Benchmarks Update
NC House Budget
August 2021

The House released their budget preliminary budget on Thursday, August 5th. This is the third part of a series of events that lead us to a final budget. First, the Governor released his budget a few months ago. The Senate released their budget in June and we expect the House budget to be passed by the end of this week.

The House and Senate will then need to work together to develop a compromise budget between the House and Senate versions. Concurrently, they will be working with the Governor's office (we hope and expect) to make sure that the compromise budget that the House and Senate develop will not be vetoed by the Governor (which happened to the previous NC budget).

One of the rules in developing the budget is that any budget item that is the same in the House and Senate budgets, will be included in the conference budget. The items that are different in each budget are the ones that a compromise will need to be worked out.

Below are some of the budget items that were the **same** in the House and Senate which **will be included** in the compromise budget.

SHARED HOUSE AND SENATE ITEMS THAT WILL BE INCLUDED IN FINAL BUDGET

Foster Care Rate Increase

(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.
The new rates are effective October 1, 2021.

Children's Homes Bridge funding for Family First Prevention Services Act

Provides funding to cover a loss in federal receipts from the Family First Prevention Services Act, which limits Title IV-E funding for congregate care to 14 days starting October 1, 2021.
FY 21-22 - $6,000,000, FY 22-23 - $12,000,000 non-recurring

Parents of Children in Foster Care

Provides funds to allow the parents of children temporarily placed into the child welfare system to retain Medicaid eligibility if the parent is making reasonable efforts to comply with the court-ordered reunification plan. DHHS must apply for a waiver to authorize the change in eligibility.
FY 21-22 $26,950,000 & FY 22-23 $55,600,000

Regional Supervision and Support of Child Welfare Services

In accordance with the plan submitted by the Social Services Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31, 13 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required Rylan's Law, DHHS shall establish seven regions for regional supervision of child welfare and social services and begin providing oversight and support within those regions through State regional staff and the central office team by March 1, 2022.

SABG - Substance Abuse Treatment for Children and Adults

Adjusts funding for treatment services and recovery supports through the federal SABG based on availability.
The Senate SABG funding for this purpose is at $60.8 million in FY 2021-22 and $38.5 million in FY 22-23.
The House SABG funding for this purpose is at $59.8 million in FY 2021-22 and $37.4 million in FY 22-23.

SABG - Substance Abuse Prevention

Adjusts funding for substance abuse prevention services under the federal SABG based on availability.
Total SABG funding for this purpose is $16.6 million in FY 2021-22 and $11.0 million in FY 2022-23

Additional Innovations Waiver Slots

Provides funding to allow an additional 1,000 individuals with intellectual and developmental disabilities to access services through the State's Medicaid Innovations Waiver, 420 new slots effective October 1, 2021 and 580 slots effective July 1, 2022.

Additional Slots for Community Alternatives Program for Disabled Adults

Provides funding for additional slots in the Community Alternatives Program for Disabled Adults (CAP/DA) Medicaid waiver, effective October 1, 2021. The program provides individualized home- and community-based services for medically fragile adults at risk of institutionalization. A minimum of 114 slots shall be made available October 1, 2021
FY 21-22 $2,317,000 & FY 22-23 $3,085,467

Supplemental Short-Term Assistance for Group Homes

$1.8 million will be allocated to Group homes that:

(i) are 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 minors or adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

This money will provide funding to group homes for temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident. The Department shall terminate

all monthly payments pursuant to this section on June 30, 2023, or upon depletion of the $1,800,000 in nonrecurring funds appropriated in this act.

Special Assistance Personal Needs Allowance

Provides funding to increase the personal needs allowance for SA recipients from $46 to $70 a month for items such as clothes, toiletries, and other essentials. This increase is effective October 1, 2021.

Temporary Additional Funding Assistance for Intermediate/Care Facilities (ICF/IID)

Provides ($12,600,000) in nonrecurring funds for the 2021-2022 fiscal year to be used to distribute a one-time payment to each (LME/MCO) for the purposes of providing temporary additional funding assistance for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services on a per diem basis.

Transitions to Community Living Initiative

Increases funding by $15,077,155 recurring for the Transitions to Community Living Initiative (TCLI), which supports eligible Medicaid beneficiaries with mental illness in transitioning from institutions to community settings in accordance with the US Department of Justice Olmstead Settlement. The revised net appropriation for TCLI across all Health and Human Services divisions is $68.2 million in each year of the biennium.

Single Stream Funding Restoration

Provides an additional $30 million in recurring single stream funding for LME/MCOs to replace the transfer of funds from Medicaid to LME/MCOs that has occurred in most years recently. These funds partially restore past recurring reductions in single stream funding.

Choice in Accreditation for LME/MCOs Operating BH IDD Tailored Plans

During the initial four-year contract term for Medicaid BH IDD tailored plans, the DHHS, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any local management entity/managed care organization (LME/MCO) to be accredited by any one specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD tailored plan contract to be accredited by a nationally recognized accreditation organization that has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which DHB approves the accreditation organization selected by the LME/MCO.

SOME ITEMS IN THE HOUSE BUDGET THAT WERE NOT IN THE SENATE BUDGET

Increase Hourly Wages for Direct Care Workers - HCBS Special Fund

DHHS put together a plan with the Center for Medicaid Services on how they could utilize the funding from the enhanced FMAP for HCBS. In that plan, they utilized the additional enhanced FMAP dollars to increase Innovation Waiver and CAP Slots, and provides increased Medicaid reimbursement rates to increase direct care worker wages for HCBS providers to $15 per hour. The enhanced match for services will be provided for FY 2021-22 and FY 2022-23. The HCBS funds will also be used to increase the Medicaid rate for Private Duty Nursing to $10.75 per 15 minutes.

In response to the need to increase Direct Care worker wage, the House adopted the DHHS agreement with CMS into their budget. The Senate version of addressing the Direct Care crisis was a $1,000 bonus for workers in year 21-22 and 22-23.

Certificate of Need Exemption for Certain Facilities

This was in both the House and Senate budgets but varied in their definition of exemption.

SENATE VERSION

Facilities that receive funds allocated under subsection (a) of this section is exempt from certificate of need review for the establishment or expansion of behavioral health services at the facility at which the constructed or converted beds will be brought into operation, including any combination of the following:

1. The establishment or expansion of outpatient therapy services or substance use disorder treatment services, or both.
2. The replacement or relocation of a behavioral health facility, defined as a psychiatric facility, a facility-based crisis center, or any facility that is primarily engaged in providing services for the diagnosis and treatment of behavioral health issues.
3. Changes in inpatient behavioral health bed capacity.

HOUSE VERSION

DHHS shall exempt from certificate of need review a new general acute hospital to be constructed in a county if the Department receives prior written notice from the entity proposing the new hospital, which notice

(i) includes an explanation of why the new hospital is required and

(ii) (ii) shows that the county where the new hospital will be located meets the requirements of subsection (b) of this section.

SECTION 5.10.(b) The exemption established by subsection
(a) of this section applies only to construction and operation of a general acute care hospital to be located in any 50 county that meets all of the following criteria:

1. The county has a total population under 50,000 and a total land area under 450 2 square miles, according to the most recent federal decennial census.
2. The county contains a portion of a city that is located in more than one county.
3. The county is located along the State's border with another state.

SECTION 5.10.(c) This section becomes effective October 1, 2021, and expires 6 December 31, 2024.

Forsyth & Mecklenburg Counties Crisis Behavioral Health Program Joint Partnerships

Provides $25,000,000 in funds from the State Fiscal Recovery Fund for Forsyth and Mecklenburg Counties for crisis behavioral health joint partnerships with local hospital systems, local behavioral health crisis centers, local emergency services providers, and LME/MCOs.

Group Home Stabilization and Transition Fund Code

Provides funding to incentivize the development of Medicaid services to support the needs of recipients living in community-based settings, to establish new rate models and methodologies, to increase the payments to LME/MCOs to facilitate transition to a more appropriate and sustainable service funding

model, and to continue the existing funding and rate structure to offset loss of bridge funding. The revised net appropriation for this purpose is $14,913,500 in FY 2021-22 and $14,930,800 in FY 2022-23