

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H.B. 990
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40356-MRa-105

Short Title: Group Home Stabilization & Transition/Funds. (Public)

Sponsors: Representatives Dobson, Bell, Lambeth, and Carney (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS FOR THE STABILIZATION OF
3 COMMUNITY-BASED GROUP HOMES LICENSED UNDER CHAPTER 122C OF THE
4 GENERAL STATUTES THAT RECEIVE STATE FUNDS AND TO PROVIDE FUNDS
5 TO TRANSITION GROUP HOME REIMBURSEMENT TO MORE APPROPRIATE AND
6 SUSTAINABLE SOURCES OF FUNDS AND TO ADDRESS DIRECT SUPPORT STAFF
7 WAGES.

8 Whereas, many community-based group homes licensed under Chapter 122C of the
9 North Carolina General Statutes that are funded through appropriations from the General
10 Assembly have been harmed by reimbursement policy changes that have affected general
11 operating revenue and the ability of these homes to continue to operate; and

12 Whereas, in many cases, community-based group homes for individuals with
13 developmental disabilities and mental health residential support needs have and continue to be
14 the residents' long-time and permanent home and personal choice for long-term support services;
15 and

16 Whereas, direct support staff wages are below those wages paid for similar work in
17 the State operated facilities and have not been addressed in many years; and

18 Whereas, the General Assembly seeks to assure the continued operation of licensed,
19 community-based group homes as a valuable part of the developmental disability and mental
20 health residential services continuum; Now, therefore;
21 The General Assembly of North Carolina enacts:

22 **SECTION 1.(a)** The Group Home Stabilization and Transition Fund is established
23 as a special fund in the Department of Health and Human Services. The Fund shall be used solely
24 to stabilize the operations of licensed, community-based group homes receiving State funds, to
25 provide incentives for the local management entities/managed care organizations (LME/MCOs)
26 operating as prepaid health plans to use State funds to facilitate the transition of those group
27 homes to more sustainable sources of permanent funding, and to improve wages and retention of
28 staff providing direct support to the residents of those group homes.

29 **SECTION 1.(b)** There is transferred from the General Fund to the Group Home
30 Stabilization and Transition Fund the sum of twenty-six million dollars (\$26,000,000) in
31 nonrecurring funds for the 2019-2020 fiscal year, and the sum of twenty-six million dollars
32 (\$26,000,000) in nonrecurring funds for the 2020-2021 fiscal year. Funds deposited in the Group
33 Home Stabilization and Transition Fund do not constitute an "appropriation made by law," as
34 that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

35 **SECTION 2.(a)** There is appropriated from the Group Home Stabilization and
36 Transition Fund, established in Section 1 of this act, to the Department of Health and Human



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1 Services (DHHS) the sum of twenty-six million dollars (\$26,000,000) in nonrecurring funds for
2 the 2019-2020 fiscal year, and the sum of twenty-six million dollars (\$26,000,000) in
3 nonrecurring funds for the 2020-2021 fiscal year for the following purposes only:

- 4 (1) Incentivizing LME/MCOs as operating prepaid health plans to develop and
5 implement new "in-lieu-of" services, 1915(b)(3) services, or other Medicaid
6 funded services to support the residential needs of Medicaid recipients living
7 in licensed, community-based group homes.
- 8 (2) Establishing new rate models and rate methodologies to replace the currently
9 inadequate and insufficient State-funded rates supporting residents of
10 licensed, community-based group homes, as required by Section 3 of this act.
11 DHHS shall identify any vacant beds and eligible individuals to fill those beds
12 under the new rate models and rate methodologies and assist with the orderly
13 transition of the eligible individuals into the vacant beds.
- 14 (3) Increasing the existing per member per month payments to LME/MCOs for
15 the 2019-2020 fiscal year to quickly enable and facilitate the transition to a
16 more appropriate and sustainable service-funding model for licensed,
17 community-based group homes by January 1, 2020. Funds expended under
18 this subdivision shall be allocated in per-person amounts, to be determined by
19 DHHS, to individuals with intellectual or other developmental disabilities
20 who received State funding prior to January 1, 2020, and who reside in
21 licensed community-based group homes for eligible individuals with
22 intellectual and other developmental disabilities.
- 23 (4) Continuing the existing rate structure at the per-person amounts for the
24 2018-2019 fiscal year to offset the loss of bridge funds and maintain the
25 current financial conditions of licensed, community-based group homes
26 whose residents are eligible individuals with intellectual and other
27 developmental disabilities.
- 28 (5) Continuing the existing rate structure at the per-person amounts for the
29 2018-2019 fiscal year to offset the loss of bridge funds and maintain the
30 current financial conditions of licensed, community group homes that
31 received State funds and whose residents have mental health residential
32 support needs.

33 Residents of group homes who are supported by the North Carolina Innovations Waiver are
34 not eligible to receive any funding under this section

35 **SECTION 2.(b)** No later than November 1, 2019, DHHS shall report to the Joint
36 Legislative Oversight Committee on Health and Human Services and the Joint Legislative
37 Oversight Committee on Medicaid and NC Health Choice on a more appropriate and sustainable
38 service model for residents of licensed, community-based group homes. The model shall be
39 implemented by January 1, 2020. Once the model is implemented, the State funds that were used
40 to support residents of licensed community-based group homes prior to implementation shall be
41 reinvested in their entirety in both the new funding model and increased rates to support and
42 equalize wages of direct support personnel serving the residents. The reinvested State funds
43 match plus the federal funds portion of the new services shall be annualized and become a part
44 of the prepaid health plan per member per month amount.

45 **SECTION 3.(a)** No later than January 1, 2020, DHHS shall implement a policy
46 whereby LME/MCOs are directed to (i) implement "in-lieu-of" services or other
47 Medicaid-funded services for all eligible residents with intellectual or other developmental
48 disabilities living in licensed, community-based group homes receiving State funds and (ii)
49 transition eligible residents to these more sustainable and appropriate Medicaid services available
50 under the 1915(b)/(c) Waiver.

1 **SECTION 3.(b)** DHHS shall, in cooperation with stakeholders and LME/MCOs,
2 develop an actuarially sound, needs-based rate model and rate methodology for new "in-lieu-of"
3 Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services, or
4 other Medicaid-funded services, that will be specific to the residential support services needed
5 in group homes serving Medicaid recipients with intellectual or other developmental disabilities.
6 The rate methodology shall be comparable to, or a percentage of, existing rates for similar
7 services currently provided through the North Carolina Innovations Waiver. The new rate
8 structure shall include wage and hour increases for direct support personnel working in these
9 group homes.

10 DHHS shall develop a process whereby all, or a portion of, the State funds used to
11 support Medicaid recipients with intellectual or other developmental disabilities living in
12 licensed, community-based group homes prior to the implementation of the new rate structure
13 are used for the new "in-lieu-of" services or other Medicaid services developed pursuant to this
14 section. The policy shall ensure an orderly home-by-home transition process. The policy shall
15 ensure that residents who are found to be ineligible for Medicaid services or who do not meet
16 medical necessity criteria for the new "in-lieu-of" services or other Medicaid funded services
17 shall continue to be served using State funds at a needs-based rate comparable to the North
18 Carolina Innovations Waiver rate. No resident shall be displaced as a result of being found
19 ineligible for Medicaid services after the implementation of the new "in-lieu-of" services or other
20 Medicaid-funded services. DHHS may use a regional phased-in approach to achieve the goals
21 set forth in this section.

22 **SECTION 4.(a)** No later than January 1, 2020, DHHS shall implement a policy
23 whereby LME/MCOs are incentivized to (i) implement 1915(b)(3) alternative services for all
24 eligible Medicaid recipients with mental health needs residing in group homes that receive State
25 funds and (ii) transition eligible residents to these more sustainable and appropriate Medicaid
26 services available under the 1915(b)/(c) Waiver.

27 **SECTION 4.(b)** DHHS shall develop new model service definitions specific to the
28 residential support services needed by Medicaid recipients with mental health needs living in
29 licensed, community-based group homes. The new service definitions shall require the delivery
30 of new habilitation or rehabilitation support services in the residential setting. Further, DHHS
31 shall, in cooperation with stakeholders and LME/MCOs, develop an actuarially sound rate model
32 and rate methodology for the new 1915(b)(3) alternative services implemented under subsection
33 (a) of this section. This rate methodology shall be benchmarked to a percentage of residential
34 support rates for comparable services provided through the North Carolina Innovations Waiver
35 prior to the implementation of the new 1915(b)(3) alternative services.

36 DHHS shall develop as a process whereby all or a portion of the State funds used to
37 support Medicaid recipients with mental health needs living in licensed, community-based group
38 homes prior to the implementation of the new rate structure are used to fund the new 1915(b)(3)
39 alternative developed pursuant to this section. The policy shall ensure an orderly home-by-home
40 transition process. The policy shall ensure that residents who are found to be ineligible for
41 Medicaid services shall continue to be served using State funds. No resident shall be displaced
42 as a result of being found ineligible for Medicaid services after the implementation of the new
43 1915(b)(3) alternative services. DHHS may use a regional phased-in approach to achieve the
44 goals set forth in this section.

45 **SECTION 5.** This act becomes effective July 1, 2019.