

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH60244-LN-262 (4/5)

Short Title: LME Restructing Pilot/Funds.

(Public)

Sponsors: Representative Owens.

Referred to:

A BILL TO BE ENTITLED

1
2 AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF HEALTH AND
3 HUMAN SERVICES, DIVISION OF MENTAL HEALTH, DEVELOPMENTAL
4 DISABILITIES, AND SUBSTANCE ABUSE SERVICES, TO PROVIDE FOR A
5 PILOT PROJECT TO ASSESS THE FEASIBILITY OF ENACTING MENTAL
6 HEALTH SERVICES TRANSFORMATION TO A COMPREHENSIVE BEST
7 PRACTICE SERVICE IN RURAL COMMUNITIES.

8 Whereas, northeastern North Carolina is the State's most economically
9 distressed region; and

10 Whereas, the Albemarle Region covers 3,339 square miles, has only 58
11 persons per square mile, and includes many remote communities that need immediate
12 attention to successfully participate in the State's Mental Health Reform efforts; and

13 Whereas, the State is faced with a historical funding base that is not equitably
14 distributed leaving some counties with greater need that is relatively underfunded due to
15 low population density and indigent communities status; and

16 Whereas, mental health, developmental disabilities, and substance abuse
17 services cannot be equitably applied statewide as long as the funding allocation process
18 continues and the rural communities in northeastern North Carolina do not have the
19 resources to address issues such as best practice community services; and

20 Whereas, rural low-wealth counties tend to over-utilize State institutions for
21 mental health, developmental disability, and substance abuse services; and

22 Whereas, in order to appropriately plan for improvement in the State's Mental
23 Health, Developmental Disabilities, and Substance Abuse Services System, decisions
24 must be made on what can reasonably be funded and managed over the next five years;
25 and

26 Whereas, the State must establish a priority for the System changes it desires,
27 starting first with those things that save resources and promote good care; and

1 Whereas, affordable, available, and sustainable MH/DD/SA services remains
2 a challenge for all counties in North Carolina, especially remote and rural low-wealth
3 communities; and

4 Whereas, because of the investment required and profitability being based on
5 population and demand, a determination must be made whether an alternative business
6 structure for the management and delivery of services, versus the present governmental
7 structure, provides the best solution for all citizens of this State; Now, therefore,
8 The General Assembly of North Carolina enacts:

9 **SECTION 1.(a)** There is appropriated from the General Fund to the
10 Department of Health and Human Services, Division of Mental Health, Developmental
11 Disabilities, and Substance Abuse Services (MH/DD/SA), the sum of one million four
12 hundred ninety-two thousand dollars (\$1,492,000) for the 2007-2008 fiscal year, and the
13 sum of one million nine hundred thirty thousand dollars (\$1,930,000) for the 2008-2009
14 fiscal year. These funds shall be allocated as nonunit cost reimbursement funds for the
15 Albemarle Local Management Entity (LME) to design and implement the business
16 structure for a five-year pilot program. The purposes of the pilot program are to assess
17 the affordability and sustainability of an alternative business model for the management
18 and delivery of best practice mental health, developmental disabilities, and substance
19 abuse services in remote, rural, low-wealth communities. The business model shall
20 address issues of initial investment and profitability in attracting providers on a
21 sustained basis.

22 **SECTION 1.(b)** The Albemarle LME may enter into agreements with the
23 Department of Health and Human Services, Division of Mental Health, Developmental
24 Disabilities, and Substance Abuse Services, regarding integration of funding resources
25 as it may relate to decreasing categorical restrictions or negotiating capitation formulas,
26 incentives, and penalties, State reporting requirements, and other State law and policies
27 that may impede the full realization of a cost effective business model for the growth
28 and delivery of MH/DD/SA services in the pilot areas.

29 **SECTION 2.(a)** Funds appropriated in this act that are unexpended and
30 unencumbered at the end of each fiscal year shall not revert to the General Fund but
31 shall remain with the Department of Health and Human Services to be used for the
32 purposes of this act.

33 **SECTION 2.(b)** The Department of Health and Human Services, Division
34 of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall
35 report annually to the Joint Legislative Oversight Committee on Mental Health,
36 Developmental Disabilities, and Substance Abuse Services (Oversight Committee) on
37 the implementation and evaluation of the progress of the pilot program. The
38 Department of Health and Human Services, Division of Mental Health, Developmental
39 Disabilities, and Substance Abuse Services, shall make its final report to the Oversight
40 Committee on or before March 1, 2013.

41 **SECTION 3.** This act becomes effective July 1, 2007, and expires July 1,
42 2012.