

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 370

Short Title: GPAC/Restructuring DHR Program Delivery.

(Public)

Sponsors: (by request) Representatives Robinson, Blue, Barnes, Diamont, Hackney, Hensley, H. Hunter, G. Miller, and Nesbitt.

Referred to: Appropriations.

February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT PERFORMANCE AUDIT COMMITTEE TO RESTRUCTURE DEPARTMENT OF HUMAN RESOURCES PROGRAM DELIVERY.

The General Assembly of North Carolina enacts:

—NEW DOWNSIZED MH INSTITUTIONS PLAN.

Section 1. (a) The Department of Human Resources shall develop a 10-year plan to construct four new and efficient mental health hospitals to accommodate the downsizing in the mental health institutions. This plan shall include consideration of the following:

- (1) After phasing down inpatient mental health services, construction on a 200-bed hospital in the east;
- (2) As more clients are treated in the community-based programs, closing hospitals;
- (3) With funds saved from downsizing and eliminating State hospitals, building smaller more modern hospitals in years 2, 5, 7, and 9 of the ten-year plan; and
- (4) At the end of the 10 years, hiring a private nonprofit entity to operate the four newly constructed mental health hospitals.

This plan shall be submitted to the General Assembly by September 2, 1993.

(b) There is appropriated from the General Fund to the Department of Human Resources, the sum of three million seven hundred thousand dollars (\$3,700,000) for the

1 1993-94 fiscal year and the sum of three million seven hundred thousand dollars
2 (\$3,700,000) for the 1994-95 fiscal year, to implement this section.

3 (c) It is the intent of the General Assembly to appropriate additional funds to
4 the Department of Human Resources, in subsequent fiscal years, to implement this act,
5 according to the following schedule:

6	Fiscal Year	Amount
7	1995-96	\$3,700,000
8	1996-97	\$10,400,000
9	1997-98	\$17,100,000
10	1998-99	\$23,700,000
11	1999-00	\$17,100,000
12	2000-01	\$23,800,000
13	2001-02	\$17,000,000.

14 (d) The base budget of the Department of Human Resources is reduced by twelve
15 million two hundred thousand dollars (\$12,200,000) in the 1993-94 fiscal year and by
16 twenty-four million four hundred thousand dollars (\$24,400,000) for the 1994-95 fiscal
17 year due to the savings resulting from the implementation of this section.

18 (e) It is the intent of the General Assembly to reduce the base budget of the
19 Department of Human Resources in subsequent fiscal years due to the implementation
20 of this act, according to the following schedule:

21	Fiscal year	Amount
22	1995-96	\$12,100,000
23	1996-97	\$24,300,000
24	1997-98	\$12,200,000
25	1998-99	\$24,400,000
26	1999-00	\$12,100,000
27	2000-01	\$24,300,000
28	2001-02	\$12,200,000.

29 (f) This section becomes effective July 1, 1993.

30 —MH/CB INITIATIVES.

31
32 Sec. 2. (a) Effective July 1, 1993, the Department of Human Resources shall
33 begin expanding community-based services and downsizing institutional services for
34 the mentally ill. In order to accomplish this goal, the Department shall develop and
35 implement a multiyear pilot program to implement a single stream of funding system
36 for the State's mental hospitals. The program shall include a gradual transfer of funds
37 from the mental hospitals to the community area mental health authorities concomitant
38 with the transfer to the area authorities of the responsibility of providing appropriate
39 services to those persons in need of hospitalization and the implementation of a single
40 portal of entry State policy for all admissions to the mental hospitals. The pilot program
41 shall provide technical assistance to area authorities to prepare them for the
42 implementation of the single stream of funding system.

43 (b) For each fiscal year of the 1993-95 fiscal biennium, three million seven
44 hundred thousand dollars (\$3,700,000) shall be transferred from the continuation budget

1 of the mental hospitals to community area mental health authorities to expand
 2 community-based mental health services during the multiyear pilot programs's
 3 existence.

4 (c) It is the intent of the General Assembly to continue to transfer three million
 5 seven hundred thousand dollars (\$3,700,000) from the continuation budget of the
 6 mental hospitals to community area mental health authorities in each remaining fiscal
 7 year of the multiyear pilot program's existence.

8 (d) This section becomes effective July 1, 1993.

9 —MRC DOWNSIZING.

10 Sec. 3. (a) The General Assembly finds that North Carolina currently offers
 11 residential services for the developmentally disabled population and that residential
 12 programs are the most costly and most restrictive methods of caring for this population.
 13 The General Assembly further finds that persons with developmental disabilities can be
 14 served far more effectively through a broad array of residential and nonresidential
 15 services. Therefore, the General Assembly establishes a clear commitment to increase
 16 the use of community-based programs to serve the developmentally disabled, and to
 17 downsize State-operated mental retardation centers.

18 (b) This section is effective upon ratification.

19 —MRC REDUCTION.

20 Sec. 4. (a) The Department of Human Resources shall develop a plan to
 21 reduce the total number of people served in State-operated Mental Retardation Centers
 22 by 500 people by the end of 1994 and 100 per year afterwards. In developing this plan,
 23 the Department shall consider:

- 24 (1) An immediate moratorium on new admissions of school age children
 25 and youth to mental retardation centers;
- 26 (2) A fifty percent (50%) reduction of all new admissions in 1993;
- 27 (3) A moratorium on all new admissions in 1994;
- 28 (4) Increased development of community placement slots for school age
 29 children and adults;
- 30 (5) Establishment of 100 new community-based respite care slots per year;
- 31 (6) Closing of Black Mountain Center by 1995;
- 32 (7) Development of a comprehensive quality assurance plan for
 33 community services; and
- 34 (8) Any other issues it considers necessary.

35 (b) There is appropriated from the General Fund to the Department of Human
 36 Resources, the sum of fourteen million dollars (\$14,000,000) for the 1993-94 fiscal year
 37 and the sum of twenty-six million six hundred thousand dollars (\$26,600,000) for the
 38 1994-95 fiscal year, to implement this section.

39 (c) It is the intent of the General Assembly to appropriate additional funds to the
 40 Department of Human Resources, in subsequent fiscal years, to implement this act,
 41 according to the following schedule:

Fiscal Year	Amount
42 1995-96	\$9,300,000

1	1996-97	\$18,600,000
2	1997-98	\$7,700,000
3	1998-99	\$17,000,000
4	1999-00	\$9,400,000
5	2000-01	\$18,700,000
6	2001-02	\$9,300,000.

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 8 (d) The base budget of the Department of Human Resources is reduced by
 9 twenty-three million nine hundred thousand dollars (\$23,900,000) for the 1993-94 fiscal
 10 year and by thirty-seven million four hundred thousand dollars (\$37,400,000) for the
 11 1994-95 fiscal year due to the implementation of this section.

12 (e) It is the intent of the General Assembly to reduce the base budget of the
 13 Department of Human Resources in subsequent fiscal years due to the implementation
 14 of this act, according to the following schedule:

15	Fiscal Year	Amount
16	1995-96	\$10,300,000
17	1996-97	\$20,700,000
18	1997-98	\$9,000,000
19	1998-99	\$19,300,000
20	1999-00	\$10,400,000
21	2000-01	\$20,700,000
22	2001-02	\$10,400,000.

23
 24
 25 (f) This section becomes effective July 1, 1993.

26 **—DD NEEDS ASSESSMENT.**

27 Sec. 5. (a) The Department of Human Resources shall develop a
 28 comprehensive assessment of service and program needs for all people with
 29 developmental disabilities. This needs assessment shall be preceded by the use of an
 30 effective data collection system. The needs assessment shall include:

- 31 (1) Consideration of individuals who are unserved and underserved;
- 32 (2) Establishment of a statewide automated tracking system for all people
 33 with disabilities; and
- 34 (3) Evaluation of the needs of people with developmental disabilities
 35 living in domiciliary care facilities.

36 (b) The Department shall report the needs assessment to the appropriate House
 37 and Senate Appropriations subcommittees of the 1993 General Assembly by May 1,
 38 1994.

39 (c) This section becomes effective July 1, 1993.

40 **—PRIVATE ICF/MR STANDARDS.**

41 Sec. 6. (a) The General Assembly finds that public policy for residential
 42 services for people with disabilities has experienced change of nearly revolutionary
 43 proportions during the period from 1970 through 1990 and that services have gone from
 44 a system of almost exclusive institutional care to a broad array of service options. The

1 General Assembly further finds that, unless North Carolina changes its current
2 practices, the future of costs and programmatic implications for services are sadly
3 predictable. Therefore, the General Assembly intends to establish a policy whereby
4 people with developmental disabilities will be more effectively served through use of a
5 broad array of residential and nonresidential services.

6 (b) The Department of Human Resources shall develop directly or contract for
7 the development of reimbursement rates and payment standards for privately operated
8 intermediate care facilities for the mentally retarded, which shall include:

- 9 (1) "Quality of Service" incentive payments and assessments;
- 10 (2) Specific allowable costs within each cost center;
- 11 (3) Limits and guidelines for rents and capital costs;
- 12 (4) Specific standards for determining active treatment costs;
- 13 (5) Special adjustments and exceptions;
- 14 (6) Allowable profit margins; and
- 15 (7) A reimbursement policy for training and technical assistance.

16 (c) The Department of Human Resources shall present to the General Assembly
17 the developments required by Section 1 of this act, together with the complete plan and
18 implementation schedule to address the escalating use and costs of intermediate care
19 facilities for the mentally retarded/developmentally disabled community facilities
20 required by Section 135 of Chapter 900 of the 1991 Session Laws, by March 1, 1993.

21 (d) This section is effective upon ratification.

22 ---ADATC SINGLE-STREAM FUND PILOT.

23 Sec. 7. (a) The Department of Human Resources shall develop a multiyear
24 pilot program to implement a single stream of funding system for the State's Alcohol
25 Drug Abuse Treatment Centers (ADATC's). The program shall include a gradual
26 transfer of funds from the ADATC's to the community area mental health authorities
27 concomitant with the transfer to the area authorities of the responsibility of providing
28 appropriate services to those persons in need of residential alcohol/drug abuse treatment
29 services and the implementation of a single portal of entry State policy for all
30 admissions to the ADATC's. The pilot program shall provide technical assistance to
31 area authorities to prepare them for the implementation of the single stream of funding
32 system.

33 (b) Of the funds appropriated in the 1993-94 fiscal year and the 1994-95 fiscal
34 year to the Division of Mental Health, Developmental Disabilities, and Substance
35 Abuse Services for Alcohol Drug Abuse Treatment Centers (ADATC's), fourteen
36 percent (14%), or one million four hundred fifty-four thousand two hundred ninety-nine
37 dollars (\$1,454,299), are transferred each fiscal year to area mental health authorities, to
38 implement the pilot project established by this section.

39 (c) It is the intent of the General Assembly to transfer from the funds
40 appropriated to the Division of Mental Health, Mental Retardation, and Substance
41 Abuse Services, Department of Human Resources, for the ADATC's for the 1995-96
42 fiscal year, for the 1996-97 fiscal year, and for the 1997-98 fiscal year, fourteen percent
43 (14%), or one million four hundred fifty-four thousand two hundred ninety-nine dollars

1 (\$1,454,299), each fiscal year to area mental health authorities, to implement the pilot
2 program established in this section.

3 (d) This section becomes effective July 1, 1993.

4 ---DD IN-HOME CARE INITIATIVES.

5 Sec. 8. (a) The General Assembly finds that, in the movement to reduce the
6 number of people living in institutions, the most under-utilized approach is the
7 prevention or the reduction of the need for out-of-home care and support. The General
8 Assembly further finds that, quite often, a relatively small amount of support at the
9 family level can prevent long-term, costly services in a residential facility.

10 (b) The Department of Human Resources shall forward its application for an
11 expanded Medicaid Home- and Community-Based Waiver as soon as possible, in order
12 to enable the Department to fund in-home support programs and comprehensive case
13 management services essential to the increase in family support programs for people
14 with disabilities pursuant to this act.

15 (c) There is appropriated from the General Fund to the Division of Mental
16 Health, Developmental Disabilities, and Substance Abuse Services, the sum of thirty-
17 one million nine hundred thousand dollars (\$31,900,000) for the 1993-94 fiscal year and
18 the sum of forty million one hundred thousand dollars (\$40,100,000) for the 1994-95
19 fiscal year to implement the Medicaid Home- and Community-Based Waiver and to
20 fund programs that support families of people with developmental disabilities that
21 cannot be funded through the Medicaid Home- and Community-Based Waiver. These
22 programs shall include direct family subsidies and family support coordination
23 networks.

24 (d) This section becomes effective July 1, 1993.