

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1999**

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HOUSE BILL 1519\*  
Committee Substitute Favorable 5/31/00  
Senate Health Care Committee Substitute Adopted 6/28/00

Short Title: Mental Health System Reform.

(Public)

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Sponsors:

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Referred to:

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May 15, 2000

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE  
3 ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND  
4 SUBSTANCE ABUSE SERVICES, AND TO DIRECT THE OVERSIGHT  
5 COMMITTEE TO DEVELOP A PLAN TO REFORM THE STATE SYSTEM FOR  
6 MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE  
7 ABUSE SERVICES.

Whereas, in 1998 and 1999 the General Assembly directed the State Auditor to coordinate and contract for a study of the State Psychiatric Hospitals and Area Mental Health Programs; and

Whereas, the "Study of State Psychiatric Hospitals and Area Mental Health Programs"("Study"), April 1, 2000, was conducted by the Public Consulting Group, Inc., under the coordination of the State Auditor, and with the cooperation and assistance of the Department of Health and Human Services and other organizations and individuals; and

Whereas, the findings and recommendations of the Study present a comprehensive blueprint for reform of the State's mental health system; and

Whereas, the General Assembly endorses the findings of the Study; and

Whereas, effective implementation of mental health reform requires continuous legislative oversight to review and consider the recommendations of the Study and other matters and to recommend the necessary changes to State law and policy; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Findings. – The General Assembly finds that:

- (1) The State and local government entities are not using effectively and efficiently available resources to administer and provide mental health, developmental disabilities, and substance abuse services uniformly across the State.
- (2) Effective implementation of State policy to assist individuals with mental illness, developmental disabilities, and substance abuse problems requires that a standard system of services, designed to identify, assess, and meet client needs within available resources, be available in all regions of the State.
- (3) The findings of recent comprehensive independent studies, and recent federal court decisions, compel the State to consider significant changes in the operation and utilization of State psychiatric hospital services.
- (4) State and local government funds for mental health, developmental disabilities, and substance abuse services must be committed on a continuing, stabilized basis and will need to be increased over time to ensure that the purposes of mental health system reform are achieved.
- (5) Reform of the State mental health, developmental disabilities, and substance abuse services system is necessary and should begin immediately. Reform efforts should focus on correcting system inefficiencies, inequities in service availability, and deficiencies in funding and accountability, and on improving and enhancing services to North Carolina's citizens.

Section 2. Oversight Committee Established. – Chapter 120 of the General Statutes is amended by adding the following new Article to read:

**“ARTICLE 27.**

**“THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE  
ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES.**

**“§ 120-240. Creation and membership of Joint Legislative Oversight Committee on  
Mental Health, Developmental Disabilities, and Substance Abuse Services.**

**(a) Establishment; Definition. – There is established the Joint Legislative  
Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
Abuse Services.**

**(b) Membership. – The Committee shall consist of 16 members, as follows:**

- (1) Eight members of the Senate appointed by the President Pro Tempore of  
the Senate, as follows:**

1 a. At least two members of the Senate Committee on  
2 Appropriations.

3 b. The chair of the Senate Appropriations Committee on Human  
4 Resources.

5 c. At least two members of the minority party.

6 (2) Eight members of the House of Representatives appointed by the  
7 Speaker of the House of Representatives, as follows:

8 a. At least two members of the House of Representatives  
9 Committee on Appropriations.

10 b. The cochairs of the House of Representatives Appropriations  
11 Subcommittee on Health and Human Services.

12 c. At least two members of the minority party.

13 (c) Terms. – Terms on the Committee are for two years and begin on the  
14 convening of the General Assembly in each odd-numbered year, except the terms of the  
15 initial members, which begin on appointment and end on the day of the convening of the  
16 2001 General Assembly. Members may complete a term of service on the Committee  
17 even if they do not seek reelection or are not reelected to the General Assembly, but  
18 resignation or removal from service in the General Assembly constitutes resignation or  
19 removal from service on the Committee.

20 A member continues to serve until the member's successor is appointed. A vacancy  
21 shall be filled within 30 days by the officer who made the original appointment.

22 **"§ 120-241. Purpose of Committee.**

23 The Joint Legislative Oversight Committee on Mental Health, Developmental  
24 Disabilities, and Substance Abuse Services shall examine, on a continuing basis,  
25 systemwide issues affecting the development, financing, administration, and delivery of  
26 mental health, developmental disabilities, and substance abuse services, including issues  
27 relating to the governance, accountability, and quality of services delivered. The  
28 Committee shall make ongoing recommendations to the General Assembly on ways to  
29 improve the quality and delivery of services and to maintain a high level of effectiveness  
30 and efficiency in system administration at the State and local levels. In conducting its  
31 examination, the Committee shall study the budget, programs, administrative  
32 organization, and policies of the Department of Health and Human Services to determine  
33 ways in which the General Assembly may encourage improvement in mental health,  
34 developmental disabilities, and substance abuse services provided to North Carolinians.

35 **"§ 120-242. Organization of Committee.**

36 (a) The President Pro Tempore of the Senate and the Speaker of the House of  
37 Representatives shall each designate a cochair of the Joint Legislative Oversight  
38 Committee on Mental Health, Developmental Disabilities, and Substance Abuse  
39 Services. The Committee shall meet at least once a quarter and may meet at other times  
40 upon the joint call of the cochairs.

41 (b) A quorum of the Committee is eight members. No action may be taken except  
42 by a majority vote at a meeting at which a quorum is present. While in the discharge of

1 its official duties, the Committee has the powers of a joint committee under G.S. 120-19  
2 and G.S. 120-19.1 through G.S. 120-19.4.

3 (c) Members of the Committee receive subsistence and travel expenses as  
4 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees  
5 in accordance with G.S. 120-32.02. The Legislative Services Commission, through the  
6 Legislative Services Officer, shall assign professional staff to assist the Committee in its  
7 work. Upon the direction of the Legislative Services Commission, the Supervisors of  
8 Clerks of the Senate and of the House of Representatives shall assign clerical staff to the  
9 Committee. The expenses for clerical employees shall be borne by the Committee."

10 Section 3.(a) Plan for Mental Health System Reform. – Terms Defined. – As used  
11 in this section, unless the context clearly provides otherwise:

- 12 (1) "Committee" means the Joint Legislative Oversight Committee on  
13 Mental Health, Developmental Disabilities, and Substance Abuse  
14 Services.  
15 (2) "Mental Health System Reform" includes the system of services for  
16 mental health, developmental disabilities, and substance abuse.  
17 (3) "Plan" means the Plan for Mental Health System Reform developed and  
18 recommended by the Joint Legislative Oversight Committee on Mental  
19 Health, Developmental Disabilities, and Substance Abuse Services.  
20 (4) "State Auditor/PCG, Inc., Study" means the "Study of State Psychiatric  
21 Hospitals and Area Mental Health Programs, April 1, 2000", conducted  
22 by the Public Consulting Group, Inc., under coordination by and  
23 contract with the State Auditor.

24 Section 3.(b) Development of Plan for Mental Health System Reform. – The  
25 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,  
26 and Substance Abuse Services established under Article 27 of Chapter 120 of the General  
27 Statutes shall develop a Plan for Mental Health System Reform. It is the intent of the  
28 General Assembly that the Plan shall be fully implemented not later than July 1, 2005.

29 Section 3.(c) Purpose and Content of the Plan. – The Plan shall provide for  
30 systematic, phased-in implementation of changes to the State's mental health system. In  
31 developing the Plan, the Committee shall do the following:

- 32 (1) Review and consider the findings and recommendations of the State  
33 Auditor/PCG, Inc., Study.  
34 (2) Report to the 2001 General Assembly upon its convening the changes  
35 that should be made to the governance, structure, and financing of the  
36 State's mental health system at the State and local levels. The report  
37 shall include:  
38 a. An explanation of how and the extent to which the proposed  
39 changes are in accord with or differ from the recommendations  
40 of the State Auditor/PCG, Inc., Study.  
41 b. Proposed time frames for implementing mental health system  
42 reform on a phased-in basis, and the recommended effective date  
43 for full implementation of all recommended changes.

- 1 c. An estimate of the amount of State and federal funds necessary to  
2 implement the changes. The estimate should indicate costs of  
3 each phase of implementation and the total cost of full  
4 implementation.
- 5 d. An estimate of the amount of savings in State funds expected to  
6 be realized from the changes. The estimate should show savings  
7 expected in each phase of implementation, and the total amount  
8 of savings expected to be realized from full implementation.
- 9 e. The potential financial, economic, and social impact of changes  
10 to the current governance, structure, and financing of the mental  
11 health system on providers, clients, communities, and institutions  
12 at the State and local levels.
- 13 f. Proposed legislation making the necessary amendments to the  
14 General Statutes to enact the recommended changes to the  
15 system of governance, structure, and financing.
- 16 (3) Study the administration, financing, and delivery of developmental  
17 disabilities services. The study shall be in greater depth and detail than  
18 addressed in the State Auditor/PCG, Inc., Study. The Committee shall  
19 make a progress report on its study of developmental disabilities  
20 services to the 2001 General Assembly upon its convening.
- 21 (4) Study the feasibility and impact of and best methods for downsizing of  
22 the State's four psychiatric hospitals. In conducting this study, the  
23 Committee shall:
  - 24 a. Take into account the need to enhance and improve community  
25 services to meet increased demand resulting from downsizing,  
26 and
  - 27 b. Consider the findings and recommendations of the MGT of  
28 America Report of 1998, as well as the State Auditor/PCG, Inc.,  
29 Study.
- 30 (5) Consider the impact of mental health system reform on quality of  
31 services and patient care and ensure that the Plan provides for ongoing  
32 review and improvements to quality of services and patient care.
- 33 (6) Ensure that the Plan provides for the active involvement of consumers  
34 and families in mental health system reform and ongoing  
35 implementation.
- 36 (7) Address the need to enhance and improve substance abuse services,  
37 including services for the prevention of substance abuse.
- 38 (8) Recommend a mental health, developmental disabilities, and substance  
39 abuse services benefits package that will provide for basic benefits for  
40 these services as well as specific benefits for targeted populations.
- 41 (9) Take into account the State's responsibility to enable institutionalized  
42 persons and persons at risk for institutionalization to receive services  
43 outside of the institution in community-based settings in accordance

1 with the United States Supreme Court decision in Olmstead vs. L.C.,  
2 (1999).

3 (10) Identify and address issues pertaining to the administration and  
4 provision of mental health services to children.

5 (11) Address issues, problems, strengths, and weaknesses in the current  
6 mental health system that are not addressed in the State Auditor/PCG,  
7 Inc., Study but that warrant consideration in the development of a  
8 reformed mental health system.

9 (12) Consider whether the State shall implement a contested case hearings  
10 procedure for applicants and recipients of mental health, developmental  
11 disabilities, and substance abuse services.

12 Section 3.(d) Subcommittees. – The Committee shall establish one or more  
13 subcommittees to consider and develop specific focus areas of the Plan. Each  
14 subcommittee shall be the working group for the focus area assigned by the Committee  
15 cochairs. The Committee cochairs shall appoint the cochairs and members of each  
16 subcommittee from the Committee membership. The Committee cochairs shall invite  
17 representatives from the following to participate as nonvoting members of each  
18 subcommittee:

19 (1) Providers of mental health, developmental disabilities, substance abuse,  
20 long-term care, and other appropriate providers.

21 (2) Consumers of mental health, developmental disabilities, and substance  
22 abuse services and family members of consumers of these services.

23 (3) State and local government, including area mental health programs.

24 (4) Business and industry.

25 (5) Organizations that advocate for individuals in need of mental health,  
26 developmental disabilities, and substance abuse services.

27 Subcommittees shall meet at the call of the subcommittee cochairs.

28 The Committee cochairs shall assign the focus area for each subcommittee.  
29 Each subcommittee shall carry out its assignment as directed by the Committee cochairs  
30 and shall provide its findings and recommendations to the Committee cochairs for final  
31 decision by the Committee.

32 Section 3.(e) Reports. – In addition to the report required under subsection (b)  
33 of this section, the Committee shall submit the following reports:

34 (1) To the 2001 General Assembly, upon its convening:

35 a. A progress report on the development of the Plan required by this  
36 section; and

37 b. An outline of an implementation process for downsizing the four  
38 State psychiatric hospitals.

39 (2) To the Legislative Study Commission on Mental Health, Developmental  
40 Disabilities, and Substance Abuse Services and to the Joint  
41 Appropriations Committees on Health and Human Services, by October  
42 1, 2001, and March 1, 2002, progress reports on the development and  
43 implementation of the Plan.

- 1           (3) Interim reports on the development and implementation of the Plan to:  
2           a. The 2001 General Assembly, by May 1, 2002. The report shall  
3           include legislative action necessary to continue the  
4           implementation of changes to the governance, structure, and  
5           financing of the State mental health system as recommended by  
6           the Committee in its January 2001 report to the General  
7           Assembly.  
8           b. The 2003 General Assembly, upon its convening.  
9           c. The 2003 General Assembly, by May 1, 2004. The report shall  
10          include legislative action necessary to continue phased-in  
11          implementation of the Plan.  
12          (4) To the 2005 General Assembly, upon its convening, a final report on the  
13          Plan for Mental Health System Reform.

14          Section 4. Oversight Committee Appointments. – The Speaker of the House of  
15          Representatives and the President Pro Tempore of the Senate shall make appointments to  
16          the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,  
17          and Substance Abuse Services established under this act not later than 30 days from the  
18          date of adjournment sine die of the 1999 General Assembly. The Committee shall  
19          convene its first meeting not later than 15 days after all members have been appointed.

20          Section 5. Department of Health and Human Services Reports. – On or before  
21          October 1, 2000, and on or before March 1, 2001, the Department of Health and Human  
22          Services shall report to the Legislative Study Commission on Mental Health,  
23          Developmental Disabilities, and Substance Abuse Services and to the Joint Legislative  
24          Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
25          Abuse Services, the status of the Department's reorganization efforts pertaining to the  
26          Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.  
27          The report shall also include efforts underway by the Department to better coordinate  
28          policy and administration of the Division of Medical Assistance with policy and  
29          administration of the Division of Mental Health, Developmental Disabilities, and  
30          Substance Abuse Services.

31          Section 6. Effective Date. – This act becomes effective July 1, 2000.