Benchmarks Update
North Carolina Budget
November 2021

North Carolina is five months into the fiscal year but will finally have a comprehensive budget passed for the first time in three years. The House and Senate passed the budget this week and the Governor signed it on November 18th making Senate bill 105 law. You can see an abbreviated budget "snappy" version of the bill called the Committee report here.

While the Governor signed off on the budget, he made his disappointment very clear that it did not include Medicaid expansion, nor raises at the level he wanted for teachers and state employees. However, a great deal of compromise had been made between the Governor, House and Senate leadership in developing the budget. Governor Cooper was also aware that the House and Senate had secured enough Democrat votes for the budget to successfully override a veto.

There is a lot of funding in the budget for mental health, substance use disorder treatment, child welfare and I/DD services. A strong state fiscal year, three years without a budget that left a tremendous amount of state funds unspent, combined with an infusion of federal dollars, created an environment to address many unmet needs that had been building up over the last three years.

Below are some highlights of the 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 January 1, 2022. State funds will cover the county share of the rate increase in FY 2021-22

Adoption Assistance Rate Increase

Provides funding to increase the rates paid for adoption assistance. The new rates are effective January 1, 2022. State funds will cover the county share of the rate increase in FY 2021-22.
FY 21-22 $ 7,062,517 & FY 22-23 $12,107,172 recuring.

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

Child Welfare/Behavioral Health Pilot

Provides funding to implement a child welfare and behavioral health pilot project to provide easier access to comprehensive health and trauma-related services for children in foster care without disruption to a child's foster care placement. $300,000 for FY 21-22 only.

Child Advocacy Centers

Provides additional funding for Child Advocacy Centers. The total requirements for Child Advocacy Centers are $12.1 million in FY 2021-22 and $7.1 million in FY 2022-23. $5,000,000 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. Provides funding for up to 15 FTEs for the regional supervision of child welfare and social services directed by S.L. 2017-41. $900,000 recurring.

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.

Medicaid Services in Charter Schools

Budgets additional requirements and receipts to support the authorization for charter schools to certify public expenditures. Like other public schools, charter schools will pay the nonfederal share of Medicaid costs. FY 21-22 $5,551,590 & FY 22-23 $9,596,000

SABG - Substance Abuse Treatment for Children and Adults

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

USE OF OPIOID SETTLEMENT FUNDS

The Opioid Abatement Fund (Fund) is created in the Department of Health and Human Services in the amount of $15,735,496 2021-2022 fiscal year and $812,250 in the 2022-2023 fiscal year.
Funds shall be used to respond to the negative impacts of the opioid epidemic within the State of North Carolina, as follows:

(1) To expand employment and transportation supports
(2) To support individuals with opioid use disorder who are involved in the criminal justice system
(3) To expand evidence-based treatment supports and to improve connections to care, especially for individuals hospitalized for overdose who are uninsured or underinsured
(4) To develop evidence-based supportive housing services, such as Housing First, that are inclusive of individuals with substance use disorders.

FUNDS FOR OVERDOSE MEDICATIONS

Budget allocate $100,000 in recurring funds for each fiscal year of the 2021-2023 fiscal biennium to purchase opioid antagonists.

Medicaid Transformation Fund Availability

Budgets receipts from the Medicaid Transformation Reserve. These funds will be transferred to the Division of Health Benefits as needed to support fee-for-service claims run out and qualified Medicaid transformation expenses. FY 21-22 $430,820,000 & FY 22-23 $46,000,000 NR

Medicaid Transformation Expenses

Transfers funds to the Division of Health Benefits to support the State share of Medicaid transformation costs approved as qualifying needs. FY 21-22 $133,078,000 & FY 22-23 $119,004,000

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 June 30, 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. FY 21-22 $2,317,000 & FY 22-23 $3,085,467

Increase Hourly Wages for Direct Care Workers - HCBS Special Fund

Utilizing funding from the enhanced FMAP for HCBS, the budget supports an increase to direct care worker wages for HCBS providers. The HCBS funds will also be used to increase the Medicaid rate for Private Duty Nursing to $11.25 per 15 minutes.

The enhanced match for services will be provided for FY 2021-22 and FY 2022-23. HOWEVER, the funding for this item is listed as RECURRING. The legislature is recognizing in this budget item that the Medicaid money to offset this increase is limited but it is important enough that state dollars will be used to support this increase after the Medicaid enhanced match ends. **HUGE WIN!!!!**

Medicaid Costs for Special Assistance In-Home Parity

Provides funding for an estimated 1,900 new Medicaid recipients eligible due to State-County Special Assistance In-Home program changes. $44,755,000FY 2022-2023

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 $10,000,000 R.

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.

STUDY DIRECT CARE WORKERS SERVING INDIVIDUALS IN THE INNOVATIONS WAIVER PROGRAM AND DEVELOP A PLAN FOR ANY RECOMMENDED INCREASE IN THOSE WORKERS' WAGES

No later than March 1, 2022, and annually thereafter for the next five years, the Department of Health and Human Services, Division of Health Benefits (DHB), shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice that contains all of the following information regarding direct care workers who serve Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program:
(1) Statewide data on the number of these licensed and non-licensed direct care workers by worker classification.
(2) Identification of providers that employ these direct care workers.
(3) The weekly average number of hours worked by individuals serving in these positions.
(4) The average and range of wages paid to these workers.
(5) The average length of employment of these workers by any one provider.
(6) An assessment of whether the wages of licensed direct care workers, non-licensed direct care workers, or both need to be increased.

If DHB determines that there is a need for an increase in wages, then DHB shall develop a plan, or update to a previously submitted plan as applicable, for such increase.

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.

Extension of Postpartum Benefits

Provides funds to extend Medicaid benefits for the pregnant women eligibility category from 60 days postpartum to 12 months postpartum, effective April 1, 2022 through March 31, 2027. The State share of funding, $12.5 million in FY 2021-22 and $50.8 million in FY 2022-23, will be paid from additional hospital assessment receipts.

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.

STATE-COUNTY SPECIAL ASSISTANCE PROGRAM CHANGES

It is the intent of the General Assembly to provide greater parity among individuals receiving benefits under the State-County Special Assistance Program authorized under G.S. 108A-40 regardless if they elect to reside in an adult care home, a special care unit, or an in-home living arrangement.

To that end, no later than 30 days after the effective date of this subsection, the Department of Health and Human Services, Division of Aging and Adult Services, shall apply to the federal Social Security Administration (SSA) for approval to allow eligible individuals residing in in-home living arrangements to qualify for State-County Special Assistance under the Social Security Optional State Supplement Program in the same manner as individuals residing in adult care homes or special care units.

Additionally, no later than 30 days after the effective date of this subsection, the Department of Health and Human Services, Division of Health Benefits, shall submit a State Plan amendment to the Centers for Medicare and Medicaid Services (CMS) for approval to add Medicaid coverage for individuals residing in in-home living arrangements who qualify for State-County Special Assistance under the Social Security Optional State Supplement Program. It is the further intent of the General Assembly to appropriate sufficient funds in future fiscal years to support annual adjustment of the State-County Special Assistance Program payment rates using the federally approved Social Security cost-of-living adjustment. This subsection is effective when it becomes law.