9C.5.(h)** Expenditure Restrictions. – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2019-2021 fiscal biennium shall be administered and distributed in the following manner:

- (1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
- (2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2019-2021 fiscal biennium.

For the 2019-2021 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

**SECTION 9C.5.(i)** Notwithstanding subsection (h) of this section, the North Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of State funds for fund-raising activities. The North Carolina Partnership for Children, Inc., shall include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds for fund-raising. The report shall include the following:

- (1) The amount of funds expended on fund-raising.
- (2) Any return on fund-raising investments.
- (3) Any other information deemed relevant.

**SECTION 9C.5.(j)** G.S. 143B-168.12(d) reads as rewritten:

"(d) The North Carolina Partnership for Children, Inc., shall make a report no later than December 1 of each year to the General Assembly Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division of the General Assembly that shall include the following:

- (1) A description of the program and significant services and initiatives.
- (2) A history of Smart Start funding and the previous fiscal year's expenditures.
- (3) The number of children served by type of service.
- (4) The type and quantity of services provided.
- (5) The results of the previous year's evaluations of the Initiatives or related programs and services.
- (6) A description of significant policy and program changes.
- (7) Any recommendations for legislative action."

#### **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION LIBRARY**

**SECTION 9C.6.(a)** Funds allocated to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, shall be used to increase access to

Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books on a monthly basis to children registered for the program.

**SECTION 9C.6.(b)** The North Carolina Partnership for Children, Inc., may use up to one percent (1%) of the funds for statewide program management and up to one percent (1%) of the funds for program evaluation. Funds appropriated under this section shall not be subject to administrative costs requirements under Section 9C.5(b) of this act, nor shall these funds be subject to the child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under Section 9C.5(d) of this act.

## PART IX-D. HEALTH BENEFITS

### MEDICAID ELIGIBILITY

**SECTION 9D.1.** Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

**"§ 108A-54.3A. Eligibility categories and income thresholds.**

(a) The Department shall provide Medicaid coverage for individuals in accordance with federal statutes and regulations and specifically shall provide coverage for the following populations:

- (1) Families, children under the age of 21, pregnant women, and individuals who are aged, blind, or disabled, who are medically needy, subject to the following annual income levels after meeting the applicable deductible:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$2,904</u>
<u>2</u>	<u>3,804</u>
<u>3</u>	<u>4,404</u>
<u>4</u>	<u>4,800</u>
<u>5</u>	<u>5,196</u>
<u>6</u>	<u>5,604</u>
<u>7</u>	<u>6,000</u>
<u>8</u>	<u>6,300</u>
<u>9</u>	<u>6,504</u>
<u>10</u>	<u>6,900</u>
<u>11</u>	<u>7,200</u>
<u>12</u>	<u>7,596</u>
<u>13</u>	<u>8,004</u>
<u>14</u>	<u>8,400</u>

each additional family member add \$396

- (2) Families and children under the age of 21, subject to the following annual income levels:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$5,208</u>
<u>2</u>	<u>6,828</u>
<u>3</u>	<u>8,004</u>
<u>4</u>	<u>8,928</u>
<u>5</u>	<u>9,888</u>
<u>6</u>	<u>10,812</u>
<u>7</u>	<u>11,700</u>
<u>8</u>	<u>12,432</u>
<u>9</u>	<u>13,152</u>
<u>10</u>	<u>14,028</u>

- each additional family member add \$936
- (3) Children under the age of 6 with family incomes equal to or less than two hundred ten percent (210%) of the federal poverty guidelines.
- (4) Children aged 6 through 18 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines.
- (5) Children under the age of 19 who are receiving foster care or adoption assistance under title IV-E of the Social Security Act, without regard to income.
- (6) Children in the legal custody of State-sponsored foster care who are under the age of 21 and ineligible for Title IV-E assistance, without regard to income.
- (7) Independent foster care adolescents ages 18, 19, and 20, as defined in 42 U.S.C. § 1396d(w)(1), without regard to income.
- (8) Former foster care children under the age of 26 in accordance with 42 U.S.C. § 1396a(a)(10)(A)(i)(IX), without regard to income.
- (9) Adoptive children with special or rehabilitative needs, regardless of the adoptive family's income.
- (10) Pregnant women with incomes equal to or less than one hundred ninety-six percent (196%) of the federal poverty guidelines. Coverage for pregnant women eligible under this subdivision include only services related to pregnancy and to other conditions determined by the Department as conditions that may complicate pregnancy.
- (11) Men and women of childbearing age with family incomes equal to or less than one hundred ninety-five percent (195%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to coverage for family planning services.
- (12) Women who need treatment for breast or cervical cancer and who are defined in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).
- (13) Aged, blind, or disabled individuals, as defined in Subpart F of Part 435 of Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations, with incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines.
- (14) Beneficiaries receiving supplemental security income under title XVI of the Social Security Act.
- (15) Workers with disabilities, as provided in G.S. 108A-66.1.
- (16) Qualified working disabled individuals, as provided in G.S. 108A-67.
- (17) Qualified Medicare beneficiaries with incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to payment of Medicare premiums and deductibles and co-insurance for Medicare-covered services.
- (18) Specified low-income Medicare beneficiaries with incomes equal to or less than one hundred twenty percent (120%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to payment of Medicare Part B premiums.
- (19) Qualifying individuals who are Medicare beneficiaries and who have incomes equal to or less than one hundred thirty-five percent (135%) of the federal poverty guidelines, may be covered within funds available for the Limited Medicare-Aid Capped Enrollment program. Coverage for the individuals described in this subdivision shall be limited to payment of Medicare Part B premiums.

- (20) Recipients of an optional State supplementation program provided in accordance with 42 U.S.C. § 1382e.
- (21) Individuals who meet eligibility criteria under a Medicaid waiver approved by the Centers for Medicare and Medicaid Services and authorized by an act of the General Assembly, within funds available for the waiver.
- (22) Refugees, in accordance with 8 U.S.C. § 1522.
- (23) Qualified aliens subject to the five-year bar for means tested public assistance under 8 U.S.C. § 1613 and undocumented aliens, only for emergency services under 8 U.S.C. § 1611."

## MEDICAID ANNUAL REPORT

**SECTION 9D.2.** The Department of Health and Human Services, Division of Health Benefits (DHB), shall continue the publication of the Medicaid Annual Report and accompanying tables. DHB shall publish the report and tables on its Web site no later than December 31 following each State fiscal year.

## ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS

**SECTION 9D.3.** The Department of Health and Human Services (Department) shall issue Medicaid identification cards to recipients on an annual basis with updates as needed. The Department shall adopt rules, or amend any current rules relating to Medicaid identification cards, to implement this section. No later than July 1, 2020, the Department shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice confirming the adoption or amendment of rules in accordance with this section.

## ADMINISTRATIVE HEARINGS FUNDING

**SECTION 9D.4.** Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (Department) shall transfer the sum of one million dollars (\$1,000,000) for the 2019-2020 fiscal year and the sum of one million dollars (\$1,000,000) for the 2020-2021 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by the OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate the Department's ability to draw down federal Medicaid funds to support this administrative function. Upon receipt of invoices from the OAH for covered services rendered in accordance with the MOA, the Department shall transfer the federal share of Medicaid funds drawn down for this purpose.

## ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

**SECTION 9D.5.(a)** Receivables reserved at the end of the 2019-2020 and 2020-2021 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years.

**SECTION 9D.5.(b)** For the 2019-2020 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred sixty-five million three hundred thousand dollars (\$165,300,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2020-2021 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty million dollars (\$130,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and

1 nonindigent care services. The return from State-owned and State-operated hospitals to the  
2 Department of Health and Human Services will be made from nonfederal resources in an amount  
3 equal to the amount of the payments from the Division of Health Benefits for uncompensated  
4 care. The treatment of any revenue derived from federal programs shall be in accordance with  
5 the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

## 6 7 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

8 **SECTION 9D.6.** The Department of Health and Human Services, Division of Health  
9 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
10 services, medical equipment, supplies, and appliances by implementation of volume purchase  
11 plans, single source procurement, or other contracting processes in order to improve cost  
12 containment.

## 13 14 **LME/MCO OUT-OF-NETWORK AGREEMENTS**

15 **SECTION 9D.7.(a)** The Department of Health and Human Services (Department)  
16 shall continue to ensure that local management entities/managed care organizations  
17 (LME/MCOs) utilize an out-of-network agreement that contains standardized elements  
18 developed in consultation with LME/MCOs. The out-of-network agreement shall be a  
19 streamlined agreement between a single provider of behavioral health or  
20 intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care  
21 in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and  
22 comply with all requirements of State and federal laws and regulations. LME/MCOs shall use  
23 the out-of-network agreement in lieu of a comprehensive provider contract when all of the  
24 following conditions are met:

- 25 (1) The services requested are medically necessary and cannot be provided by an  
26 in-network provider.
- 27 (2) The behavioral health or IDD provider's site of service delivery is located  
28 outside of the geographical catchment area of the LME/MCO, and the  
29 LME/MCO is not accepting applications or the provider does not wish to  
30 apply for membership in the LME/MCO closed network.
- 31 (3) The behavioral health or IDD provider is not excluded from participation in  
32 the Medicaid program, the NC Health Choice program, or other State or  
33 federal health care program.
- 34 (4) The behavioral health or IDD provider is serving no more than two enrollees  
35 of the LME/MCO, unless the agreement is for inpatient hospitalization, in  
36 which case the LME/MCO may, but shall not be required to, enter into more  
37 than five such out-of-network agreements with a single hospital or health  
38 system in any 12-month period.

39 **SECTION 9D.7.(b)** A Medicaid provider providing services pursuant to an  
40 out-of-network agreement shall be considered a network provider for purposes of Chapter 108D  
41 of the General Statutes only as it relates to enrollee grievances and appeals.

## 42 43 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

44 **SECTION 9D.8.(a)** The local management entities/managed care organizations  
45 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human  
46 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million  
47 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2019-2020 fiscal year  
48 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen  
49 dollars (\$18,028,217) for the 2020-2021 fiscal year. The due date and frequency of the  
50 intergovernmental transfer required by this section shall be determined by DHB. The amount of

the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	2019-2020	2020-2021
Alliance Behavioral Healthcare	\$2,994,453	\$2,994,453
Cardinal Innovations Healthcare	\$4,032,586	\$4,032,586
Eastpointe	\$1,701,156	\$1,701,156
Partners Behavioral Health Management	\$1,914,860	\$1,914,860
Sandhills Center	\$1,978,939	\$1,978,939
Trillium Health Resources	\$3,119,822	\$3,119,822
Vaya Health	\$2,286,401	\$2,286,401

**SECTION 9D.8.(b)** In the event that any county disengages from an LME/MCO and realigns with another LME/MCO during the 2019-2021 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium are achieved.

**SECTION 9D.8.(c)** If DHB does not make the additional capitation payment associated with the Medicaid risk reserve to an LME/MCO in any given month, then the intergovernmental transfer required to be made by that LME/MCO under subsection (a) shall be reduced on a pro rata basis and the aggregate amount to be collected by DHB in the corresponding fiscal year shall be adjusted accordingly.

## **CO-PAYMENTS FOR MEDICAID SERVICES**

**SECTION 9D.9.(a)** Beginning November 1, 2019, the co-payments for Medicaid services shall be increased to four dollars (\$4.00). This section does not apply to services provided under Section 1905(a)(1) through 1905(a)(5) and under Section 1905(a)(7) of the Social Security Act or to recipients prohibited by federal law from cost-sharing requirements.

**SECTION 9D.9.(b)** The Department of Health and Human Services, Division of Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare and Medicaid Services to implement this section.

## **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

**SECTION 9D.10.(a)** The Department of Health and Human Services, Division of Health Benefits, shall amend the North Carolina Innovations Waiver to increase the number of slots available under the waiver by 1,000 slots. These additional slots shall be made available on January 1, 2020.

**SECTION 9D.10.(b)** The Department of Health and Human Services, Division of Health Benefits (DHB), shall convene a workgroup of stakeholders to develop a 10-year plan to address the registry of unmet needs for the North Carolina Innovations Waiver. The workgroup shall consider alternatives to the Innovations Waiver to address the registry of unmet needs, including the implementation of a new waiver program for individuals who qualify for the Innovations Waiver and alternative means of distribution of the waiver slots. This 10-year plan shall include a detailed cost analysis of all recommendations and methods proposed to address the registry of unmet needs. No later than December 1, 2020, DHB shall submit a report on the 10-year plan to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice.

## **DISABLED ADULT CHILD PASSALONG ELIGIBILITY**

**SECTION 9D.12.** Effective January 1, 2020, the eligibility requirements for the Disabled Adult Child Passalong authorized under Section 1634 of the Social Security Act for the Medicaid program shall consist of only the following four requirements:



- (1) The adult is currently entitled to and receives federal Retirement, Survivors, and Disability Insurance (RSDI) benefits as a disabled adult child on a parent's record due to the retirement, death, or disability of a parent.
- (2) The adult is blind or has a disability that began before age 22.
- (3) The adult would currently be eligible for Supplemental Security Income (SSI) or State-County Special Assistance if the current RSDI benefit is disregarded.
- (4) For eligibility that is based on former receipt of State-County Special Assistance and not SSI, the adult must currently reside in an adult care home.

## **INCREASE IN REIMBURSEMENT FOR PRIMARY CARE PROVIDERS**

**SECTION 9D.12A.** The Department of Health and Human Services, Division of Health Benefits, shall increase the reimbursement for the evaluation and management codes that are (i) paid to primary care physicians, including obstetricians and gynecologists, nurse practitioners, and physician assistants, and (ii) contained in the State Plan Amendment #2018-0012 submitted by the Department of Health and Human Services on March 8, 2019.

## **ESTABLISH NEW ADULT CARE HOME PAYMENT METHODOLOGY**

**SECTION 9D.12B.(a)** It is the intent of the General Assembly to provide funding to adult care homes in the State in a manner that recognizes the importance of a stable and reliable funding stream to ensure access, choice, and quality of care within the adult care home segment of the care continuum. In furtherance of this intent, and as the North Carolina Medicaid program transitions to a managed care delivery system, the Department of Health and Human Services is directed to establish and convene a workgroup to evaluate reimbursement options for services provided by adult care homes that take into account all funding streams and to develop a new service definition, or definitions, under Medicaid managed care for these services. The workgroup shall consist of adult care home industry representatives and other relevant stakeholders. In development of the new service definition, or definitions, the workgroup shall include all of the following components:

- (1) Support for alternative payment models available under the State's 1115 Medicaid waiver for Medicaid transformation, including pay-for-performance initiatives.
- (2) Best practices for long-term services and supports.
- (3) Efficient payment methodologies.

**SECTION 9D.12B.(b)** No later than December 1, 2020, the Department of Health and Human Services shall submit a report on the new service definition, or definitions, developed by the workgroup, as required in subsection (a) of this section, to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, and the Fiscal Research Division.

## **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM MODIFICATIONS**

**SECTION 9D.13.** Except for eligibility categories and income thresholds and except for statutory changes, the Department of Health and Human Services shall not be required to maintain, after June 30, 2021, any modifications to the Medicaid and NC Health Choice programs required by this Subpart.

## **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS**

**SECTION 9D.15.(a)** Claims Run Out. – Funds from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), as needed for the purpose of paying claims related to services billed under the



1 fee-for-service payment model for recipients who are being, or have been, transitioned to  
2 managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the  
3 need to pay claims run out arises and need not be transferred in one lump sum. To the extent that  
4 any funds are transferred under this subsection, the funds are appropriated for the purpose set  
5 forth in this subsection.

6 **SECTION 9D.15.(b)** Non-Claims Run Out Medicaid Transformation Needs. –  
7 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of  
8 forty-nine million sixteen thousand four hundred fifty-two dollars (\$49,016,452) in nonrecurring  
9 funds for the 2019-2020 fiscal year and the sum of ten million nine hundred eighty-three thousand  
10 five hundred forty-eight dollars (\$10,983,548) in nonrecurring funds for the 2020-2021 fiscal  
11 year from the Medicaid Transformation Fund may be transferred to the Department of Health  
12 and Human Services, Division of Health Benefits (DHB), for the sole purpose of providing the  
13 State share for qualifying needs directly related to Medicaid transformation, as required by S.L.  
14 2015-241, as amended. Funds may be transferred to DHB as qualifying needs arise during the  
15 2019-2021 fiscal biennium and need not be transferred in one lump sum. Funds transferred during  
16 the 2020-2021 fiscal year shall be for one-time, nonrecurring qualifying needs only.

17 For the purposes of this section, the term "qualifying need" shall be limited to  
18 information technology, time-limited staffing, and contracts related to the following Medicaid  
19 transformation needs:

- 20 (1) Medicaid transformation program design.
- 21 (2) Enrollment broker services.
- 22 (3) NC FAST upgrades related to Medicaid transformation.
- 23 (4) Data management.
- 24 (5) Program integrity.
- 25 (6) Technical and operational integration.
- 26 (7) In the 2019-2020 fiscal year only, administrative expenses related to the  
27 transition to managed care.

28 **SECTION 9D.15.(c)** Requests for Transfer of Funds for Qualifying Need. – A  
29 request by the Department of Health and Human Services, Division of Health Benefits (DHB),  
30 for the transfer of funds pursuant to subsection (b) of this section shall be made to the Office of  
31 State Budget and Management (OSBM) and shall include the amount requested and the specific  
32 qualifying need for which the funds are to be used. None of the funds identified in subsection (b)  
33 of this section shall be transferred to DHB until OSBM verifies the following information:

- 34 (1) The amount requested is to be used for a qualifying need in the 2019-2021  
35 fiscal biennium.
- 36 (2) The amount requested provides a State share that will not result in total  
37 requirements that exceed one hundred ninety million dollars (\$190,000,000)  
38 in noncurring funds for the 2019-2021 fiscal biennium and ninety-six million  
39 dollars (\$96,000,000) in recurring funds for the 2019-2021 fiscal biennium.
- 40 (3) The amount requested for a qualifying need in the 2020-2021 fiscal year is for  
41 a nonrecurring qualifying need.

42 **SECTION 9D.15.(d)** Federal Fund Receipts. – Any federal funds received in any  
43 fiscal year by the Department of Health and Human Services, Division of Health Benefits (DHB),  
44 that represent a return of State share already expended on a qualifying need related to the funds  
45 received by the DHB under this section shall be deposited into the Medicaid Transformation  
46 Fund.

## 47 **MEDICAID TRANSFORMATION ADMINISTRATIVE REDUCTION FLEXIBILITY** 48 **AND REPORT**

49 **SECTION 9D.15B.(a)** In order to achieve the budgeted reduction in administrative  
50 costs attributable to the implementation of Medicaid transformation in the amount of thirty  
51

million six hundred fifty-eight thousand eight hundred fifty-five dollars (\$30,658,855) in recurring funds for the 2019-2020 fiscal year and in the amount of forty-two million six hundred ninety-one thousand six hundred fifteen dollars (\$42,691,615) in recurring funds for the 2020-2021 fiscal year, the Secretary of the Department of Health and Human Services (Secretary) may reduce administrative costs across all Divisions within the Department of Health and Human Services. In achieving these budgeted reduction amounts, the Secretary shall not reduce any funds that (i) impact direct services or (ii) are used to support the 2012 settlement agreement entered into between the United States Department of Justice and the State of North Carolina to ensure that the State will willingly meet the requirements of the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in *Olmstead v. L.C.*, 527 U.S. 581 (1999). The prohibition on reducing funds that impact direct services shall not be construed to prohibit a reduction in administrative costs associated with contracts for the provision of direct services.

**SECTION 9D.15B.(b)** By January 15, 2020, and January 15, 2021, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and North Carolina Health Choice, the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the actions taken during that fiscal year to achieve the budgeted reduction in administrative costs attributable to the implementation of Medicaid transformation. If the Secretary elects to eliminate positions, the report shall include a list of each position eliminated, along with its position number, title, and the amount of salary and fringe benefits associated with each position.

#### **TRIBAL OPTION/MEDICAID TRANSFORMATION**

**SECTION 9D.16.(a)** The Department of Health and Human Services may contract with an Indian managed care entity (IMCE) or an Indian health care provider (IHCP), as defined under 42 C.F.R. § 438.14(a), to assist in the provision of health care or health care-related services to Medicaid and NC Health Choice beneficiaries who are members of federally recognized tribes or who are eligible to enroll in an IMCE. Contracts may include health care or health care-related services as agreed upon with the IMCE or IHCP, as approved by the Secretary of the Department of Health and Human Services and as allowed by the Centers for Medicare and Medicaid Services (CMS), including, but not limited to, the following services:

- (1) Primary care case management as a primary care case managed system or entity, as described in 42 C.F.R. § 438.2.
- (2) Utilization management and referrals.
- (3) The management or provision of home- and community-based services under a 1915(c) waiver.
- (4) The management or provision of specialized services covered by a BH IDD Tailored Plan in accordance with Subdivision 10 of Section 4 of S.L. 2015-245, as amended by S.L. 2018-48.

Coverage provided by the IMCE or IHCP may be more permissive, but no more restrictive, than Medicaid or NC Health Choice medical coverage policy adopted or amended by the Department of Health and Human Services; however, the coverage shall be in compliance with federal regulations and policies related to the receipt of federal funding for these health care or health care-related services.

**SECTION 9D.16.(b)** Subdivision 5 of Section 4 of S.L. 2015-245, as amended by Subsection 2(b) of S.L. 2016-121, S.L. 2018-48, and Section 5 of 2018-49, reads as rewritten:

- "(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid categories except for the following categories:

- 1                   ...  
2                   e.       Members of federally recognized tribes. Members of federally  
3                   recognized tribes shall have the option to enroll voluntarily in PHPs.  
4                   e1.   Eligible recipients who are enrolled in a DHHS-contracted Indian  
5                   managed care entity, as defined in 42 C.F.R. § 438.14(a).

6                   ...."

7                   **SECTION 9D.16.(c)** Subdivision 9 of Section 4 of S.L. 2015-245, as amended by  
8                   S.L. 2018-48, reads as rewritten:

- 9                   "(9)   LME/MCOs. – Beginning on the date that capitated contracts begin,  
10                   LME/MCOs shall cease managing Medicaid services for all Medicaid  
11                   recipients other than recipients described in sub-subdivisions a., d., e., e1., f.,  
12                   g., j., k., and l. of subdivision (5) of this section. Until BH IDD Tailored Plans  
13                   become operational, all of the following shall occur:  
14                   a.       LME/MCOs shall continue to manage the Medicaid services that are  
15                   currently covered by the LME/MCOs for Medicaid recipients  
16                   described in sub-subdivisions a., d., e., e1., f., g., j., k., and l. of  
17                   subdivision (5) of this section.

18                   ...."

19                   **SECTION 9D.16.(d)** The Department of Health and Human Services is authorized  
20                   to seek approval from CMS and submit any necessary State Plan Amendments and waivers, or  
21                   any amendments thereto, to implement the provisions of this section.

22  
23                   **REPEAL OF PAST DIRECTIVE TO ELIMINATE GME TO ALIGN WITH MEDICAID**  
24                   **TRANSFORMATION**

25                   **SECTION 9D.17.** Section 12H.12(b) of S.L. 2014-100 and Section 12H.23 of S.L.  
26                   2015-241, as amended by Section 88 of S.L. 2015-264, are repealed.

27  
28                   **REVISED HOSPITAL ASSESSMENTS, SUPPLEMENTAL PAYMENTS, AND**  
29                   **DIRECTED PAYMENTS**

30                   **SECTION 9D.18.(a)** Effective October 1, 2019, Article 7 of Chapter 108A of the  
31                   General Statutes is repealed.

32                   **SECTION 9D.18.(b)** Effective October 1, 2019, Chapter 108A of the General  
33                   Statutes is amended by adding a new Article to read:

34                   "Article 7A.

35                   "Hospital Assessment Act.

36                   "Part 1. General.

37                   "§ 108A-130. Short title and purpose.

38                   This Article shall be known as the "Hospital Assessment Act." This Article does not authorize  
39                   a political subdivision of the State to license a hospital for revenue or impose a tax or assessment  
40                   on a hospital.

41                   "§ 108A-131. Definitions.

42                   The following definitions apply in this Article:

- 43                   (1)   Base assessment. – The assessment payable under G.S. 108A-142.  
44                   (2)   CMS. – Centers for Medicare and Medicaid Services.  
45                   (3)   Critical access hospital. – Defined in 42 C.F.R. § 400.202.  
46                   (4)   Department. – The Department of Health and Human Services.  
47                   (5)   Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.  
48                   (6)   Public hospital. – A hospital that certifies its public expenditures to the  
49                   Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which  
50                   the assessment applies.  
51                   (7)   Secretary. – The Secretary of Health and Human Services.

(8) State's annual Medicaid payment. – An amount equal to one hundred ten million dollars (\$110,000,000) for State fiscal year 2019-2020, increased each year over the prior year's payment by the percentage specified as the Medicare Market Basket Index less productivity most recently published in the Federal Register.

(9) Supplemental assessment. – The assessment payable under G.S. 108A-141.

(10) Total hospital costs. – The costs as calculated using the most recent available Hospital Cost Report Information System's cost report data available through CMS or other comparable data, including both inpatient and outpatient components, for all hospitals that are not exempt from the applicable assessment.

**"§ 108A-132. Due dates and collections.**

(a) Beginning October 1, 2019, assessments under this Article are due quarterly in the time and manner prescribed by the Secretary and shall be considered delinquent if not paid within seven calendar days of this due date.

(b) With respect to any hospital owing a past due assessment amount under this Article, the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good cause shown.

(c) In the event the data necessary to calculate an assessment under this Article is not available to the Secretary in time to impose the quarterly assessments for a payment year, the Secretary may defer the due date for the assessment to a subsequent quarter.

**"§ 108A-133. Assessment appeals.**

A hospital may appeal a determination of the assessment amount owed through a reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation to pay an assessment amount when due.

**"§ 108A-134. Allowable costs; patient billing.**

(a) Assessments paid under this Article may be included as allowable costs of a hospital for purposes of any applicable Medicaid reimbursement formula, except that assessments paid under this Article shall be excluded from cost settlement.

(b) Assessments imposed under this Article may not be added as a surtax or assessment on a patient's bill.

**"§ 108A-135. Rule-making authority.**

The Secretary may adopt rules to implement this Article.

**"§ 108A-136. Repeal.**

If CMS determines that an assessment under this Article is impermissible or revokes approval of an assessment under this Article, then that assessment shall not be imposed and the Department's authority to collect the assessment is repealed.

**"Part 2. Supplemental and Base Assessments.**

**"§ 108A-140. Applicability.**

(a) The assessments imposed under this Part apply to all licensed North Carolina hospitals, except as provided in this section.

(b) The following hospitals are exempt from both the supplemental assessment and the base assessment:

(1) Critical access hospitals.

(2) Freestanding psychiatric hospitals.

(3) Freestanding rehabilitation hospitals.

(4) Long-term care hospitals.

(5) State-owned and State-operated hospitals.

(6) The primary affiliated teaching hospital for each University of North Carolina medical school.

(c) Public hospitals are exempt from the supplemental assessment.

**"§ 108A-141. Supplemental assessment.**

(a) The supplemental assessment shall be a percentage, established by the General Assembly, of total hospital costs.

(b) The Department shall propose the rate of the supplemental assessment to be imposed under this section when the Department prepares its budget request for each upcoming fiscal year. The Governor shall submit the Department's proposed supplemental assessment rate to the General Assembly each fiscal year.

(c) The Department shall base the proposed supplemental assessment rate on all of the following factors:

(1) The percentage change in aggregate payments to hospitals subject to the supplemental assessment for Medicaid and NC Health Choice enrollees, excluding hospital access payments made under 42 C.F.R § 438.6, as demonstrated in data from prepaid health plans and the State, as determined by the Department.

(2) Any changes in the federal medical assistance percentage rate applicable to the Medicaid or NC Health Choice programs for the applicable year.

(d) The rate for the supplemental assessment for each taxable year shall be the percentage rate set by law by the General Assembly.

**"§ 108A-142. Base assessment.**

(a) The base assessment shall be a percentage, established by the General Assembly, of total hospital costs.

(b) The Department shall propose the rate of the base assessment to be imposed under this section when the Department prepares its budget request for each upcoming fiscal year. The Governor shall submit the Department's proposed base assessment rate to the General Assembly each fiscal year.

(c) The Department shall base the proposed base assessment rate on all of the following factors:

(1) The change in the State's annual Medicaid payment for the applicable year.

(2) The percentage change in aggregate payments to hospitals subject to the base assessment for Medicaid and NC Health Choice enrollees, excluding hospital access payments made under 42 C.F.R § 438.6, as demonstrated in data from prepaid health plans and the State, as determined by the Department.

(3) Any changes in the federal medical assistance percentage rate applicable to the Medical or NC Health Choice programs for the applicable year.

(4) Any changes as determined by the Department in (i) reimbursement under the Medicaid State Plan, (ii) managed care payments authorized under 42 C.F.R § 438.6 for which the nonfederal share is not funded by General Fund appropriations, and (iii) reimbursement under the NC Health Choice program.

(d) The rate for the base assessment for each taxable year shall be the percentage rate set by law by the General Assembly.

**"§ 108A-143. Payment from other hospitals.**

If a hospital that is exempt from both the base and supplemental assessments under this Part (i) makes an intergovernmental transfer to the Department to be used to draw down matching federal funds and (ii) has acquired, merged, leased, or managed another hospital on or after March 25, 2011, then the exempt hospital shall transfer to the State an additional amount. The additional amount shall be a percentage of the amount of funds that (i) would be transferred to the State through such an intergovernmental transfer and (ii) are to be used to match additional federal funds that the exempt hospital is able to receive because of the acquired, merged, leased, or managed hospital. That percentage shall be calculated by dividing the amount of the State's

1 annual Medicaid payment by the total amount collected under the base assessment under  
2 G.S. 108A-142.

3 **"§ 108A-144. Use of funds.**

4 The proceeds of the assessments imposed under this Part, and all corresponding matching  
5 federal funds, must be used to make the State's annual Medicaid payment to the State, to fund  
6 payments to hospitals made directly by the Department, to fund a portion of capitation payments  
7 to prepaid health plans attributable to hospital care, and to fund the nonfederal share of graduate  
8 medical education payments."

9 **SECTION 9D.18.(c)** The percentage rate to be used in calculating the supplemental  
10 assessment under G.S. 108A-141, as enacted in subsection (b) of this section, is two and  
11 thirty-one hundredths percent (2.31%) for the taxable year October 1, 2019, through September  
12 30, 2020.

13 **SECTION 9D.18.(d)** The percentage rate to be used in calculating the base  
14 assessment under G.S. 108A-142, as enacted in subsection (b) of this section, is one and fifty-one  
15 hundredths percent (1.51%) for the taxable year October 1, 2019, through September 30, 2020.

16 **SECTION 9D.18.(e)** The Department of Health and Human Services shall revise the  
17 supplemental payment program for eligible medical professional providers described in the  
18 Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, as required by this section.  
19 This payment program shall be called the Average Commercial Rate Supplemental and Directed  
20 Payment Program. Effective October 1, 2019, the following two changes to the program shall be  
21 implemented:

- 22 (1) The program shall no longer utilize a limit on the number of eligible medical  
23 professional providers that may be reimbursed through the program, and  
24 instead shall utilize a limit on the total payments made under the program.
- 25 (2) Payments under the program shall consist of two components: (i)  
26 supplemental payments that increase reimbursement to the average  
27 commercial rate under the State Plan and (ii) directed payments that increase  
28 reimbursement to the average commercial rate under the managed care  
29 system.

30 **SECTION 9D.18.(f)** The limitation on total payments made under the Average  
31 Commercial Rate Supplemental and Directed Payment Program for eligible medical professional  
32 providers shall apply to the combined amount of payments made as supplemental payments under  
33 the State Plan and payments made as directed payments under the managed care system and shall  
34 be based on the amount of supplemental payments made during the 2018-2019 fiscal year as  
35 follows:

- 36 (1) For services provided during the period October 1, 2019, through June 30,  
37 2020, the total annual supplemental and directed payments made under the  
38 Average Commercial Rate Supplemental and Directed Payment Program shall  
39 not exceed seventy-five percent (75%) of the gross supplemental payments  
40 made to eligible medical providers during the 2018-2019 fiscal year.
- 41 (2) For services provided on or after July 1, 2020, the total annual supplemental  
42 and directed payments made under the Average Commercial Rate  
43 Supplemental and Directed Payment Program shall not exceed one hundred  
44 percent (100%) of the gross supplemental payments made to eligible medical  
45 providers during the 2018-2019 fiscal year, increased at the start of each State  
46 fiscal year by an inflation factor determined by the Department of Health and  
47 Human Services, Division of Health Benefits.

48 **SECTION 9D.18.(g)** Consistent with the existing supplemental payment program  
49 for eligible medical professional providers, the Department of Health and Human Services shall  
50 limit the total amount of supplemental and directed payments that may be received by the eligible  
51 providers affiliated with East Carolina University Brody School of Medicine and University of



North Carolina at Chapel Hill Health Care System. Average commercial rate supplemental payments and directed payments shall not be made for services provided in Wake County.

**SECTION 9D.18.(h)** The Department of Health and Human Services is not authorized to make any modifications to the supplemental payment program for eligible medical professional providers, except as authorized in subsections (e) through (g) of this section.

**SECTION 9D.18.(i)** Effective October 1, 2019, Section 12H.13(b) of S.L. 2014-100 is repealed.

**SECTION 9D.18.(j)** Notwithstanding any provision of Section 11H.9 of S.L. 2017-57 to the contrary, the State Controller shall transfer funds from the Medicaid Contingency Reserve, established by Section 12H.38 of S.L. 2014-100, to the Department of Health and Human Services, Division of Health Benefits (DHB), only upon request by the DHB as needed to cover any shortfall in receipts from the supplemental or base assessments under G.S. 108A-141 and G.S. 108A-142, enacted by subsection (b) of this section, that are anticipated in this act, and only if the following two conditions are met:

- (1) The Office of State Budget and Management (OSBM) has certified that there will be a shortfall in receipts anticipated in this act from the supplemental or base assessments.
- (2) OSBM has certified that the amount requested by DHB does not exceed the shortfall in receipts certified by OSBM under subdivision (1) of this subsection.

Upon making the request to the State Controller for the transfer of funds pursuant to this section, DHB shall notify the Fiscal Research Division and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice of the request and the amount of the request. To the extent any funds are transferred under this subsection, the funds are hereby appropriated for the purpose set forth in this subsection. The authority set forth in this subsection expires June 30, 2020.

**SECTION 9D.18.(k)** The Department of Health and Human Services, Division of Health Benefits (DHB) shall establish a new fund code entitled "Hospital Assessment Fund" in Budget Code 24445. If there is a collection of receipts greater than the amount anticipated in this act for the 2019-2020 fiscal year from the supplemental or base assessments under G.S. 108A-141 and G.S. 108A-142, enacted by subsection (b) of this section, then up to thirty million dollars (\$30,000,000) shall be transferred to the Hospital Assessment Fund in Budget Code 24445 only if the following two conditions are met:

- (1) The Office of State Budget and Management (OSBM) has certified that there will be over-realized receipts for the 2019-2020 fiscal year from the supplemental or base assessments.
- (2) OSBM has certified that the amount to be transferred does not exceed the amount of over-realized receipts certified by OSBM under subdivision (1) of this subsection and does not exceed thirty million dollars (\$30,000,000).

Funds in the Hospital Assessment Fund shall be used in the 2020-2021 fiscal year to support a decrease in the supplemental assessment rate, base assessment rate, or both, that corresponds with the amount of over-realized receipts for the 2019-2020 fiscal year.

**SECTION 9D.18.(l)** Except as otherwise provided, this section becomes effective July 1, 2019.

## GROSS PREMIUMS TAX/PREPAID HEALTH PLANS

**SECTION 9D.19.(a)** The title of Article 8B of Chapter 105 of the General Statutes reads as rewritten:

"Article 8B.

"Taxes Upon Insurance ~~Companies~~ Companies and Prepaid Health Plans."

**SECTION 9D.19.(b)** G.S. 105-228.3 reads as rewritten:

1 **"§ 105-228.3. Definitions.**

2 The following definitions apply in this Article:

- 3 (1) Article 65 corporation. – A corporation subject to Article 65 of Chapter 58 of  
4 the General Statutes, regulating hospital, medical, and dental service  
5 corporations.
- 6 (2) Capitation payment. – Amounts paid by the Department of Health and Human  
7 Services to prepaid health plans under capitated contracts for the delivery of  
8 Medicaid and NC Health Choice services in accordance with S.L. 2015-245,  
9 as amended.
- 10 (1a)(3) Captive insurance company. – Defined in G.S. 58-10-340.
- 11 (1b)(4) Foreign captive insurance company. – A captive insurance company as  
12 defined in G.S. 58-10-340(9), except that such company is not formed or  
13 licensed under the laws of this State but is formed and licensed under the laws  
14 of any jurisdiction within the United States other than this State.
- 15 (2)(5) Insurer. – An insurer as defined in G.S. 58-1-5 or a group of employers who  
16 have pooled their liabilities pursuant to G.S. 97-93 of the Workers'  
17 Compensation Act.
- 18 (6) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.
- 19 (3)(7) Self-insurer. – An employer that carries its own risk pursuant to G.S. 97-93 of  
20 the Workers' Compensation Act."

21 **SECTION 9D.19.(c)** G.S. 105-228.5 reads as rewritten:

22 **"§ 105-228.5. Taxes measured by gross premiums.**

23 (a) Tax Levied. – A tax is levied in this section on insurers, Article 65 corporations, health  
24 maintenance organizations, prepaid health plans, and self-insurers. An insurer, health  
25 maintenance organization, prepaid health plan, or Article 65 corporation that is subject to the tax  
26 levied by this section is not subject to franchise or income taxes imposed by Articles 3 and 4,  
27 respectively, of this Chapter.

28 (b) Tax Base. –

- 29 (1) Insurers. – The tax imposed by this section on an insurer or a health  
30 maintenance organization shall be measured by gross premiums from business  
31 done in this State during the preceding calendar year.
- 32 (2) Repealed by Session Laws 2006-196, effective for taxable years beginning on  
33 or after January 1, 2008.
- 34 (3) Article 65 Corporations. – The tax imposed by this section on an Article 65  
35 corporation shall be measured by gross collections from membership dues,  
36 exclusive of receipts from cost plus plans, received by the corporation during  
37 the preceding calendar year.
- 38 (4) Self-insurers. – The tax imposed by this section on a self-insurer shall be  
39 measured by the gross premiums that would be charged against the same or  
40 most similar industry or business, taken from the manual insurance rate then  
41 in force in this State, applied to the self-insurer's payroll for the previous  
42 calendar year as determined under Article 36 of Chapter 58 of the General  
43 Statutes modified by the self-insurer's approved experience modifier.
- 44 (5) Prepaid Health Plans. – The tax imposed by this section on a prepaid health  
45 plan shall be measured by gross capitation payments received by the prepaid  
46 health plan from the Department of Health and Human Services for services  
47 provided to enrollees in the State Medicaid program or NC Health Choice  
48 program in the preceding calendar year.

49 (b1) Calculation of Tax Base. – In determining the amount of gross premiums from  
50 business in this State, all gross premiums received in this State, credited to policies written or  
51 procured in this State, or derived from business written in this State shall be deemed to be for



contracts covering persons, property, or risks resident or located in this State unless one of the following applies:

- (1) The premiums are properly reported and properly allocated as being received from business done in some other nation, territory, state, or states.
- (2) The premiums are from policies written in federal areas for persons in military service who pay premiums by assignment of service pay.

Gross premiums from business done in this State in the case of life insurance contracts, including supplemental contracts providing for disability benefits, accidental death benefits, or other special benefits that are not annuities, means all premiums collected in the calendar year, other than for contracts of reinsurance, for policies the premiums on which are paid by or credited to persons, firms, or corporations resident in this State, or in the case of group policies, for contracts of insurance covering persons resident within this State. The only deductions allowed shall be for premiums refunded on policies rescinded for fraud or other breach of contract and premiums that were paid in advance on life insurance contracts and subsequently refunded to the insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been collected for the amounts as provided in the policy contracts for the time in force during the year, whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or by any other means except waiver of premiums by companies under a contract for waiver of premium in case of disability.

Gross premiums from business done in this State in the case of prepaid health plans means all capitation payments received by a prepaid health plan from the Department of Health and Human Services for services provided to enrollees in the State Medicaid program or NC Health Choice program in the calendar year. Capitation payments refunded by a prepaid health plan to the State are the only allowable deductions.

Gross premiums from business done in this State for all other health care plans and contracts of insurance, including contracts of insurance required to be carried by the Workers' Compensation Act, means all premiums written during the calendar year, or the equivalent thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering property or risks in this State, other than for contracts of reinsurance, whether the premiums are designated as premiums, deposits, premium deposits, policy fees, membership fees, or assessments. Gross premiums shall be deemed to have been written for the amounts as provided in the policy contracts, new and renewal, becoming effective during the year irrespective of the time or method of making payment or settlement for the premiums, and with no deduction for dividends whether returned in cash or allowed in payment or reduction of premiums or for additional insurance, and without any other deduction except for return of premiums, deposits, fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies.

(c) Exclusions. – Every insurer, in computing the premium tax, shall exclude all of the following from the gross amount of premiums, and the gross amount of excluded premiums is exempt from the tax imposed by this section:

- (1) All premiums received on or after July 1, 1973, from policies or contracts issued in connection with the funding of a pension, annuity, or profit-sharing plan qualified or exempt under section 401, 403, 404, 408, 457 or 501 of the Code as defined in G.S. 105-228.90.
- (2) Premiums or considerations received from annuities, as defined in G.S. 58-7-15.
- (3) Funds or considerations received in connection with funding agreements, as defined in G.S. 58-7-16.
- (4) The following premiums, to the extent federal law prohibits their taxation under this Article:
  - a. Federal Employees Health Benefits Plan premiums.
  - b. ~~Medicaid or~~ Medicare premiums.

c. Medicaid or NC Health Choice premiums, other than capitation payments, paid by or on behalf of a Medicaid or NC Health Choice beneficiary.

(d) Tax Rates; Disposition. –

(1) Workers' Compensation. – The tax rate to be applied to gross premiums, or the equivalent thereof in the case of self-insurers, on contracts applicable to liabilities under the Workers' Compensation Act is two and five-tenths percent (2.5%). The net proceeds shall be credited to the General Fund.

(2) Other Insurance Contracts. – The tax rate to be applied to gross premiums on all other taxable contracts issued by insurers or health maintenance organizations and to be applied to gross premiums and gross collections from membership dues, exclusive of receipts from cost plus plans, received by Article 65 corporations is one and nine-tenths percent (1.9%). The net proceeds shall be credited to the General Fund.

(2a) Prepaid Health Plans. – The tax rate to be applied to gross premiums from capitation payments received by prepaid health plans is one and nine-tenths percent (1.9%). The net proceeds shall be credited to the General Fund.

(3) Additional Rate on Property Coverage Contracts. – An additional tax at the rate of seventy-four hundredths percent (0.74%) applies to gross premiums on insurance contracts for property coverage. The tax is imposed on ten percent (10%) of the gross premiums from insurance contracts for automobile physical damage coverage and on one hundred percent (100%) of the gross premiums from all other contracts for property coverage. Twenty percent (20%) of the net proceeds of this additional tax must be credited to the Volunteer Fire Department Fund established in Article 87 of Chapter 58 of the General Statutes. Twenty percent (20%) of the net proceeds must be credited to the Department of Insurance for disbursement pursuant to G.S. 58-84-25. Up to twenty percent (20%), as determined in accordance with G.S. 58-87-10(f), must be credited to the Workers' Compensation Fund. The remaining net proceeds must be credited to the General Fund. The additional tax imposed on property coverage contracts under this subdivision is a special purpose assessment based on gross premiums and not a gross premiums tax. The following definitions apply in this subdivision:

a. Automobile physical damage. – The following lines of business identified by the NAIC: private passenger automobile physical damage and commercial automobile physical damage.

b. Property coverage. – The following lines of business identified by the NAIC: fire, farm owners multiple peril, homeowners multiple peril, nonliability portion of commercial multiple peril, ocean marine, inland marine, earthquake, private passenger automobile physical damage, commercial automobile physical damage, aircraft, and boiler and machinery. The term also includes insurance contracts for wind damage.

c. NAIC. – National Association of Insurance Commissioners.

(4) Repealed by Session Laws 2006-196, effective for taxable years beginning on or after January 1, 2008.

(5) Repealed by Session Laws 2003-284, s. 43.1, effective for taxable years beginning on or after January 1, 2004.

(6) Repealed by Session Laws 2005-276, s. 38.4(a), effective for taxable years beginning on or after January 1, 2007.

(e) Report and Payment. – Each taxpayer doing business in this State shall, within the first 15 days of March, file with the Secretary of Revenue a full and accurate report of the total gross premiums as defined in this section, the payroll and other information required by the Secretary in the case of a self-insurer, or the total gross collections from membership dues exclusive of receipts from cost plus plans collected in this State during the preceding calendar year. The taxes imposed by this section shall be remitted to the Secretary with the report.

(f) Installment Payments Required. – Taxpayers that are subject to the tax imposed by this section and have a premium tax liability of ten thousand dollars (\$10,000) or more for business done in North Carolina during the immediately preceding year shall remit three equal quarterly installments with each installment equal to at least thirty-three and one-third percent (33 1/3%) of the premium tax liability incurred in the immediately preceding taxable year. The quarterly installment payments shall be made on or before April 15, June 15, and October 15 of each taxable year. The ~~company-taxpayer~~ shall remit the balance by the following March 15 in the same manner provided in this section for annual returns.

The Secretary may permit an insurance company or prepaid health plan to pay less than the required estimated payment when the insurer or prepaid health plan reasonably believes that the total estimated payments made for the current year will exceed the total anticipated tax liability for the year.

An underpayment or an overpayment of an installment payment required by this subsection accrues interest in accordance with G.S. 105-241.21. An overpayment of tax shall be credited to the ~~company-taxpayer~~ and applied against the taxes imposed upon the ~~company-taxpayer~~ under this Article.

(g) Exemptions. – This section does not apply to farmers' mutual assessment fire insurance companies or to fraternal orders or societies that do not operate for a profit and do not issue policies on any person except members. This section does not apply to a captive insurance company taxed under G.S. 105-228.4A."

**SECTION 9D.19.(d)** G.S. 58-6-25 reads as rewritten:

**"§ 58-6-25. Insurance regulatory charge.**

...

(e) Definitions. – The following definitions apply in this section:

...

(2) Insurance company. – A company or prepaid health plan that pays the gross premiums tax levied in G.S. 105-228.5 and G.S. 105-228.8.

...."

**SECTION 9D.19.(e)** G.S. 105-259 reads as rewritten:

**"§ 105-259. Secrecy required of officials; penalty for violation.**

...

(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person except as provided in this subsection. Standards used or to be used for the selection of returns for examination and data used or to be used for determining the standards may not be disclosed for any purpose. All other tax information may be disclosed only if the disclosure is made for one of the following purposes:

...

(49) To exchange information concerning a tax imposed by Article 8B of this Chapter with the North Carolina Department of Insurance or the North Carolina Department of Health and Human Services when the information is needed to fulfill a duty imposed on the ~~Department~~Department of Revenue.

...."

**SECTION 9D.19.(f)** This section is effective October 1, 2019, and applies to capitation payments received by prepaid health plans on or after that date.

**REIMBURSEMENT CHANGES FOR THE PRIMARY AFFILIATED TEACHING HOSPITAL FOR THE EAST CAROLINA UNIVERSITY BRODY SCHOOL OF MEDICINE**

**SECTION 9D.20.(a)** Effective July 1, 2019, the Department of Health and Human Services shall amend the Medicaid State Plan to no longer reimburse the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine for all allowable costs for inpatient and outpatient services. The primary affiliated teaching hospital for the East Carolina University Brody School of Medicine shall be reimbursed in the same manner as other private hospitals under the Medicaid State Plan.

**SECTION 9D.20.(b)** Effective July 1, 2019, notwithstanding G.S. 108A-122(c), the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine shall be subject to the equity assessment under Article 7 of Chapter 108A of the General Statutes.

**SECTION 9D.20.(c)** Notwithstanding G.S. 108A-140, as enacted by Section 9D.18(b) of this act, the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine shall be subject to the supplemental assessment under Article 7A of Chapter 108A of the General Statutes, as enacted by Section 9D.18(b) of this act.

**PART IX-E. HEALTH SERVICE REGULATION**

**FUNDS TO CONTINUE THE MCDOWELL COUNTY EMERGENCY MEDICAL SERVICES COMMUNITY PARAMEDICINE PILOT PROGRAM SITE**

**SECTION 9E.1.(a)** Of the funds appropriated to the Department of Health and Human Services, Division of Health Service Regulation, the sum of seventy thousand dollars (\$70,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of seventy thousand dollars (\$70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to continue, at the McDowell County Emergency Medical Services site, the community paramedicine pilot program authorized in Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94. The focus of this community paramedicine pilot program shall continue to be expansion of the role of paramedics to allow for community-based initiatives that result in providing care that avoids nonemergency use of emergency rooms and 911 services and avoidance of unnecessary admissions into health care facilities.

**SECTION 9E.1.(b)** The participation requirements, objectives, standards, and required outcomes for the pilot program shall remain the same as established pursuant to Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

**SECTION 9E.1.(c)** By December 1, 2021, the Department of Health and Human Services shall submit an updated report on the community paramedicine pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the report shall include all of the following:

- (1) Any updated version of the evaluation plan required by subsection (d) of Section 12A.12 of S.L. 2015-241.
- (2) An updated estimate of the cost to expand the program incrementally and statewide.
- (3) An updated estimate of any potential savings of State funds associated with expansion of the program.
- (4) If expansion of the program is recommended, an updated time line for expanding the program.
- (5) Recommendations to make all piloted program sites fully receipt supported.

**MORATORIUM ON SPECIAL CARE UNIT LICENSES**

**SECTION 9E.2.(a)** For the period beginning July 1, 2019, and ending June 30, 2021, the Department of Health and Human Services, Division of Health Service Regulation, shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This prohibition shall not restrict the Department of Health and Human Services from doing any of the following:

- (1) Issuing a license to a facility that is acquiring an existing special care unit.
- (2) Issuing a license for a special care unit in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to this type of care is necessary in that area during the moratorium imposed by this section.
- (3) Processing all completed applications for special care unit licenses received by the Division of Health Service Regulation along with the applicable license fee prior to June 1, 2013.
- (4) Issuing a license to a facility that was in possession of a certificate of need as of July 31, 2013, that included authorization to operate special care unit beds.

**SECTION 9E.2.(b)** The Department of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by March 1, 2021, containing at least the following information:

- (1) The number of licensed special care units in the State.
- (2) The capacity of the currently licensed special care units to serve people in need of their services.
- (3) The anticipated growth in the number of people who will need the services of a licensed special care unit.
- (4) The number of applications received from special care units seeking licensure as permitted by this section and the number of those applications that were not approved.

## **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE SERVICES**

**SECTION 9E.3.(a)** For the period beginning July 1, 2019, and ending June 30, 2021, and notwithstanding the provisions of the Home Care Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or any rules adopted pursuant to that Part, the Department of Health and Human Services shall not issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer in-home aide services. This prohibition does not apply to companion, sitter, or respite services and shall not restrict the Department from doing any of the following:

- (1) Issuing a license to a certified home health agency as defined in G.S. 131E-176(12) that intends to offer in-home aide services.
- (2) Issuing a license to an agency that needs a new license for an existing home care agency being acquired.
- (3) Issuing a license for a new home care agency in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to care is necessary in that area.

**SECTION 9E.3.(b)** The Department of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by March 1, 2021, containing at least the following information:

- (1) The number of licensed home care agencies in the State that offer in-home aide services.
- (2) The capacity of the currently licensed home care agencies to provide in-home aide services to people in need of their services.

- (3) The anticipated growth in the number of people who will need in-home aide services provided by a licensed home care agency.
- (4) The number of applications received from home care agencies that intend to offer in-home aide services, seeking licensure as permitted by this section, and the number of those applications that were not approved.

## AMEND CERTIFICATE OF NEED LAWS

SECTION 9E.4.(a) G.S. 131E-176 reads as rewritten:

### "§ 131E-176. Definitions.

As used in this Article, unless the context clearly requires otherwise, the following terms have the meanings specified:

...

(2) "Bed capacity" means space used exclusively for inpatient ~~care, care at a health service facility,~~ including space designed or remodeled for licensed inpatient beds even though temporarily not used for such purposes. The number of beds to be counted in any patient room shall be the maximum number for which adequate square footage is provided as established by rules of the Department except that single beds in single rooms are counted even if the room contains inadequate square footage. ~~The term "bed capacity" also refers to the number of dialysis stations in kidney disease treatment centers, including freestanding dialysis units.~~

...

(5) "Change in bed capacity" means (i) any relocation of health service facility ~~beds, or dialysis stations~~ beds from one licensed facility or campus to another, or (ii) any redistribution of health service facility bed capacity among the categories of health service facility bed as defined in G.S. 131E-176(9c), or (iii) any increase in the number of health service facility ~~beds, or dialysis stations in kidney disease treatment centers, including freestanding dialysis units.~~ beds.

...

(9a) "Health service" means an organized, interrelated medical, diagnostic, therapeutic, ~~and/or or~~ rehabilitative activity activity, or any combination of these, that is integral to the prevention of disease or the clinical management of a sick, injured, or disabled person. "Health service" does not include administrative and other activities that are not integral to clinical ~~management management, or any activities performed at a facility that does~~ not meet the definition of a health service facility.

(9b) "Health service facility" means a hospital; long-term care hospital; ~~psychiatric facility; rehabilitation facility; nursing home facility; adult care home; kidney disease treatment center, including freestanding hemodialysis units; intermediate care facility for the mentally retarded; home health agency office; chemical dependency treatment facility; diagnostic center; hospice office, hospice inpatient facility, and hospice residential care facility; and ambulatory surgical facility.~~ The term "health service facility" does not include a licensable facility, as defined in G.S. 122C-3(14)b.

(9c) "Health service facility bed" means a bed licensed for use in a health service facility in the categories of (i) acute care beds; (ii) ~~psychiatric beds;~~ (iii) rehabilitation beds; ~~(iv) (iii)~~ nursing home beds; ~~(v) intermediate care beds for the mentally retarded;~~ (vi) ~~chemical dependency treatment beds;~~ (vii) ~~(iv)~~ hospice inpatient facility beds; ~~(viii) (v)~~ hospice residential care facility beds; ~~(ix) (vi)~~ adult care home beds; and ~~(x) or (vii)~~ long-term care hospital beds.

...  
 (14a) ~~"Intermediate care facility for the mentally retarded"~~ "Intermediate care facility for individuals with intellectual disabilities" means facilities licensed pursuant to Article 2 of Chapter 122C of the General Statutes for the purpose of providing health and habilitative services based on the developmental model and principles of normalization for persons with ~~mental retardation~~, intellectual disabilities, autism, cerebral palsy, epilepsy or related conditions.

...  
 (16) "New institutional health services" means any of the following:

...  
 d. The offering of ~~dialysis services or~~ home health services by or on behalf of a health service facility if those services were not offered within the previous 12 months by or on behalf of the facility.

...  
 e. ~~The conversion of a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or the addition of a specialty to a specialty ambulatory surgical program.~~

...  
 f. ~~The construction, development, establishment, increase in the number, or relocation of an operating room or gastrointestinal endoscopy room in a licensed health service facility; other than the relocation of an operating room or gastrointestinal endoscopy room within the same building or on the same grounds or to grounds not separated by more than a public right of way adjacent to the grounds where the operating room or gastrointestinal endoscopy room is currently located.~~

...  
 g. ~~The change in designation, in a licensed health service facility, of an operating room to a gastrointestinal endoscopy room or change in designation of a gastrointestinal endoscopy room to an operating room that results in a different number of each type of room than is reflected on the health service facility's license in effect as of January 1, 2005.~~

...."

SECTION 9E.4.(b) G.S. 131E-177 reads as rewritten:

**"§ 131E-177. Department of Health and Human Services is designated State Health Planning and Development Agency; powers and duties.**

The Department of Health and Human Services is designated as the State Health Planning and Development Agency for the State of North Carolina, and is empowered to exercise the following powers and duties:

(1) To establish standards and criteria or plans required to carry out the provisions and purposes of this Article and to adopt rules pursuant to Chapter 150B of the General Statutes, to carry out the purposes and provisions of this ~~Article;~~ Article.

(2) Adopt, amend, and repeal such rules and regulations, consistent with the laws of this State, as may be required by the federal government for grants-in-aid for health service facilities and health planning which may be made available by the federal government. This section shall be liberally construed in order that the State and its citizens may benefit from such ~~grants-in-aid;~~ grants-in-aid.

(3) Define, by rule, procedures for submission of periodic reports by persons or health service facilities subject to agency review under this ~~Article;~~ Article.

(4) ~~Develop~~ With respect to health service facilities planning, all of the following:



- a. ~~Develop~~ policy, criteria, and standards for health service facilities ~~planning; shall conduct planning.~~
- b. ~~Conduct~~ statewide registration and inventories of and make determinations of need for health service facilities, health services as specified in G.S. 131E-176(16)f., and equipment as specified in G.S. 131E-176(16)f1., which shall include consideration of adequate geographic location of equipment and ~~services; and develop services.~~
- c. ~~Develop~~ a State Medical Facilities ~~Plan; Plan, provided, however, that~~ the State Medical Facilities Plan shall not include policies or need ~~determinations that limit the number of operating rooms or~~ ~~gastrointestinal endoscopy rooms.~~

- (5) Implement, by rule, criteria for project ~~review; review.~~
- (6) Have the power to grant, deny, or withdraw a certificate of need and to impose such sanctions as are provided for by this ~~Article; Article.~~
- (7) Solicit, accept, hold and administer on behalf of the State any grants or devises of money, securities or property to the Department for use by the Department in the administration of this ~~Article; and Article.~~
- (8) Repealed by Session Laws 1987, c. 511, s. 1.
- (9) Collect fees for submitting applications for certificates of need.
- (10) The authority to review all records in any recording medium of any person or health service facility subject to agency review under this Article which pertain to construction and acquisition activities, staffing or costs and charges for patient care, including but not limited to, construction contracts, architectural contracts, consultant contracts, purchase orders, cancelled checks, accounting and financial records, debt instruments, loan and security agreements, staffing records, utilization statistics and any other records the Department deems to be reasonably necessary to determine compliance with this Article.

The Secretary of Health and Human Services shall have final decision-making authority with regard to all functions described in this section."

**SECTION 9E.4.(c)** G.S. 131E-178(a) reads as rewritten:

"(a) No person shall offer or develop a new institutional health service without first obtaining a certificate of need from the ~~Department; provided, however, no person who provides~~ ~~gastrointestinal endoscopy procedures in one or more gastrointestinal endoscopy rooms located~~ ~~in a nonlicensed setting, shall be required to obtain a certificate of need to license that setting as~~ ~~an ambulatory surgical facility with the existing number of gastrointestinal endoscopy rooms;~~ ~~provided that:~~

- (1) ~~The license application is postmarked for delivery to the Division of Health Service Regulation by December 31, 2006;~~
- (2) ~~The applicant verifies, by affidavit submitted to the Division of Health Service Regulation within 60 days of the effective date of this act, that the facility is in operation as of the effective date of this act or that the completed application for the building permit for the facility was submitted by the effective date of this act;~~
- (3) ~~The facility has been accredited by The Accreditation Association for Ambulatory Health Care, The Joint Commission on Accreditation of Healthcare Organizations, or The American Association for Accreditation of Ambulatory Surgical Facilities by the time the license application is postmarked for delivery to the Division of Health Service Regulation of the Department; and~~



- (4) ~~The license application includes a commitment and plan for serving indigent and medically underserved populations.~~

~~All other persons proposing to obtain a license to establish an ambulatory surgical facility for the provision of gastrointestinal endoscopy procedures shall be required to obtain a certificate of need. The annual State Medical Facilities Plan shall not include policies or need determinations that limit the number of gastrointestinal endoscopy rooms that may be approved. Department."~~

**SECTION 9E.4.(d)** G.S. 131E-181 reads as rewritten:

"§ 131E-181. Nature of certificate of need.

...  
(d) A recipient of a certificate of need shall complete the project authorized by the certificate of need within two years after the decision to issue the certificate of need becomes final. If the recipient does not complete the project authorized by the certificate of need within this two-year time period, the certificate of need for the authorized project expires the day after the two-year time period ends. A project authorized by a certificate of need is complete when the health service or the health service facility for which the certificate of need was issued is licensed and certified and is in material compliance with the representations made in the certificate of need application.

(e) The Department shall withdraw a certificate of need issued to any recipient that ceases operating the health service or health service facility included in that certificate of need for more than one year."

**SECTION 9E.4.(e)** G.S. 131E-183(a)(1) reads as rewritten:

- "(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, ~~dialysis stations, operating rooms, or home health offices that may be approved.~~"

**SECTION 9E.4.(f)** G.S. 131E-184(c) reads as rewritten:

"(c) The Department shall exempt from certificate of need review any conversion of existing acute care beds to psychiatric beds ~~provided:~~ beds.

- (1) ~~The hospital proposing the conversion has executed a contract with the Department's Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and/or one or more of the Area Mental Health, Developmental Disabilities, and Substance Abuse Authorities to provide psychiatric beds to patients referred by the contracting agency or agencies; and~~

- (2) ~~The total number of beds to be converted shall not be more than twice the number of beds for which the contract pursuant to subdivision (1) of this subsection shall provide."~~

**SECTION 9E.4.(g)** G.S. 131E-184(e)(1) reads as rewritten:

- "(1) The proposed capital expenditure would:

- a. Be used solely for the purpose of renovating, replacing on the same site, or expanding an existing:
1. Nursing home facility, or
  2. Adult care home ~~facility, or facility; and~~
  3. ~~Intermediate care facility for the mentally retarded; and~~
- b. Not result in a change in bed capacity, as defined in G.S. 131E-176(5), or the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b."

**SECTION 9E.4.(h)** G.S. 131E-184 is amended by adding new subsections to read:

"(i) The Department shall exempt from certificate of need review the development, acquisition, construction, expansion, or replacement of a health service facility or health service

that obtained certificate of need approval prior to October 1, 2019, as an ambulatory surgical facility, including an ambulatory surgical facility with one or more operating rooms or gastrointestinal endoscopy procedure rooms; a diagnostic center; kidney disease treatment center, including freestanding dialysis units; chemical dependency treatment facility; intermediate care facility for individuals with intellectual disabilities; psychiatric hospital; or any other licensable facility, as defined in G.S. 122C-3(14)b.

(i) The Department shall exempt from certificate of need review the establishment of a home health agency by a continuing care retirement community licensed under Article 64 of Chapter 58 of the General Statutes to provide home health services to one or more residents of a continuing care retirement community who have entered into a contract with the continuing care retirement community to receive continuing care services with lodging. A continuing care retirement community that seeks to provide home health services to individuals who do not reside at the continuing care retirement community pursuant to a contract to receive continuing care services with lodging shall be required to obtain a certificate of need as a home health agency prior to developing or offering home health services to any individual not a resident of the continuing care retirement community under a contract to receive continuing care services with lodging. As used in this subsection, the terms "continuing care" and "lodging" are as defined in G.S. 58-64-1. Nothing in this subsection shall be construed to exempt from the State's home health agency licensure and certification requirements a continuing care retirement community that has been exempted from certificate of need review for the provision of home health services to one or more residents pursuant to this subsection."

**SECTION 9E.4.(i)** G.S. 131E-184(j), as enacted by this section, applies to continuing care retirement communities engaged in the direct provision of home health services on or after October 1, 2019.

**SECTION 9E.4.(j)** G.S. 131E-186(a) reads as rewritten:

"(a) Within the prescribed time limits in G.S. 131E-185, the Department shall issue a decision to "approve," "approve with conditions," or "deny," an application for a new institutional health service. Approvals involving new or expanded nursing care or intermediate care for the mentally retarded bed capacity shall include a condition that specifies the earliest possible date the new institutional health service may be certified for participation in the Medicaid program. The date shall be set far enough in advance to allow the Department to identify funds to pay for care in the new or expanded facility in its existing Medicaid budget or to include these funds in its State Medicaid budget request for the year in which Medicaid certification is expected."

**SECTION 9E.4.(k)** G.S. 131E-188 reads as rewritten:

**"§ 131E-188. Administrative and judicial review.**

(a) After a decision of the Department to issue, deny or withdraw a certificate of need or exemption or to issue a certificate of need pursuant to a settlement agreement with an applicant to the extent permitted by law, any affected person, as defined in subsection (c) of this section, shall be proponent of an application that was reviewed with the application for that certificate of need is entitled to a contested case hearing under Article 3 of Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department makes its decision. When a petition is filed, the Department shall send notification of the petition to the proponent of each application that was reviewed with the application for a certificate of need that is the subject of the petition. Any affected person shall be entitled to intervene in a contested case.

A contested case shall be conducted in accordance with the following timetable:

- (1) An administrative law judge or a hearing officer, as appropriate, shall be assigned within 15 days after a petition is filed.
- (2) The parties shall complete discovery within 90 days after the assignment of the administrative law judge or hearing officer.

- (3) The hearing at which sworn testimony is taken and evidence is presented shall be held within 45 days after the end of the discovery period.
- (4) The administrative law judge or hearing officer shall make a final decision within 75 days after the hearing.
- (5) Repealed by Session Laws 2011-398, s. 46, as amended by Session Laws 2011-326, s. 23, effective January 1, 2012, and applicable to contested cases commenced on or after that date.

The administrative law judge or hearing officer assigned to a case may extend the deadlines in subdivisions (2) through (4) so long as the administrative law judge or hearing officer makes a final decision in the case within 270 days after the petition is filed.

...

(b) Any affected-person who was a party in a contested case hearing shall be entitled to judicial review of all or any portion of any final decision in the following manner. The appeal shall be to the Court of Appeals as provided in G.S. 7A-29(a). The procedure for the appeal shall be as provided by the rules of appellate procedure. The appeal of the final decision shall be taken within 30 days of the receipt of the written notice of final decision, and notice of appeal shall be filed with the Office of Administrative Hearings and served on the Department and all other affected-persons who were parties to the contested hearing. The Court of Appeals, in an action for judicial review brought under this section, shall award all costs of such action, including reasonable attorney's fees to the prevailing party. For the purpose of this subsection, reasonable attorney's fees include attorney's fees incurred during the administrative review portion of the contested case arising under Article 3 of Chapter 150B of the General Statutes.

(b1) Before filing an appeal of a final decision granting a certificate of need, the ~~affected person-appellant~~ shall deposit a bond with the Clerk of the Court of Appeals. The bond requirements of this subsection shall not apply to any appeal filed by the Department.

- (1) The bond shall be secured by cash or its equivalent in an amount equal to five percent (5%) of the cost of the proposed new institutional health service that is the subject of the appeal, but may not be less than five thousand dollars (\$5,000) and may not exceed fifty thousand dollars (\$50,000); provided that the applicant who received approval of the certificate of need may petition the Court of Appeals for a higher bond amount for the payment of such costs and damages as may be awarded pursuant to subdivision (2) of this subsection. This amount shall be determined by the Court in its discretion, not to exceed ~~three hundred thousand dollars (\$300,000).~~ five hundred thousand dollars (\$500,000). A holder of a certificate of need who is appealing only a condition in the certificate is not required to file a bond under this subsection.

...

(c) ~~The term "affected persons" includes: the applicant; any individual residing within the service area or the geographic area served or to be served by the applicant; any individual who regularly uses health service facilities within that geographic area or the service area; any person who provides services, similar to the services under review, to individuals residing within the service area or the geographic area proposed to be served by the applicant; any person who, prior to receipt by the agency of the proposal being reviewed, has provided written notice to the agency of an intention to provide similar services in the future to individuals residing within the service area or the geographic area to be served by the applicant; third party payers who reimburse health service facilities for services in the service area in which the project is proposed to be located; and any agency which establishes rates for health service facilities or HMOs located in the service area in which the project is proposed to be located."~~

**SECTION 9E.4.(I)** G.S. 131E-147 is amended by adding a new subsection to read:

"(f) The Department shall not issue or renew a license to operate an ambulatory surgical facility developed, acquired, or replaced on or after October 1, 2019, unless the application includes all of the following:

(1) A commitment that the Medicare allowable amount for self-pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid surgical cases shall be at least four percent (4%) of the total revenue collected for all surgical cases performed in the facility or proposed facility.

(2) For each year of operation, a commitment to report to the Department the total number of cases by each of the following payer categories:

a. Self-pay surgical cases.

b. Medicaid surgical cases.

c. Medicare surgical cases.

d. Commercial insurance surgical cases.

e. Managed care surgical cases.

f. Other surgical cases.

(3) A commitment to report utilization and payment data for services provided by the ambulatory surgical facility to the statewide data processor, as required by G.S. 131E-214.2."

**SECTION 9E.4.(m)** G.S. 131E-175(11) and (12) are repealed.

**SECTION 9E.4.(n)** This section becomes effective October 1, 2019.

## **PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES**

### **SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

**SECTION 9F.1.(a)** For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, the DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

**SECTION 9F.1.(b)** In addition to the recurring reduction for single-stream funding required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L. 2017-206 and Section 11F.1 of S.L. 2018-5, the DMH/DD/SAS is directed to further reduce its allocation for single-stream funding by fifteen million dollars (\$15,000,000) in recurring funds for the 2019-2020 fiscal year and by fifteen million dollars (\$15,000,000) in recurring funds for the 2020-2021 fiscal year.

The DMH/DD/SAS shall allocate the combined total of the recurring reduction for single-stream funding required by this section and the recurring reduction for single-stream funding that was required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L. 2017-206 and Section 11F.1 of S.L. 2018-5, among the LME/MCOs as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Alliance Behavioral Healthcare	(\$5,554,338)	(\$5,554,338)
Cardinal Innovations Healthcare	(\$24,998,210)	(\$24,998,210)
Eastpointe	(\$2,784,425)	(\$2,784,425)
Partners Behavioral Health Management	(\$3,253,332)	(\$3,253,332)

1	Sandhills Center	(\$2,338,367)	(\$2,338,367)
2	Trillium Health Resources	(\$6,158,214)	(\$6,158,214)
3	Vaya Health	(\$6,354,009)	(\$6,354,009)
4	Total	(\$51,440,895)	(\$51,440,895)

5  
6 By March 1, 2020, the Secretary of Health and Human Services shall submit to the  
7 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
8 Division a proposal for any adjustments to the specified recurring reductions among the  
9 LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting  
10 any proposed changes.

11 **SECTION 9F.1.(c)** During each year of the 2019-2021 fiscal biennium, each  
12 LME/MCO shall fund at least the same level of single-stream service utilization as during the  
13 2014-2015 fiscal year across the LME/MCO's catchment area. This requirement shall not be  
14 construed to require LME/MCOs to authorize or maintain the same level of services for any  
15 specific individual whose services were paid for with single-stream funding. Further, this  
16 requirement shall not be construed to create a private right of action for any person or entity  
17 against the State of North Carolina or the Department of Health and Human Services or any of  
18 its divisions, agents, or contractors and shall not be used as authority in any contested case  
19 brought pursuant to Chapter 108C of the General Statutes or Chapter 108D of the General  
20 Statutes.

21 **SECTION 9F.1.(d)** The Department of Health and Human Services shall develop a  
22 maintenance of effort (MOE) spending requirement for all mental health and substance abuse  
23 services which must be maintained using nonfederal State appropriations on an annual basis in  
24 order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the  
25 MOE spending requirement is met using State appropriations.

## 26 27 FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

28 **SECTION 9F.2.(a)** Use of Funds. – Of the funds appropriated to the Department of  
29 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
30 Substance Abuse Services, for crisis services, the sum of forty million six hundred twenty-one  
31 thousand six hundred forty-four dollars (\$40,621,644) in recurring funds for the 2019-2020 fiscal  
32 year and the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars  
33 (\$40,621,644) in recurring funds for the 2020-2021 fiscal year shall be used to purchase  
34 additional new or existing local inpatient psychiatric beds or bed days not currently funded by or  
35 through local management entities/managed care organizations (LME/MCOs). The Department  
36 shall continue to implement a two-tiered system of payment for purchasing these local inpatient  
37 psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient  
38 psychiatric beds or bed days for individuals with higher acuity levels, as defined by the  
39 Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for  
40 individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day  
41 among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and  
42 Human Services, existing funds allocated to LME/MCOs for community-based mental health,  
43 developmental disabilities, and substance abuse services may be used to purchase additional local  
44 inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of  
45 local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated  
46 or otherwise available to the Department for the purchase of inpatient psychiatric services  
47 through contracts with local hospitals.

48 **SECTION 9F.2.(b)** Distribution and Management of Beds or Bed Days. – Except as  
49 provided in this subsection, the Department shall work to ensure that any local inpatient  
50 psychiatric beds or bed days purchased in accordance with this section are utilized solely for  
51 individuals who are medically indigent, as defined in this subsection. In addition, the Department

1 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
2 with this section are distributed across the State in LME/MCO catchment areas and according to  
3 need as determined by the Department. The Department shall ensure that beds or bed days for  
4 individuals with higher acuity levels are distributed across the State in LME/MCO catchment  
5 areas and according to greatest need based on hospital bed utilization data. The Department shall  
6 enter into contracts with LME/MCOs and local hospitals for the management of these beds or  
7 bed days. The Department shall work to ensure that these contracts are awarded equitably around  
8 all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric  
9 beds or bed days, including the determination of the specific local hospital or State psychiatric  
10 hospital to which an individual should be admitted pursuant to an involuntary commitment order.

11 The Department may use up to ten percent (10%) of the funds allocated in this section  
12 for each year of the 2019-2021 fiscal biennium to pay for facility-based crisis services and  
13 nonhospital detoxification services for individuals in need of these services, regardless if the  
14 individuals are medically indigent, defined as uninsured persons who (i) are financially unable  
15 to obtain private insurance coverage as determined by the Department and (ii) are not eligible for  
16 government-funded health coverage such as Medicare or Medicaid.

17 **SECTION 9F.2.(c) Funds to Be Held in Statewide Reserve.** – Funds appropriated to  
18 the Department for the purchase of local inpatient psychiatric beds or bed days shall not be  
19 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
20 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the  
21 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
22 for payment to the Department within 15 working days after receipt of a clean claim from the  
23 hospital and shall pay the hospital within 30 working days after receipt of payment from the  
24 Department.

25 **SECTION 9F.2.(d) Ineffective LME/MCO Management of Beds or Bed Days.** – If  
26 the Department determines that (i) an LME/MCO is not effectively managing the beds or bed  
27 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not  
28 being utilized while demand for services at the State psychiatric hospitals has not decreased, or  
29 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of  
30 this section, the Department may contract with another LME/MCO to manage the beds or bed  
31 days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

32 **SECTION 9F.2.(e) Reporting by LME/MCOs.** – The Department shall establish  
33 reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

34 **SECTION 9F.2.(f) Reporting by Department.** – By no later than December 1, 2020,  
35 and by no later than December 1, 2021, the Department shall report to the Joint Legislative  
36 Oversight Committee on Health and Human Services and the Fiscal Research Division on all of  
37 the following:

- 38 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
39 year from (i) funds appropriated in this act that are designated for this purpose  
40 in subsection (a) of this section, (ii) existing State appropriations, and (iii)  
41 local funds.
- 42 (2) An explanation of the process used by the Department to ensure that, except  
43 as otherwise provided in subsection (a) of this section, local inpatient  
44 psychiatric beds or bed days purchased in accordance with this section are  
45 utilized solely for individuals who are medically indigent, along with the  
46 number of medically indigent individuals served by the purchase of these beds  
47 or bed days.
- 48 (3) The amount of funds used to pay for facility-based crisis services, along with  
49 the number of individuals who received these services and the outcomes for  
50 each individual.



- (4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.
- (5) Other Department initiatives funded by State appropriations to reduce State psychiatric hospital use.

## **TRAUMATIC BRAIN INJURY FUNDING**

**SECTION 9F.3.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2019-2020 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2020-2021 fiscal year shall be used exclusively to support TBI services as follows:

- (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars (\$359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or appropriate service providers to assist families in accessing the continuum of care and to provide educational programs on brain injury prevention, intervention, and care.
- (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars (\$2,013,868) shall be used to provide services and supports, established by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in its operating processes, including residential, day program, transportation, respite, and home modification, to individuals with TBI statewide.

## **ADULT AND PEDIATRIC TRAUMATIC BRAIN INJURY PILOT PROGRAM**

**SECTION 9F.3A.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2019-2020 fiscal year shall be used to continue the adult and pediatric traumatic brain injury pilot program, as authorized by Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212.

**SECTION 9F.3A.(b)** By April 1, 2020, the Department of Health and Human Services shall submit a report on the pilot program authorized by Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212, to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the report shall include all of the following:

- (1) The number and outcome of patients served at each program site, broken down by patient age and county of origin.
- (2) A breakdown of expenditures at each program site by type of service.
- (3) An estimate of the cost to expand the program incrementally and statewide.
- (4) An estimate of any potential savings of State funds associated with expansion of the program.
- (5) If expansion of the program is recommended, a time line for expanding the program.

## **DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

**SECTION 9F.4.** Any funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to



Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not expended or encumbered as of June 30, 2020, shall remain in the Dorothea Dix Hospital Property Fund.

#### **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR SUBSTANCE ABUSE TREATMENT FACILITY**

**SECTION 9F.4A.** Of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2019-2020 fiscal year, the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds shall be used to pay for the completion of the construction of the Residential Treatment Center for Women operated by The Samaritan Colony, Inc., in Richmond County.

#### **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR TREATMENT AND RECOVERY SERVICES**

**SECTION 9F.4B.** Of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2019-2020 fiscal year, the sum of six hundred thousand dollars (\$600,000) in nonrecurring funds shall be provided to Bridge to Recovery, Inc., a nonprofit corporation in Monroe, North Carolina. Bridge to Recovery, Inc., shall not use these funds for any purpose other than to provide treatment and recovery services to individuals with substance use disorders.

#### **FUNDS FOR NEW BROUGHTON HOSPITAL**

**SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2020-2021 fiscal year, the sum of four million nine hundred thousand dollars (\$4,900,000) in recurring funds shall be used for new staffing and operational support, including utilities, maintenance costs, and other physical plant operating costs to open new Psychiatric Intensive Care Unit beds in the new Broughton Hospital.

#### **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

**SECTION 9F.6.(a)** As used in this section, "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

**SECTION 9F.6.(b)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds for each year of the 2019-2021 fiscal biennium shall be used to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets all of the following criteria:

- (1) Was eligible for Medicaid-covered personal care services (PCS) prior to January 1, 2013, but was determined to be ineligible for PCS on or after January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of S.L. 2012-145 and Section 70 of S.L. 2012-194.
- (2) Has continuously resided in a group home since December 31, 2012.

**SECTION 9F.6.(c)** These monthly payments shall be subject to all of the following requirements and limitations:

- (1) The amount of the monthly payments authorized by this section shall not exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month for each resident who meets all criteria specified in subsection (b) of this section.
- (2) A group home that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than providing, as necessary, supervision and medication management for a resident who meets all criteria specified in subsection (b) of this section.
- (3) The Department shall make monthly payments authorized by this section to a group home on behalf of each resident who meets all criteria specified in subsection (b) of this section only for the period commencing July 1, 2019, and ending June 30, 2021, or upon depletion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for supplemental short-term assistance for group homes, for each year of the 2019-2021 fiscal biennium for the purpose of this section, whichever is earlier.
- (4) The Department shall make monthly payments authorized by this section only to the extent sufficient funds are available from the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for supplemental short-term assistance for group homes, for each year of the 2019-2021 fiscal biennium for the purpose of this section.
- (5) The Department shall not make monthly payments authorized by this section to a group home on behalf of a resident during the pendency of an appeal by or on behalf of the resident under G.S. 108A-70.9A.
- (6) The Department shall terminate all monthly payments pursuant to this section on June 30, 2021, or upon depletion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for supplemental short-term assistance for group homes, for each year of the 2019-2021 fiscal biennium for the purpose of this section, whichever is earlier.
- (7) Each group home that receives the monthly payments authorized by this section shall submit to the Department a list of all funding sources for the operational costs of the group home for the preceding two years, in accordance with the schedule and format prescribed by the Department.

**SECTION 9F.6.(d)** The Department shall use an existing mechanism to administer these funds in the least restrictive manner that ensures compliance with this section and timely and accurate payments to group homes. The Department shall not, under any circumstances, use any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for supplemental short-term assistance for group homes, for each year of the 2019-2021 fiscal biennium for any other purpose than the purpose specified in this section.

**SECTION 9F.6.(e)** Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section, or as an entitlement by any group home, resident of a group home, or other person to receive temporary, short-term financial assistance under this section.

**SECTION 9F.6.(f)** This section expires June 30, 2021.

**REPORT ON USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND  
SUBSTANCE USE DISORDER TREATMENT SERVICES**

**SECTION 9F.8.** The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report annually, beginning September 1, 2019, and ending on September 1, 2026, on the implementation of the use of funds to purchase inpatient alcohol and substance use disorder treatment services required by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division with the following information for the prior fiscal year and the two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

- (1) The number of beds in operation.
- (2) The number of bed days.
- (3) The total amount of receipts, the amount of those receipts that were received from local management entities/managed care organizations, and the amount of those receipts that were received from all other sources.
- (4) Cost of operation of the ADATC, with personnel and staffing costs reported separately from all other costs.
- (5) The ADATC's profit or loss.

**FUNDS FOR OVERDOSE MEDICATIONS**

**SECTION 9F.9.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists, as defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to the North Carolina Harm Reduction Coalition to serve individuals at risk of experiencing an opioid-related drug overdose or to the friends and family members of an at-risk individual.
- (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to North Carolina law enforcement agencies.

**FUNDS FOR VAYA HEALTH TO EXPAND FACILITY-BASED CRISIS SERVICES**

**SECTION 9F.10.(a)** Funds appropriated in S.L. 2018-5 to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to be allocated to Vaya Health (Vaya) as a grant-in-aid for the construction of a facility-based crisis center in Wilkes County, shall not revert, but shall be expended or encumbered by December 31, 2019. Vaya shall not use these funds for any purpose other than the purpose stated in Section 11F.5 of S.L. 2018-5.

**SECTION 9F.10.(b)** This section becomes effective June 30, 2019, and applies to funds not obligated on that date.

**FUNDS FOR EVIDENCE-BASED SUPPORTED EMPLOYMENT SERVICES FOR  
INDIVIDUALS WITH SERIOUS MENTAL ILLNESS, INTELLECTUAL  
DISABILITIES, OR DEVELOPMENTAL DISABILITIES**

**SECTION 9F.11.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred twenty-five thousand dollars (\$125,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be allocated as a grant to the North

Carolina Association of People Supporting Employment First (NC APSE) to develop and implement training programs for the Department, including online training modules, on the provision of evidence-based supported employment services for individuals in targeted populations, in order to assist these individuals with preparation for, identification of, and maintenance of integrated, paid, competitive employment. The Department shall make these training programs available throughout the State to (i) employers that have hired or are willing to hire individuals in targeted populations, (ii) service providers of local management entities/managed care organizations, and (iii) any other entity the Department determines will benefit from receiving this training in order to achieve improved employment outcomes for individuals in targeted populations. As used in this section, "individuals in targeted populations" means individuals with serious mental illness who are in or at risk of entry to an adult care home and individuals with intellectual disabilities, developmental disabilities, or both.

#### **YOUTH TOBACCO ENFORCEMENT FUNDING**

**SECTION 9F.12.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be transferred to the Alcohol Law Enforcement Branch. The Alcohol Law Enforcement Branch shall allocate these funds for the performance of statewide compliance checks to enforce the State's youth tobacco access law (G.S. 14-313).

#### **MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT PROGRAM FUNDING**

**SECTION 9F.16.(a)** Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Division), the sum of five hundred thousand dollars (\$500,000) for each year of the 2019-2021 fiscal biennium allocated in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds for Substance Abuse Services – Treatment for Children/Adults shall be allocated and used to fund the continuation of the medication-assisted opioid use disorder treatment pilot program as authorized by Section 12F.1 of S.L. 2016-94, as amended by Section 3.1 of S.L. 2017-212.

**SECTION 9F.16.(b)** Section 12F.1(g) of S.L. 2016-94, as amended by Section 3.1 of S.L. 2017-212, reads as rewritten:

"**SECTION 12F.1.(g)** Evaluation of Pilot Program. – By ~~November 1, 2020~~, March 1, 2021, the Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the effectiveness of this pilot program in addressing North Carolina's growing opioid addiction and overdose crisis. The Department may contract with an institution of higher education or other qualified entity with expertise in evaluating programs similar to the pilot program authorized by this section. The comprehensive evaluation shall include whether this pilot program was successful as measured by at least all of the following:

- (1) The total number of program participants who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.
- (2) A cost-benefit analysis of the pilot program."

#### **PART IX-G. PUBLIC HEALTH**

#### **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH**

**SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

- (1) Improve North Carolina's birth outcomes.
- (2) Improve the overall health status of children in this State from birth to age 5.
- (3) Lower the State's infant mortality rate.

**SECTION 9G.1.(b)** The plan for administering the competitive grant process shall include at least all of the following components:

- (1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
- (2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.
- (3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.
- (4) Allows grants to be awarded to local health departments for up to two years.

**SECTION 9G.1.(c)** No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

- (1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of persons served by each grantee, broken down by program or initiative.

**SECTION 9G.1.(d)** No later than December 1 of each fiscal year, each local health department receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

- (1) A description of the types of programs, services, and activities funded by State appropriations.
- (2) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
- (3) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities based on the evaluation protocols developed by the Division, in collaboration with the University of North Carolina Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight Committee on Health and Human Services on April 1, 2016.

- (4) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

#### **LIMITATION ON USE OF STATE FUNDS**

**SECTION 9G.3.** The limitation on the use of State funds as stated in Section 12E.13 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and Human Services for each fiscal year of the 2019-2021 fiscal biennium.

#### **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG ASSISTANCE PROGRAM**

**SECTION 9G.4.** Upon a determination by the Department of Health and Human Services, Division of Public Health, that, in six months or less, it will no longer be feasible to operate the health insurance premium assistance program implemented within the North Carolina AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves savings to the State, the Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services notifying the Committee of this determination along with supporting documentation and a proposed course of action with respect to health insurance premium assistance program participants.

#### **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

**SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Carolina Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for administrative purposes. The balance of these funds shall be used for direct services.

#### **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

**SECTION 9G.5A.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Mountain Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for administrative purposes. The balance of these funds shall be used for direct services.

#### **CAROLINA PREGNANCY CARE FELLOWSHIP CARRYFORWARD FOR DURABLE MEDICAL EQUIPMENT AND TRAINING**

**SECTION 9G.6.(a)** Funds appropriated to the Department of Health and Human Services, Division of Public Health, for the 2018-2019 fiscal year, for allocation to Carolina Pregnancy Care Fellowship, a nonprofit corporation, shall not revert, but shall remain available until the end of the 2019-2021 fiscal biennium. Carolina Pregnancy Care Fellowship shall use these funds to provide grants to clinics that apply to the Carolina Pregnancy Care Fellowship for durable medical equipment, training, or a combination of both, without any limitation on how much of the funds carried forward may be expended for durable medical equipment or training. Carolina Pregnancy Care Fellowship shall not use more than ten percent (10%) of the funds carried forward from the 2018-2019 fiscal year for administrative purposes.

**SECTION 9G.6.(b)** This section becomes effective June 30, 2019.

#### **STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM**

**SECTION 9G.7.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of one million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2020-2021

1 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and  
2 expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in  
3 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes  
4 only.

5 **SECTION 9G.7.(b)** The Human Coalition shall use funds allocated pursuant to  
6 subsection (a) of this section to expand the continuum of care pilot program authorized by Section  
7 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of  
8 care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to  
9 abortion, (iii) promote family formation, (iv) assist in establishing successful parenting  
10 techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum  
11 of care program shall consist of existing locations of the pilot program authorized by Section  
12 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human  
13 Coalition. All providers rendering services under the statewide program for which they are  
14 compensated with funds allocated pursuant to subsection (a) of this section shall be physically  
15 located in the State of North Carolina. The statewide continuum of care program shall provide  
16 direct services, supports, social services case management, and referrals to biological parents of  
17 unborn children and biological or adoptive parents of children under the age of two, and shall  
18 consist of at least all of the following components:

- 19 (1) Outreach to at-risk populations eligible for the program.
- 20 (2) The use of licensed nurses to perform the following functions:
  - 21 a. Assessment and evaluation of needs related to pregnancy or parenting.
  - 22 b. Provision of medically accurate, pregnancy-related medical  
23 information to program participants.
- 24 (3) The use of licensed social workers, or other individuals of equivalent  
25 experience, to perform the following functions:
  - 26 a. Development of a care plan, resources, and supports for program  
27 participants to address identified needs.
  - 28 b. Referrals to appropriate local resources, including State and federal  
29 benefits programs and local charitable organizations.
  - 30 c. Assistance in applying for State and federal benefits programs.
  - 31 d. Assistance in accomplishing elements of the care plan.

32 **SECTION 9G.7.(c)** In order to be eligible to receive services under the statewide  
33 continuum of care program, an individual shall, at the time of initial contact with the program,  
34 be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological  
35 or adoptive parent of a child under the age of two. Participants of the pilot program authorized  
36 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible  
37 to continue to receive continuum of care program services for a period of six months from the  
38 date of termination of pregnancy.

39 **SECTION 9G.7.(d)** The Human Coalition may use up to ten percent (10%) of the  
40 funds allocated for each year of the 2019-2021 fiscal biennium for administrative purposes.

41 **SECTION 9G.7.(e)** By December 1, 2019, and every six months thereafter, the  
42 Human Coalition shall report to the Department of Health and Human Services on the status and  
43 operation of the continuum of care program authorized by subsection (b) of this section. The  
44 report shall include at least all of the following:

- 45 (1) A detailed breakdown of expenditures for the program.
- 46 (2) The number of individuals served by the program, and for the individuals  
47 served, the types of services provided to each.
- 48 (3) Any other information requested by the Department of Health and Human  
49 Services as necessary for evaluating the success of the program.



1           **SECTION 9G.7.(f)** By April 1, 2020, the Department of Health and Human Services  
2 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the  
3 Fiscal Research Division on the status and operation of the continuum of care program.

4           **SECTION 9G.7.(g)** Section 11E.13(f) of S.L. 2017-57 is repealed.

5  
6           **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

7  
8           **PART IX-I. SOCIAL SERVICES**

9  
10          **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT**  
11          **STATE-COUNTY SPECIAL ASSISTANCE**

12          **SECTION 9I.1.(a)** The following definitions apply in this section:

13           (1) Facility licensed to accept State-County Special Assistance payments or  
14 facility. – Any residential care facility that is (i) licensed by the Department  
15 of Health and Human Services and (ii) authorized to accept State-County  
16 Special Assistance payments from its residents.

17           (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

18          **SECTION 9I.1.(b)** Nonrecurring funds appropriated in this act to the Department of  
19 Health and Human Services, Division of Social Services (DSS), for each year of the 2019-2021  
20 fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall  
21 be used to provide temporary financial assistance in the form of a monthly payment to these  
22 facilities on behalf of each resident who is a recipient of State-County Special Assistance. The  
23 counties shall pay to the State fifty percent (50%) of the cost of providing these monthly  
24 payments to these facilities. The monthly payments provided by DSS to these facilities shall be  
25 subject to all of the following requirements and limitations:

26           (1) The amount of the monthly payments authorized by this section is as follows:

27           a. For the 2019-2020 fiscal year, an amount equal to thirty-four dollars  
28 (\$34.00) per month for each resident of the facility as of the first day  
29 of the month who is a recipient of State-County Special Assistance.

30           b. For the 2020-2021 fiscal year, an amount equal to seventy dollars  
31 (\$70.00) per month for each resident of the facility as of the first day  
32 of the month who is a recipient of State-County Special Assistance.

33           (2) A facility that receives the monthly payments authorized by this section shall  
34 not, under any circumstances, use these payments for any purpose other than  
35 to offset the cost of serving residents who are recipients of State-County  
36 Special Assistance.

37           (3) The DSS shall make monthly payments authorized by this section to a facility  
38 on behalf of a resident only for the period commencing July 1, 2019, and  
39 ending June 30, 2021.

40           (4) The DSS shall make monthly payments authorized by this section only to the  
41 extent sufficient State and county funds allocated to the DSS for each year of  
42 the 2019-2021 fiscal biennium are available for this purpose.

43           (5) The DSS shall not make monthly payments authorized by this section to a  
44 facility on behalf of a resident whose eligibility determination for  
45 State-County Special Assistance is pending.

46           (6) The DSS shall terminate all monthly payments pursuant to this section on the  
47 earlier of the following:

48           a. June 30, 2021.

49           b. Upon depletion of the State and county funds allocated to the DSS for  
50 each year of the 2019-2021 fiscal year for this purpose.

1           **SECTION 9I.1.(c)** Notwithstanding any provision of this act or any other provision  
2 of law to the contrary, the DSS shall not be required to provide any temporary financial assistance  
3 to facilities beyond June 30, 2021, or upon depletion of the State and county funds allocated to  
4 the DSS for each year of the 2019-2021 fiscal biennium for this purpose, whichever is earlier.

5           **SECTION 9I.1.(d)** If possible, the DSS shall use an existing mechanism to  
6 administer these funds in the least restrictive manner that ensures compliance with this section  
7 and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use  
8 any portion of the State and county funds allocated to the DSS for each year of the 2019-2021  
9 fiscal biennium for the purpose of this section for any other purpose.

10           **SECTION 9I.1.(e)** Of the funds appropriated in this act to the DSS for each year of  
11 the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance  
12 payments, the DSS shall not use more than two hundred fifty thousand dollars (\$250,000) in  
13 nonrecurring funds for each year of the 2019-2021 fiscal biennium for administrative purposes.

14           **SECTION 9I.1.(f)** Nothing in this section shall be construed as an obligation by the  
15 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by  
16 any facility, resident of a facility, or other person to receive temporary financial assistance under  
17 this section.

18           **SECTION 9I.1.(g)** This section expires on June 30, 2021.

## 19 20 **TANF BENEFIT IMPLEMENTATION**

21           **SECTION 9I.2.(a)** Beginning October 1, 2019, the General Assembly approves the  
22 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022,"  
23 prepared by the Department of Health and Human Services and presented to the General  
24 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the  
25 period October 1, 2019, through September 30, 2022. The Department shall submit the State  
26 Plan, as revised in accordance with subsection (b) of this section, to the United States Department  
27 of Health and Human Services.

28           **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North  
29 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by  
30 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

31           **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an  
32 Electing County or to be redesignated as an Electing County and the accompanying county plan  
33 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing  
34 County budget requirements effective July 1, 2019. For programmatic purposes, all counties  
35 referred to in this subsection shall remain under their current county designation through  
36 September 30, 2022.

37           **SECTION 9I.2.(d)** For each year of the 2019-2021 fiscal biennium, Electing  
38 Counties shall be held harmless to their Work First Family Assistance allocations for the  
39 2018-2019 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
40 and Work First Diversion Assistance are sufficient for payments made by the Department on  
41 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

42           **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family  
43 Assistance and Work First Diversion Assistance for the 2019-2020 fiscal year or the 2020-2021  
44 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
45 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
46 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
47 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
48 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
49 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
50 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
51 Oversight Committee on Health and Human Services and the Fiscal Research Division.

## **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS**

**SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

**SECTION 9I.3.(b)** The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

- (1) An established follow-up system with a minimum of six months of follow-up services.
- (2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.
- (3) Cost-benefit data.
- (4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.
- (5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.
- (6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

**SECTION 9I.3.(c)** The Department shall continue implementing a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

## **CHILD CARING INSTITUTIONS**

**SECTION 9I.4.** Until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

## **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

**SECTION 9I.5.** Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 16 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment,

(iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

### **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

**SECTION 91.6.(a)** Funds appropriated from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 10871 for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

**SECTION 91.6.(b)** Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each year of the 2019-2021 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

**SECTION 91.6.(c)** Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for each year of the 2019-2021 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

**SECTION 91.6.(d)** Funds appropriated to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

### **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

**SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.
- (2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.
- (3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

**SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.
- (2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

**SECTION 9I.7.(c)** Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

- (1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.
- (2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.

**SECTION 9I.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process the NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

## **FINAL REPORT/CHILD WELFARE SYSTEM CHANGES**

**SECTION 9I.8.(a)** Federal Improvement Plan Implementation/Report. – The Department of Health and Human Services, Division of Social Services (Division), shall continue implementing the requirements of the federal Program Improvement Plan to bring our State into compliance with national standards for child welfare policy and practices. The Division shall notify the Joint Legislative Oversight Committee on Health and Human Services (Committee) and the Fiscal Research Division within 30 days of complete implementation of the Program Improvement Plan. The Division shall submit a final report to the Committee on the implementation and outcomes of the Program Improvement Plan no later than 90 days after implementation is complete.

**SECTION 9I.8.(b)** Child Welfare/NC FAST/Report. – The Division shall notify the Joint Legislative Oversight Committee on Health and Human Services (Committee) and the Fiscal Research Division within 30 days of complete implementation of the child welfare component of the North Carolina Families Accessing Services Through Technology (NC FAST) system. The Division shall then submit a final report to the Committee on the implementation and outcomes of the child welfare component of the NC FAST system no later than 90 days after implementation is complete.

## **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS**

**SECTION 9I.9.(a)** The Department of Health and Human Services, Division of Social Services (Division), shall continue implementing an evidence-based pilot program to increase access to public benefits for seniors aged 65 and older who are dually enrolled in

1 Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce  
2 health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes  
3 of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled  
4 in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have  
5 demonstrated experience in assisting with these types of services and the partnership shall  
6 accomplish each of the following:

- 7 (1) Identify, through data sharing, dual eligible seniors aged 65 and older who  
8 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but  
9 are not currently enrolled.
- 10 (2) Conduct an outreach program toward those seniors for the purpose of  
11 enrolling them into SNAP.
- 12 (3) Provide comprehensive application assistance through outreach specialists to  
13 complete public benefits application processes.
- 14 (4) Evaluate project effectiveness and explore how data can be utilized to achieve  
15 optimal outcomes.
- 16 (5) Make recommendations regarding policy options available to the State to  
17 streamline access to benefits.

18 **SECTION 9I.9.(b)** The Division shall report to the Office of the Governor and the  
19 Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot  
20 program by February 1 following each year the pilot program is in place. The report shall, at a  
21 minimum, include the following:

- 22 (1) The number of seniors age 65 and older who are dual eligibles but are not  
23 enrolled in SNAP.
- 24 (2) The number of those identified that would be included in the sample  
25 population.
- 26 (3) Methods of outreach toward those seniors in the sample population.
- 27 (4) Number of to date enrollments in SNAP as a direct result of outreach during  
28 the pilot program.
- 29 (5) Participation rate to date in SNAP of those seniors in the sample population.
- 30 (6) Any other findings the Division deems relevant.

31 **SECTION 9I.9.(c)** If funding and capacity exist, the Division of Social Services may  
32 expand the pilot program to include other public benefits programs.  
33

## 34 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

35 **SECTION 9I.10.** The Foster Care Transitional Living Initiative Fund shall continue  
36 to fund and support transitional living services that demonstrate positive outcomes for youth,  
37 attract significant private sector funding, and lead to the development of evidence-based  
38 programs to serve the at-risk population described in this section. The Fund shall continue to  
39 support a demonstration project with services provided by Youth Villages to (i) improve  
40 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
41 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
42 juvenile and adult correction services associated with the provision of Transitional Living  
43 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
44 evidence-based transitional living program available to all youth aging out of foster care. In  
45 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
46 support the following strategies:

- 47 (1) Transitional Living Services, which is an outcome-based program that follows  
48 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
49 participants have been tracked since the program's inception. The program has  
50 been evaluated through an independent Randomized Controlled Trial. Results  
51 indicate that the Youth Villages Transitional Living Model had positive

- 1 impacts in a variety of areas, including housing stability, earnings, economic  
2 hardship, mental health, and intimate partner violence in comparison to the  
3 control population.
- 4 (2) Public-Private Partnership, which is a commitment by private-sector funding  
5 partners to match at least twenty-five percent (25%) of the funds appropriated  
6 to the Foster Care Transitional Living Initiative Fund for the 2019-2021 fiscal  
7 biennium for the purposes of providing Transitional Living Services through  
8 the Youth Villages Transitional Living Model to youth aging out of foster  
9 care.
- 10 (3) Impact Measurement and Evaluation, which are services funded through  
11 private partners to provide independent measurement and evaluation of the  
12 impact the Youth Villages Transitional Living Model has on the youth served,  
13 the foster care system, and on other programs and services provided by the  
14 State which are utilized by former foster care youth.
- 15 (4) Advancement of Evidence-Based Process, which is the implementation and  
16 ongoing evaluation of the Youth Villages Transitional Living Model for the  
17 purposes of establishing the first evidence-based transitional living program  
18 in the nation. To establish the evidence-based program, additional randomized  
19 controlled trials may be conducted to advance the model.
- 20

21 **FINAL REPORT UPON COMPLETE IMPLEMENTATION/EASTERN BAND OF**  
22 **CHEROKEE INDIANS ASSUMPTION OF SERVICES**

23 **SECTION 9I.11.** The Department of Health and Human Services, Division of Social  
24 Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and  
25 Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians  
26 as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of  
27 S.L. 2016-94, when implementation is complete.

28

29 **CHILD ADVOCACY CENTER FUNDING**

30 **SECTION 9I.12.** Of the funds appropriated in this act to the Department of Health  
31 and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium  
32 for child advocacy centers, allocations shall be made as follows:

- 33 (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy center  
34 in good standing with Children's Advocacy Centers of North Carolina, Inc.
- 35 (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of  
36 North Carolina, Inc., for its operations.
- 37

38 **ENHANCE PERMANENCY INNOVATION INITIATIVE**

39 **SECTION 9I.13.(a)** G.S. 131D-10.9B(a) reads as rewritten:

40 "(a) There is created the Permanency Innovation Initiative Fund that will support a  
41 demonstration project with services provided by Children's Home Society of North Carolina to  
42 (i) improve permanency outcomes for children living in foster care through reunification with  
43 parents, providing placement or guardianship with other relatives, or adoption, (ii) improve  
44 engagement with biological relatives of children in or at risk of entering foster care, and (iii)  
45 reduce costs associated with maintaining children in foster care. In implementing these goals, the  
46 Permanency Innovation Initiative Fund shall support the following strategies:

- 47 ...
- 48 (3) Permanency Training Services, which are services delivered by Children's  
49 Home Society of North Carolina to ~~enhance the readiness of support~~ county  
50 departments of social services to implement the permanency strategies under  
51 subdivision (2) of this ~~subsection-subsection, advance permanency-focused~~



1 services for children in the legal custody of county departments of social  
2 services, and provide training services to support the delivery of the  
3 services and support services to caregivers and family members who are  
4 supporting the permanency goal of children in the legal custody of county  
5 departments of social services."

6 **SECTION 9L13.(b)** Funds appropriated to the Department of Health and Human  
7 Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for the  
8 Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available  
9 federal matching funds.

## 10 **FUNDS FOR QUALITY ASSURANCE POSITIONS**

11 **SECTION 9L16.** Of the funds appropriated in this act to the Department of Health  
12 and Human Services, Division of Social Services, the sum of seven hundred fifty thousand dollars  
13 (\$750,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to  
14 provide a fifty percent (50%) match for participating counties to establish new quality assurance  
15 positions for child welfare within county departments of social services offices in the State. The  
16 Division shall prioritize receipt of the matching funds based on county need. The Division shall  
17 allocate the positions funded pursuant to this section based on a percentage of county population  
18 such that (i) counties having at least one percent (1%) of the State's population each shall receive  
19 one position and (ii) counties having less than one percent (1%) of the State's population shall  
20 share a position, as determined by the Division. The Division shall implement a comprehensive  
21 continuous quality improvement (CQI) training plan that provides all staff, new and existing,  
22 with introductory and ongoing training on the Division's CQI plan, policies, and requirements  
23 that provide clarity regarding staff and stakeholder roles in the CQI process.

## 24 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

25 **SECTION 9L17.(a)** Funds appropriated in this act to the Department of Health and  
26 Human Services, Division of Social Services (Division), for each year of the 2019-2021 fiscal  
27 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and  
28 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor  
29 costs to generate the data regarding expenditures of those programs. The vendor shall generate  
30 data to be submitted to the Division that includes, at a minimum, each of the following:

- 31 (1) The dollar amount and number of transactions accessed or expended  
32 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 33 (2) The amount of benefits expended out-of-state, by state, from active cases for  
34 both SNAP and TANF.
- 35 (3) The dollar amount and number of transactions of benefits accessed or  
36 expended in this State, by types of retailers or institutions, for both SNAP and  
37 TANF.

38 **SECTION 9L17.(b)** Upon receiving the expenditures data for SNAP and TANF  
39 from the vendor, the Division shall evaluate the data. The Division shall also provide the Program  
40 Evaluation Division of the General Assembly with a copy of the "raw" data submitted by the  
41 vendor in accordance with subsection (c) of this section. After evaluating the expenditures data,  
42 the Division shall submit a report on its analysis of the data by June 30 and December 31 of each  
43 year to the Joint Legislative Oversight Committee on Health and Human Services and Fiscal  
44 Research Division. The Division shall post its report required by this subsection on its Web site  
45 and otherwise make the data available by June 30 and December 31 of each year. In the first  
46 report required by this section, the Division shall report how this data is used to investigate fraud  
47 and abuse in both SNAP and TANF. The Division shall also report on other types of data and  
48 how that data is utilized in the detection of fraud and abuse.

**SECTION 91.17.(c)** The Division shall maintain the confidentiality of information not public under Chapter 132 of the General Statutes. The Division shall properly redact any information subject to reporting under this section to prevent identification of individual recipients of SNAP or TANF benefits.

## **INCREASE FOSTER CARE RATES**

**SECTION 91.18.(a)** G.S. 108A-49.1 reads as rewritten:

### **"§ 108A-49.1. Foster care and adoption assistance payment rates.**

(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

- (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five years of age.
- (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.
- (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21 years of age.

(b) The maximum rates for the State adoption assistance program are established consistent with the foster care rates as follows:

- (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five years of age.
- (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.
- (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21 years of age.

...."

**SECTION 91.18.(b)** This section becomes effective July 1, 2020.

## **CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT**

**SECTION 91.19.(a)** From funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for the 2019-2020 fiscal year, the Division of Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall establish a two-year child welfare and behavioral health pilot project that will provide easier access to comprehensive health services for children in foster care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster care, and (iii) ensuring care and services are available without disruption to a child's foster care placement while accessing services needed to treat the child's trauma. Four counties shall participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

**SECTION 91.19.(b)** The purpose of the pilot project is to establish a trauma-informed integrated health foster care model to facilitate partnerships between county departments of social services and local management entities/managed care organizations (LME/MCOs) regarding children placed in foster care that will do each of the following:

- (1) Address safety and health needs of children with the application of trauma-informed tools.
- (2) Address appropriate preventive and medical care for children placed in foster care.
- (3) Address other social determinants of health, specifically those related to education and social development.
- (4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the federal Families First Prevention Services Act (Family First Act).
- (5) Provide for collaboration across agencies, including private behavioral health providers, health systems, and agencies of social determinants of health.
- (6) Allow for the development of alternative funding models and service definitions.

- (7) Allow for behavioral health services in family foster homes augmented with mental health services.
- (8) Allow for wraparound services for the child to support a singular, unified goal of children in foster care having a single placement.
- (9) Assign dedicated care coordination to each county social services agency.

**SECTION 9I.19.(c)** The Division of Social Services and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report on the pilot project established under this section to the Joint Legislative Oversight Committee on Health and Human Services (Committee) by April 1, 2020, and submit a final report to the Committee by October 1, 2021, that, at a minimum, includes each of the following:

- (1) The average cost of providing alternatives to therapeutic foster care.
- (2) An outline of enhanced services offered and developed during the pilot project, including barriers and challenges.
- (3) The outcomes achieved from the pilot project.
- (4) A plan outlining the potential for replication across other counties, including cost-modeling recommendations.

## **POSTPONE DEPLOYMENT OF CHILD WELFARE AND AGING COMPONENTS OF NC FAST**

**SECTION 9I.20.(a)** The Department of Health and Human Services, Division of Social Services, shall postpone deployment of the North Carolina Families Accessing Services through Technology (NC FAST) system as it relates to case-management functionality for the child welfare system and aging and adult services' programs. The Division shall not deploy the child welfare case-management component of the NC FAST system statewide prior to October 1, 2019, but shall instead continue to develop and improve case-management functionality for the child welfare component of NC FAST only in those counties that participated in the initial pilot program prior to January 1, 2019.

**SECTION 9I.20.(b)** All counties other than the counties that participated in the pilot program prior to January 1, 2019, may elect to utilize the Intake and Assessment functionality of the NC FAST system.

**SECTION 9I.20.(c)** The Division shall move forward with developing and issuing requests for proposals (RFP) to consider a vehicle for the child welfare case-management component of NC FAST, but shall not issue any contracts without prior approval from the General Assembly.

**SECTION 9I.20.(d)** The Joint Legislative Program Evaluation Oversight Committee shall revise the biennial 2019-2020 work plan for the Program Evaluation Division to include a study of the case-management functionality of the child welfare component of NC FAST. The Program Evaluation Division shall submit its evaluation to the Joint Legislative Program Evaluation Oversight Committee and to the chairs of the Joint Legislative Oversight Committee on Health and Human Services no later than May 1, 2020.

## **PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]**

## **PART IX-K. DHHS BLOCK GRANTS**

### **DHHS BLOCK GRANTS**

**SECTION 9K.1.(a)** Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the following schedule:

### **TEMPORARY ASSISTANCE FOR NEEDY**

**FY 2019-2020****FY 2020-2021**

**FAMILIES (TANF) FUNDS****Local Program Expenditures****Division of Social Services**

01. Work First Family Assistance	\$37,549,914	\$35,549,914
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877
05. Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
06. Funding for Counties to Assist with County Implementation of NC FAST, Project 4	8,092	0
07. Child Welfare Program Improvement Plan	775,176	775,176
08. Child Welfare Collaborative	400,000	400,000
09. Child Welfare Initiatives	1,400,000	1,400,000

**Division of Child Development and Early Education**

10. Subsidized Child Care Program	53,203,069	45,813,694
11. Swap-Child Care Subsidy	5,400,000	12,600,000
12. NC Pre-K Services	66,300,000	68,300,000

**Division of Public Health**

13. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
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**DHHS Administration**

14. Division of Social Services	2,482,260	2,482,260
15. Office of the Secretary	34,042	34,042
16. Eligibility Systems – Operations and Maintenance	653,815	711,349
17. NC FAST Implementation	1,817,362	0
18. Division of Social Services – Workforce		

1	Innovation & Opportunity Act (WIOA)	93,216	93,216
2			
3	<b>Transfers to Other Block Grants</b>		
4			
5	<b>Division of Child Development and Early Education</b>		
6			
7	19. Transfer to the Child Care and		
8	Development Fund	21,773,001	21,773,001
9			
10	<b>Division of Social Services</b>		
11			
12	20. Transfer to Social Services Block		
13	Grant for Child Protective Services –		
14	Training	1,300,000	1,300,000
15			
16	21. Transfer to Social Services Block		
17	Grant for Child Protective Services	5,040,000	5,040,000
18			
19	22. Transfer to Social Services Block		
20	Grant for County Departments of		
21	Social Services for Children's Services	13,097,783	13,097,783
22			
23	23. Transfer to Social Services Block		
24	Grant – Foster Care Services	1,385,152	1,385,152
25			
26	24. Transfer to Social Services Block	1,582,000	1,582,000
27	Grant – Child Advocacy Centers		
28			
29	25. Transfer to Social Services Block	737,067	737,067
30	Grant – Child Protective Services,		
31	Child Welfare Training for Counties		
32			
33	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
34	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$312,392,996</b>	<b>\$310,435,701</b>
35			
36	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
37	<b>EMERGENCY CONTINGENCY FUNDS</b>		
38			
39	<b>Local Program Expenditures</b>		
40			
41	<b>Division of Child Development and Early Education</b>		
42			
43	01. Subsidized Child Care	\$33,439,988	\$33,439,988
44			
45	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
46	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
47	<b>CONTINGENCY FUNDS</b>	<b>\$33,439,988</b>	<b>\$33,439,988</b>
48			
49	<b>SOCIAL SERVICES BLOCK GRANT</b>		
50			
51	<b>Local Program Expenditures</b>		

**Divisions of Social Services and Aging and Adult Services**

01. County Departments of Social Services	\$19,905,849	\$19,905,849
02. County Departments of Social Services (Transfer From TANF)	\$13,097,783	\$13,097,783
03. EBCI Tribal Public Health and Human Services	244,740	244,740
04. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
05. State In-Home Services Fund	1,943,950	1,943,950
06. Adult Protective Services	1,720,404	1,720,404
07. State Adult Day Care Fund	1,994,084	1,994,084
08. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
09. Special Children Adoption Incentive Fund	462,600	462,600
10. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	1,300,000	1,300,000
11. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	737,067	737,067
12. Home and Community Care Block Grant (HCCBG)	2,696,888	2,696,888
13. Child Advocacy Centers (Transfer from TANF \$1,582,000)	2,000,000	2,000,000
14. Guardianship – Division of Social Services	1,802,671	1,802,671
15. Foster Care Services (Transfer From TANF)	1,385,152	1,385,152

**Division of Central Management and Support**

16. DHHS Competitive Block Grants for Nonprofits	4,774,525	4,774,525
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**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

1	17. Mental Health Services – Adult and		
2	Child/Developmental Disabilities Program/		
3	Substance Abuse Services – Adult	4,149,595	4,149,595
4			
5	<b>DHHS Program Expenditures</b>		
6			
7	<b>Division of Services for the Blind</b>		
8			
9	18. Independent Living Program	3,603,793	3,603,793
10			
11	<b>Division of Health Service Regulation</b>		
12			
13	19. Adult Care Licensure Program	402,951	402,951
14			
15	20. Mental Health Licensure and		
16	Certification Program	200,880	200,880
17			
18	<b>Division of Aging and Adult Services</b>		
19			
20	21. Guardianship	3,825,443	3,825,443
21			
22	<b>DHHS Administration</b>		
23			
24	22. Division of Aging and Adult Services	679,541	679,541
25			
26	23. Division of Social Services	654,220	654,220
27			
28	24. Office of the Secretary/Controller's Office	132,047	132,047
29			
30	25. Legislative Increases/Fringe Benefits	236,278	236,278
31			
32	26. Division of Child Development and		
33	Early Education	13,878	13,878
34			
35	27. Division of Mental Health, Developmental		
36	Disabilities, and Substance Abuse Services	27,446	27,446
37			
38	28. Division of Health Service Regulation	121,719	121,719
39			
40	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$74,055,372</b>	<b>\$74,055,372</b>
41			
42	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
43			
44	<b>Local Program Expenditures</b>		
45			
46	<b>Division of Social Services</b>		
47			
48	01. Low-Income Energy Assistance		
49	Program (LIEAP)	\$40,298,638	\$40,298,638
50			
51	02. Crisis Intervention Program (CIP)	40,298,638	40,298,638



**Local Administration****Division of Social Services**

03. County DSS Administration	6,618,366	6,618,366
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**DHHS Administration****Division of Central Management and Support**

04. Division of Social Services	10,000	10,000
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05. Office of the Secretary/DIRM	128,954	128,954
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06. Office of the Secretary/Controller's Office	18,378	18,378
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07. NC FAST Development	2,287,188	2,287,188
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08. NC FAST Operations and Maintenance	2,539,033	2,539,033
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**Transfers to Other State Agencies****Department of Environmental Quality**

09. Weatherization Program	8,692,641	8,552,641
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10. Heating Air Repair and Replacement Program (HARRP)	5,881,761	5,701,761
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11. Local Residential Energy Efficiency Service Providers – Weatherization	544,742	514,742
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12. Local Residential Energy Efficiency Service Providers – HARRP	327,169	277,169
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13. DEQ – Weatherization Administration	544,742	514,742
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14. DEQ – HARRP Administration	277,169	277,169
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**Department of Administration**

15. N.C. Commission on Indian Affairs	87,736	87,736
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**TOTAL LOW-INCOME ENERGY  
ASSISTANCE BLOCK GRANT**

	<b>\$108,555,155</b>	<b>\$108,125,155</b>
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**CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT****Local Program Expenditures**

**Division of Child Development and Early Education**

01. Child Care Services	\$232,109,943	\$239,499,318
02. Smart Start Subsidy	7,392,654	7,392,654
03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
04. Quality and Availability Initiatives (TEACH Program \$3,800,000)	55,217,124	55,217,124

**DHHS Administration****Division of Child Development and Early Education**

05. DCDEE Administrative Expenses	9,710,886	9,710,886
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**Division of Social Services**

06. Local Subsidized Child Care Services Support	18,533,357	18,533,357
07. Direct Deposit for Child Care Payments	505,100	505,100

**Division of Central Management and Support**

08. NC FAST Development	464,290	0
09. NC FAST Operations and Maintenance	1,104,504	1,201,697
10. DHHS Central Administration – DIRM Technical Services	645,162	645,162
11. DHHS Central Administration	7,346	7,346

**Division of Public Health**

12. Child Care Health Consultation Contracts	62,205	62,205
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**TOTAL CHILD CARE AND DEVELOPMENT  
FUND BLOCK GRANT**

	<b>\$347,525,572</b>	<b>\$354,547,850</b>
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**MENTAL HEALTH SERVICES BLOCK GRANT****Local Program Expenditures**

01. Mental Health Services – Child	\$4,779,087	\$4,779,087
02. Mental Health Services – Adult/Child	18,531,361	18,531,360

1	03. Mental Health Services – First		
2	Psychotic Symptom Treatment	1,976,970	1,976,970
3			
4	<b>DHHS Administration</b>		
5			
6	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
7			
8	04. Administration	200,000	200,000
9			
10	<b>TOTAL MENTAL HEALTH SERVICES</b>		
11	<b>BLOCK GRANT</b>	<b>\$25,487,418</b>	<b>\$25,487,417</b>
12			
13	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
14			
15	<b>Local Program Expenditures</b>		
16			
17	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
18			
19	01. Substance Abuse – HIV and IV Drug	\$2,550,915	\$2,550,915
20			
21	02. Substance Abuse Prevention	9,110,422	9,110,422
22			
23	03. Substance Abuse Services – Treatment for		
24	Children/Adults		
25	(Medication-Assisted Opioid Use Disorder		
26	Treatment Pilot Program \$500,000;		
27	First Step Farm of WNC, Inc. \$100,000)	29,856,450	29,856,449
28			
29	05. Crisis Solutions Initiatives – Collegiate		
30	Wellness/Addiction Recovery	1,085,000	1,085,000
31			
32	06. Crisis Solutions Initiatives – Community		
33	Paramedic Mobile Crisis Management	20,000	20,000
34			
35	<b>DHHS Program Expenditures</b>		
36			
37	<b>Division of Central Management and Support</b>		
38			
39	07. Competitive Grants	1,600,000	1,600,000
40			
41	<b>DHHS Administration</b>		
42			
43	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
44			
45	08. Administration	454,000	454,000
46			
47	09. Controlled Substance Reporting System		
48	Enhancement	427,655	427,655
49			
50	10. Veterans Initiatives	250,000	250,000
51			

**Division of Public Health**

11. HIV Testing for Individuals in Substance  
Abuse Treatment

241,488

0

**TOTAL SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT**

\$45,595,930

\$45,354,441

**MATERNAL AND CHILD HEALTH BLOCK GRANT****Local Program Expenditures****Division of Public Health**

01. Women and Children's Health Services  
(Safe Sleep Campaign \$45,000; Sickie Cell  
Centers \$100,000; Prevent Blindness \$575,000;  
March of Dimes \$350,000; Teen Pregnancy  
Prevention Initiatives \$650,000;  
17P Project \$52,000; Nurse-Family  
Partnership \$950,000; Perinatal & Neonatal  
Outreach Coordinator Contracts \$440,000;  
Mountain Area Pregnancy Services \$50,000)

\$14,719,224

\$14,719,224

02. Oral Health

48,227

48,227

03. Evidence-Based Programs in Counties  
With Highest Infant Mortality Rates

1,575,000

1,575,000

**DHHS Program Expenditures**

04. Children's Health Services

1,427,323

1,427,323

05. Women's Health – Maternal Health

169,864

169,864

06. Women and Children's Health – Perinatal  
Strategic Plan Support Position

68,245

68,245

07. State Center for Health Statistics

158,583

158,583

08. Health Promotion – Injury and  
Violence Prevention

87,271

87,271

**DHHS Administration**

09. Division of Public Health Administration

552,571

552,571

**TOTAL MATERNAL AND CHILD  
HEALTH BLOCK GRANT**

\$18,806,308

\$18,806,308

**PREVENTIVE HEALTH SERVICES BLOCK GRANT**

**Local Program Expenditures**

01. Physical Activity and Prevention	\$3,030,116	\$3,030,116
02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	160,000	160,000

**DHHS Program Expenditures****Division of Public Health**

03. HIV/STD Prevention and Community Planning	137,648	137,648
04. Oral Health Preventive Services	150,000	150,000
05. Laboratory Services – Testing, Training, and Consultation	21,000	21,000
06. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	53,206	53,206
07. Performance Improvement and Accountability	592,123	592,123
08. State Center for Health Statistics	82,505	82,505

**DHHS Administration****Division of Public Health**

09. Division of Public Health	65,000	65,000
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**TOTAL PREVENTIVE HEALTH  
SERVICES BLOCK GRANT**

**\$4,291,598                      \$4,291,598**

**COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies	\$22,354,709	\$22,354,709
02. Discretionary Funding	921,096	921,096
03. Office of Economic Opportunity	981,096	981,096
04. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000

**TOTAL COMMUNITY SERVICES  
BLOCK GRANT**

**\$24,316,901                      \$24,316,901**

**GENERAL PROVISIONS**

**SECTION 9K.1.(b)** Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

**SECTION 9K.1.(c)** Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2019-2020 and 2020-2021, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

**SECTION 9K.1.(d)** Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the schedule enacted for State fiscal years 2019-2020 and 2020-2021 or until a new schedule is enacted by the General Assembly.

**SECTION 9K.1.(e)** All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and

1 Management shall not approve any reduction of funds designated for subrecipients in subsection  
2 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block  
3 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget  
4 and Management shall consult with the Joint Legislative Oversight Committee on Health and  
5 Human Services for review prior to implementing any changes. In consulting, the report shall  
6 include an itemized listing of affected programs, including associated changes in budgeted  
7 allocations. All changes to the budgeted allocations to the Block Grants shall be reported  
8 immediately to the Joint Legislative Oversight Committee on Health and Human Services and  
9 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by  
10 legislative salary increases and benefit adjustments.

11 **SECTION 9K.1.(f)** Except as otherwise provided, the Department of Health and  
12 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
13 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
14 so long as the total allocation for the line items within those block grants remains the same.  
15

### 16 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

17 **SECTION 9K.1.(g)** The sum of eighty million ninety-three thousand five hundred  
18 sixty-six dollars (\$80,093,566) for each year of the 2019-2021 fiscal biennium appropriated in  
19 this act in TANF funds to the Department of Health and Human Services, Division of Social  
20 Services, shall be used for Work First County Block Grants. The Division shall certify these  
21 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
22 has the authority to realign the authorized budget for these funds among the State-level services  
23 based on current year actual expenditures. The Division shall also have the authority to realign  
24 appropriated funds from Work First Family Assistance for electing counties to the Work First  
25 County Block Grant for electing counties based on current year expenditures so long as the  
26 electing counties meet Maintenance of Effort requirements.

27 **SECTION 9K.1.(h)** The sum of nine million four hundred twelve thousand three  
28 hundred ninety-one dollars (\$9,412,391) appropriated in this act to the Department of Health and  
29 Human Services, Division of Social Services, in TANF funds for each fiscal year of the  
30 2019-2021 fiscal biennium for child welfare improvements shall be allocated to the county  
31 departments of social services for hiring or contracting staff to investigate and provide services  
32 in Child Protective Services cases; to provide foster care and support services; to recruit, train,  
33 license, and support prospective foster and adoptive families; and to provide interstate and  
34 post-adoption services for eligible families.

35 Counties shall maintain their level of expenditures in local funds for Child Protective  
36 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
37 the total expenditures from State and local funds for fiscal years 2019-2020 and 2020-2021 shall  
38 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

39 **SECTION 9K.1.(i)** The sum of two million twenty-six thousand eight hundred  
40 seventy-seven dollars (\$2,026,877) appropriated in this act in TANF funds to the Department of  
41 Health and Human Services, Special Children Adoption Fund, for each fiscal year of the  
42 2019-2021 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of  
43 Social Services, in consultation with the North Carolina Association of County Directors of  
44 Social Services and representatives of licensed private adoption agencies, shall develop  
45 guidelines for the awarding of funds to licensed public and private adoption agencies upon the  
46 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the  
47 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance  
48 the adoption services program. No local match shall be required as a condition for receipt of these  
49 funds.

50 **SECTION 9K.1.(j)** The sum of one million four hundred thousand dollars  
51 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human



Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

**SECTION 9K.1.(k)** Of the three million four hundred fifty thousand dollars (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each year of the 2019-2021 fiscal biennium shall be used to provide services for youth in foster care or the juvenile justice system.

## **SOCIAL SERVICES BLOCK GRANT**

**SECTION 9K.1.(l)** The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars (\$19,905,849) for each year of the 2019-2021 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for each year of the 2019-2021 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be used for county block grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

Of the funds allocated in this subsection for each year of the 2019-2021 fiscal biennium for county block grants, three million dollars (\$3,000,000) shall be used to assist counties in the implementation of Project 4, Child Services, in North Carolina Families Accessing Services Through Technology (NC FAST). These funds shall be available in each fiscal year of the fiscal biennium for this purpose.

**SECTION 9K.1.(m)** The sum of one million three hundred thousand dollars (\$1,300,000) appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall be used to support various child welfare training projects as follows:

- (1) Provide a regional training center in southeastern North Carolina.
- (2) Provide training for residential child caring facilities.
- (3) Provide for various other child welfare training initiatives.

**SECTION 9K.1.(n)** The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

**SECTION 9K.1.(o)** Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

**SECTION 9K.1.(p)** The sum of five million forty thousand dollars (\$5,040,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

**SECTION 9K.1.(q)** The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal biennium

appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 9B.8 of this act. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

**SECTION 9K.1.(r)** The sum of two million dollars (\$2,000,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from the provisions of 10A NCAC 71R .0201(3).

**SECTION 9K.1.(s)** The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2019-2021 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2019-2020 and 2020-2021 fiscal years.

**SECTION 9K.1.(t)** Of the funds appropriated in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services, the sum of four hundred seventy-five thousand forty-one dollars (\$475,041) shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

**SECTION 9K.1.(u)** The sum of seven hundred thirty-seven thousand sixty-seven dollars (\$737,067) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. These funds shall be used to assist with training needs for county child welfare training staff and shall not be used to supplant any other source of funding for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

## **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

**SECTION 9K.1.(v)** Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

**SECTION 9K.1.(w)** The sum of forty million two hundred ninety-eight thousand six hundred thirty-eight dollars (\$40,298,638) for each year of the 2019-2021 fiscal biennium appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

- (1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.
- (2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.
- (3) Be approved by the local board of social services or human services board prior to submission.

## **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

**SECTION 9K.1.(x)** Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

**SECTION 9K.1.(y)** If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

## **MENTAL HEALTH SERVICES BLOCK GRANT**

**SECTION 9K.1.(z)** The sum of one million nine hundred seventy-six thousand nine hundred seventy dollars (\$1,976,970) appropriated in this act in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each year of the 2019-2021 fiscal biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment.

## **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

**SECTION 9K.1.(aa)** The sum of two hundred fifty thousand dollars (\$250,000) appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2019-2021 fiscal biennium shall be used to support Veterans initiatives.

## **MATERNAL AND CHILD HEALTH BLOCK GRANT**

**SECTION 9K.1.(bb)** If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2019-2020 fiscal year or the 2020-2021 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

**SECTION 9K.1.(cc)** The sum of one million five hundred seventy-five thousand dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,

1 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings  
2 to the House of Representatives Appropriations Committee on Health and Human Services, the  
3 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
4 Division no later than December 31 of each year.

5 **SECTION 9K.1.(dd)** The sum of sixty-eight thousand two hundred forty-five dollars  
6 (\$68,245) allocated in this section in the Maternal and Child Health Block Grant to the  
7 Department of Health and Human Services, Division of Public Health, Women and Children's  
8 Health Section, for each fiscal year of the 2019-2021 fiscal biennium shall not be used to supplant  
9 existing State or federal funds. This allocation shall be used for a Public Health Program  
10 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
11 Plan and provide staff support for the stakeholder work group.

12 **SECTION 9K.1.(ee)** The sum of one hundred thousand dollars (\$100,000) allocated  
13 in this section in the Maternal and Child Health Block Grant to the Department of Health and  
14 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for  
15 community-based sickle cell centers shall not be used to supplant existing State or federal funds.