

**Buncombe County Health and Human Services
State Budget and Policy Impacts – FY2015
General Assembly Session 2013 – Senate Bill 744
(Unless otherwise noted, all changes are effective July 1, 2014)**

SOCIAL SERVICES			
PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	FINANCIAL IMPACT
Child Care Subsidy CHILD CARE SUBSIDY RATES/REVISE CO- PAYMENTS AND ELIGIBILITY CRITERIA <i>SECTION 12B.3</i>	Income Limits would be set at 200% FPL for Children 0-5 and 133% for Children 6-12 (Special needs children will qualify at 200% FPL). Eligibility has previously been based on 75% of the State Median Income.	Would make eligibility for Child Care more restrictive for almost every category of family. There would also be some lost revenue from parent fees of higher-income subsidy recipients no longer eligible. Approx. 254 currently eligible children would lose eligibility (11%)	On average for households of 1-5 people with children 0-5 years-old, income limits are lowered by \$2,622 and are lowered by \$15,881 for the same household sizes with children 6-12 years-old. <i>(See Appendix 1)</i>
Child Care Subsidy CHILD CARE SUBSIDY RATES/REVISE CO- PAYMENTS AND ELIGIBILITY CRITERIA <i>SECTION 12B.3</i>	Income Unit for Eligibility will now include stepparent and stepparent's child & any nonparent relative caretaker.	Some families that may have qualified will no longer qualify as additional income is counted.	Unknown as to the net impact in Buncombe or Statewide.
Child Care Subsidy CHILD CARE SUBSIDY RATES/REVISE CO- PAYMENTS AND ELIGIBILITY CRITERIA <i>SECTION 12B.3</i>	Will require a flat 10% copay regardless of family size, and there will be no pro-ration for partial child care. Co-pays have operated on a sliding scale based on family size and there has been proration for partial care.	There will be an increase in parent-fees and increase in costs to families who need part-time child care. Some parents may drop out of workforce if costs are too high.	Net county impact of approximately \$45,000 in aggregate increased parent-fees and \$57,500 in aggregate additional costs for part-time child care.
Child Care Subsidy REVISE CHILD CARE ALLOCATION FORMULA <i>SECTION 12B.4</i>	Allocation of Subsidy Funds based on number working families less than the applicable FPL rather than the number below 75% of the State Median Income. The +/- impact would be phased in over 3 years with 1/3 of the impact seen each year.	Counties with no waiting list in FY2014 will not receive any potential increase as a result of the new formula. CURRENTLY NOT ENOUGH INFORMATION TO DETERMINE EXACT LOCAL IMPACT OF NEW FORMULA	CURRENTLY NOT ENOUGH INFORMATION TO DETERMINE EXACT LOCAL IMPACT OF NEW FORMULA
Child Care Subsidy Child Care Market Rate Adjustments <i>Section 12B.5</i>	Effective January 1, 2015, child care market rates will be raised 25% of the difference between the current market rates and the 2013 rates.	These dollars will cover more of the cost for eligible subsidy recipients, but will not keep pace with cost inflation as determined by the 2013 NC Child Care Market Rate Study.	Should cover an approximate \$170,351 in aggregate additional Child Care costs for eligible Buncombe subsidy recipients.

PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	FINANCIAL IMPACT
State-County Special Assistance Income Eligibility	Income eligibility for SA Program changed to be based on FPL rather than the facility payment rate. Eligibility would be set at 100% FPL.	Current SA recipients are grandfathered and will continue to receive SA. CMS must approve state plan amendment for change to be effective.	Gap in coverage created for those with incomes between FPL and the facility market rates. Wider gap for those who would qualify for a special care unit.
State Funding for County Medicaid Administration	The state eliminates funding provided to local DSS's to offset costs for Medicaid enrollment	This minimal funding that is eliminated with enhanced Federal reimbursement for Medicaid Administrative costs. All administrative costs now shared between Feds & County.	Loss of \$25,199 state dollars. Loss of revenue previously budgeted in county FY 15.
Work First Drug Testing	Provides funding for implementation of drug screening and testing for Work First program assistance	Would require WF recipients to undergo drug screening as an eligibility requirement for cash assistance benefits	Implementation of policy on hold at state level. Potentially significant impact for local administration of program.
Child Protective Services Caseloads	Provides funding to replace federal block grant funds that counties lost in FY 14. Also provides additional funding for counties who do not meet caseload standards of 1 SW for 10 families. Buncombe meets this requirement now.	Will provide funds for counties who do not currently meet standards to meet standard.	Likely no impact for Buncombe since we already meet the standards through significant county investment.
Enhance Oversight of County Child Welfare Services <i>Section 12.C.1</i>	Provides funding to nine state positions to enhance oversight of county child welfare services.	Will monitor, train, and provide technical assistance to local DSSs. Help to address safety, permanence, and well-being and provide better consistency of practice across the state.	No fiscal impact to Buncombe HHS. Increases state budget by \$750,000.
Child Welfare In-Home Expansion <i>Section 12.C</i>	Increases general fund appropriation for Child Welfare In-Home Services.	With loss of IV-E funding for In-Home services, counties have shouldered increased costs for these services. These funds will assist in mitigating impact.	Unknown at this time until state allocation process. Total allocation of \$4,500,000 for counties. Buncombe County has already been responding to the loss of IV-E funding by critical evaluation of how these services are utilized.

PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	FINANCIAL IMPACT
Child Protective Services Statewide Evaluation <i>Section 12.C.1</i>	Provides funding for an independent, statewide evaluation of Child Protective Services at local DSSs and NC DHHS.	Will assess overall performance, caseload sizes, administrative structure, funding, and worker turnover. Will provide recommendations for improvement.	None to Buncombe County. \$7,000,000 state DHHS impact.
Child Protective Services Pilot Program <i>Section 12.C.1</i>	Provides funding to develop and implement a pilot program to enhance coordination of services and information among agencies.	Pilot agencies include DSS, law enforcement, courts, Guardian Ad Litem, and other agencies as appropriate	None to Buncombe County. \$300,000 state budget impact.
PUBLIC HEALTH			
PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	FINANCIAL IMPACT
Food & Lodging (F&L) Aid To Counties <i>Section 12E.8</i>	Aid to County Dollars for F&L retained by the State.	Loss of revenue from the state for conducting inspections of food establishments.	Loss of \$37,729 in Health Revenue Budget
School Nursing Program Education	All schools are required to have at least two epinephrine injectors for anaphylaxis.	School nurses will be required to provide training to school personnel.	No HHS financial impact.
MEDICAID			
PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	CONSUMER/PROVIDER IMPACT
Create Statewide Hospital Base Rate EFF. Jan 1, 2015 <i>Section 12H.12</i>	Replaces individualized base rate for hospital inpatient services to a single statewide base rate	Will lower overall costs for Medicaid inpatient care by standardizing rates.	Will provide lower overall reimbursement for Medicaid covered services
Provider Rate Reduction EFF. Jan 1, 2015 <i>Section 12H.12</i>	Reduces provider rates by 1% for all fee-for-service providers (essentially all physicians)	Reduced revenue for coverage of care by providers serving the Medicaid population	Likely reduction of primary care and specialty care providers who will accept Medicaid patients, particularly adults

PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	CONSUMER/PROVIDER IMPACT
State Retention of the Hospital GAP Plan Assessment <i>Section 12H.13</i>	Increases assessment collected for state Medicaid payments to hospitals from 25.9% to 28.85%	Will increase the amount of payments from hospitals to the state, but will not change the supplement payments to hospitals.	Further reduces Medicaid net payments to hospitals. Impact is greater for "safety net" focused hospitals
Restores 3% nursing home rate reduction implemented in FY 14 EFF. June 1, 2015 <i>Section 12H.8</i>	Increases Medicaid payments to nursing homes by restoring 3% rate reduction previously enacted in FY 14	Will restore cuts previously instituted for Medicaid supported nursing home care. Implementation not until June 1, 2015	May encourage more Medicaid beds in nursing homes
Mental Health Drug Management EFF. Jan 1, 2015 <i>Section 12H.9</i>	Directs NC DHHS Division of Medical Assistance (DMA) to produce \$12 Million in prescription mental health medication savings to Medicaid	DMA will institute more controls on the authorization and dispensing of mental health medications through Medicaid	May delay authorization of medications. Will increase provider administration responsibilities
Hospital Outpatient Cost <i>Section 12H.13</i>	Reduces the Medicaid cost settlement for UNC Hospitals and Pitt Memorial Hospital to 70% of Medicaid costs.	Aligns these two hospitals with all other hospitals in North Carolina	Likely no direct consumer impact. Further reduces revenues for these two systems
Nursing Home Case Mix Index Adjustment EFF. January 1, 2015 <i>Section 12.13</i>	Freezes the case mix adjustments for direct cost of nursing home rates.	The adjustments were made quarterly based on the average case mix or intensity of care for each facility's residents.	Minimal impact on consumers. Overall minimal impact for nursing home Medicaid payments (0.5% reduction)
BEHAVIORAL HEALTH			
Education for Children in Psychiatric Residential Treatment Facilities (PRTF) <i>Section 8.39.(b)</i>	Education for children in PRTF settings is a line item under the Department of Public Instruction (DPI) budget.	Positive impact.	Ensures these children will receive education services while in a PRTF setting.
Traumatic Brain Injury (TBI) Services <i>Section 12F.1</i>	\$2M allocated for TBI services.	Positive impact.	Better access to TBI services.

PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	CONSUMER/PROVIDER IMPACT
Community Based Crisis Facilities <i>Section 12J</i>	\$2.2M allocated for developing & reimbursing community crisis based facilities & services.	These funds could be tapped locally by Smoky Mountain Center.	Potentially better crisis services.
Transportation to Crisis Facility <i>Section 12H.32.</i>	DHHS to study reimbursement for ambulances for transporting an individual experiencing a mental health crisis to a crisis facility.	Positive impact. This could lead to better transportation options locally.	Potentially better crisis services.
Substance Abuse <i>Section 12J</i>	Substance abuse treatment funds were increased by about \$5M and substance abuse prevention by \$1M.	Positive impact, but does not make for cuts to the mental health system as a whole.	Some additional services available.
Crisis Solutions Initiative <i>Section 12J</i>	The <i>Crisis Solutions</i> initiative was funded at about \$1.8M, including \$420,000 for crisis walk-in programs.	These funds could be tapped locally by Smoky Mountain Center.	Potentially better crisis services.
Local Management Entity/Managed Care Organization (LME/MCO) Structure <i>NA</i>	The budget does not make any changes to the LME-MCO system or how Medicaid is delivered.	While there is nothing in the budget about Medicaid reform or making system changes to the LME-MCO system, there will be a special session beginning November 17, 2014 (after elections) to address Medicaid reform.	TBD
Wright School <i>Section 12J</i>	Funds for Wright School were not cut.	Positive	We do not use this school in WNC, but this is an evidenced based model and a wonderful resource for children with severe emotional problems
Groups Homes <i>Section 12J</i>	The \$2M remaining bridge funding for those living in group homes has been carried over for this fiscal year.	Very positive	This would have created a crisis for many of clients if it wasn't funded.

PROGRAM(S) IMPACTED	CHANGE	IMPACT DESCRIPTION	CONSUMER/PROVIDER IMPACT
<p>Medicaid NA</p>	<ul style="list-style-type: none"> • There are no changes to eligibility for Medicaid. • There are no changes to optional services provided by Medicaid for the age, blind, or disabled categories. 	Both these areas were being considered for changes.	Avoids a potential crisis.
<p>LME/MCO Budget <i>Section 12J</i></p>	<ul style="list-style-type: none"> • There is an overall cut (\$1.8M) to LME/MCOs general operating fund of 5.6% with the intention of the LME/MCOs consolidating to 7 LME/MCOs by June 30, 2015. • \$24.9M overall cut to MH/DD/SAS budget for 2014-2015 fiscal year. 	Funding cuts for services will continue to keep the mental health system in crisis.	Consumers will continue to experience large gaps in services.
<p>Special Assistance (SA) <i>Section 12D</i></p>	There will be changes to those receiving Special Assistance, with the impact of a cut across the state of \$337,000.	Still unclear what this means, but we know they backed off of eliminating the Medicaid eligibility that comes with qualification for receipt of SA.	TBD

STUDIES/REPORTS PRESCRIBED BY BUDGET BILL IMPACTING COUNTY DEPARTMENTS OF SOCIAL SERVICES	STUDY TOPIC/IMPACT
<p>Examination of Ways to Improve the Public Guardianship System <i>Section 12D.3</i></p>	Develop a plan to ensure that the complaint process includes a face-to-face observation of the ward, and interview or both. Continue to study whether utilization of care coordination services would provide needed oversight when guardians are paid providers
<p>Development of Strategic State Plan for Alzheimer's Disease <i>Section 12 D.5</i></p>	Development of Strategic State Plan for Alzheimer's Disease

STUDIES/REPORTS PRESCRIBED BY BUDGET BILL IMPACTING COUNTY DEPARTMENTS OF SOCIAL SERVICES	STUDY TOPIC/IMPACT
<p align="center">Report on Strategies for Improving Mental Health Developmental Disabilities and Substance Abuse Services <i>Section 12F.3(a)</i></p>	<p>Report on a plan and strategies to improve communication and coordination across the department, plan to increase access to crisis services, offering hospitals and other entities incentives of offer new inpatient behavior health services, recommendation on the use of the existing Cherry Hospital, method for DHSR to report on inventory of inpatient behavioral health beds for children ages 6 through 12, status update on the implementation of each component of the 2008 Mental Health Commission Workforce Development Plan.</p>
<p align="center">Report on Strategies for Improving Mental Health Developmental Disabilities and Substance Abuse Services <i>Section 12F.3(b)</i></p>	<p>Comprehensive strategy to address the dearth of licensed child and adolescent inpatient psychiatric beds, recommendations for meaningful outcome measure to be implemented by State-operated alcohol and drug abuse treatment centers</p>
<p align="center">Report and Plan Regarding Budget Shortfalls within the Division of Mental Health, Developmental Disabilities and Substance Abuse Services <i>Section 12F.4</i></p>	<p>Report on budget shortfall within the Division of Mental Health, Developmental Disabilities and Substance Abuse Services</p>
<p align="center">Ambulance Transports to Crisis Centers <i>Section 12G.3</i></p>	<p>Recommendations to add additional health care providers that should be subject to the Health Care Cost Reduction and Transparency Act to Additional Health Care Providers, including data to be collected, recommended exemptions, if any to any categories of providers and effective dates.</p>
<p align="center">Reinstate Medicaid Annual Report <i>Section 12H.2</i></p>	<p>Reinstate annual Medicaid report and accompanying tables</p>
<p align="center">Study Additional 1915(C) Waiver <i>Section 12H.5</i></p>	<p>Report on the design and draft a 1915(c) waiver to serve additional adults with developmental disabilities, other finding and another recommendations to service additional adults with developmental disabilities</p>
<p align="center">Personal Care Services Management <i>Section 12H.10(b)</i></p>	<p>Financial plan containing budgeted growth for FY 2015-16, including rate reduction to contain budget within same budgeted spending as FY 2014-15</p>
<p align="center">Personal Care Services Management <i>Section 12H.10(c)</i></p>	<p>Recommendations of the study in previous item</p>
<p align="center">Primary Care Case Management for Dual Eligibles <i>Section 12H.20</i></p>	<p>Report on draft waiver for requirement for dual eligibles to be required to enroll in primary case management</p>

STUDIES/REPORTS PRESCRIBED BY BUDGET BILL IMPACTING COUNTY DEPARTMENTS OF SOCIAL SERVICES	STUDY TOPIC/IMPACT
<p align="center">Comprehensive Program Integrity Contract <i>Section 12H.22(a)</i></p>	<p align="center">Issue an RFP for a single contract for a comprehensive program integrity function</p>
<p align="center">Comprehensive Program Integrity Contract <i>Section 12H.22(c)</i></p>	<p align="center">Report on the results of the RFP for certain program integrity functions</p>
<p align="center">Report on PACE Program <i>Section 12H.34(a)</i></p>	<p>Report on the Program of All-Inclusive Care for the Elderly(PACE) including number served, enrollment criteria and process, funding spent during the past two fiscal years, and an estimate of how many would enter a nursing home if not enrolled in PACE.</p>
<p align="center">Report on PACE Program <i>Section 12H.34(b)</i></p>	<p>Update on information reported in October 2014, a comparison of NC PACE program to other PACE programs, and recommendations for how to make the program sustainable.</p>
<p align="center">Medicaid County of Origin <i>Section 12H.35</i></p>	<p>Report on measures taken to reduce administrative burden in ICFs when they contract with more than one LME/MCO, engagement with counties to create a plan to resolve issues related to the count of origin for social services and public assistance programs, including measure taken, necessary changes to law and policy and identification of whether changes will be needed to NC FAST.</p>
<p align="center">Medicaid Contingency Reserve <i>Section 12H.38</i></p>	<p align="center">Report on the amount of the Medicaid shortfall and an analysis of the cause</p>
<p align="center">DHHS Block Grants--General Provisions <i>Section 12J.1(c)</i></p>	<p align="center">Changes in federal funding availability due to congressional action for block grants</p>
<p align="center">DHHS Block Grants--General Provisions <i>Section 12J.1(e)</i></p>	<p>Changes to block grants other than funding changes due to congressional action, report must include an itemized listing of affected programs and associated changes in budgeted allocations.</p>
<p align="center">Low-Income Home Energy Assistance Block Grant <i>Section 12J.1(e)</i></p>	<p align="center">Additional emergency contingency funds received</p>

Appendix 1:

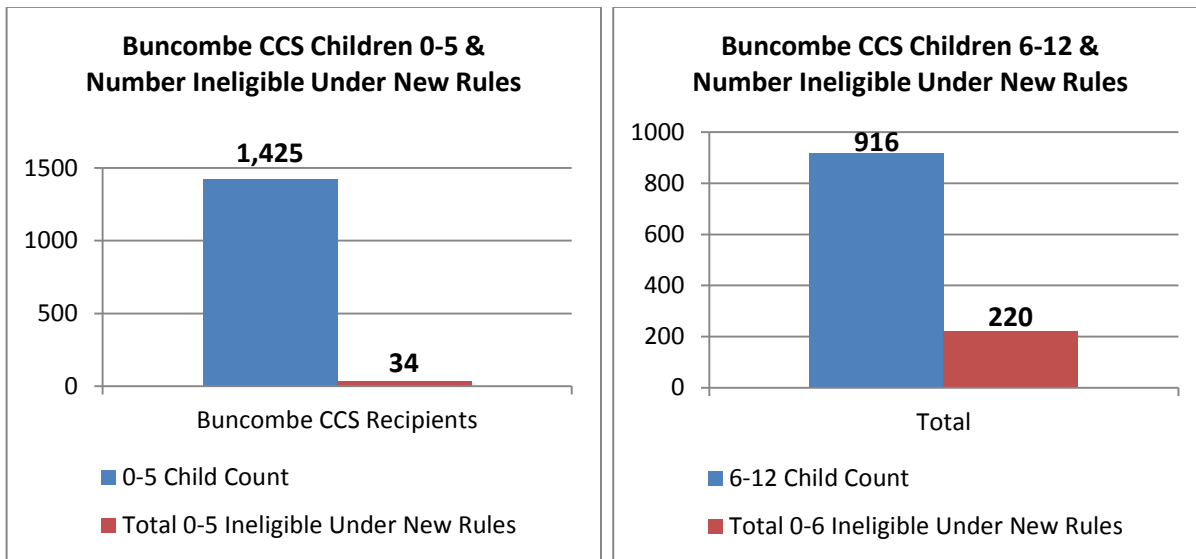
Child Care Subsidy Legislative impact

Eligibility Requirement Comparison (Existing vs. Senate Proposal)

HOUSEHOLD SIZE	75% Median Family Income	FPL 200%	FPL 133%	DIFFERENCE AGES 0-5	DIFFERENCE AGES 0-5 (Percent Change)	DIFFERENCE AGES 6-12	DIFFERENCE AGES 6-12 (Percent Change)
1	\$ 26,124	\$ 23,340	\$ 15,521	\$ (2,784)	-11%	\$ (10,603)	-41%
2	\$ 34,164	\$ 31,460	\$ 20,921	\$ (2,704)	-8%	\$ (13,243)	-39%
3	\$ 42,204	\$ 39,580	\$ 26,321	\$ (2,624)	-6%	\$ (15,883)	-38%
4	\$ 50,244	\$ 47,700	\$ 31,721	\$ (2,544)	-5%	\$ (18,523)	-37%
5	\$ 58,272	\$ 55,820	\$ 37,120	\$ (2,452)	-4%	\$ (21,152)	-36%
6	\$ 66,312	\$ 63,940	\$ 42,520	\$ (2,372)	-4%	\$ (23,792)	-36%
7	\$ 67,824	\$ 72,060	\$ 47,920	\$ 4,236	6%	\$ (19,904)	-29%
8	\$ 69,324	\$ 80,180	\$ 53,320	\$ 10,856	16%	\$ (16,004)	-23%

- Would be more restrictive in every family except for families of 7 or 8 with children ages 0-5.

Buncombe Impact (Based on Eligible Children in June, 2014)



- TOTAL BUNCOMBE CHILDREN INELIGIBLE UNDER NEW RULES: **254** (11% of recipient children)