



North Carolina Department of Health and Human Services

2001 Mail Service Center • Raleigh, North Carolina 27699-2001

Tel 919-733-4534 • Fax 919-715-4645

Beverly Eaves Perdue, Governor

November 12, 2009

Lanier M. Cansler, Secretary

The Honorable Beverly Earle, Co-Chair
Appropriations Subcommittee on Health
and Human Services
North Carolina General Assembly
Room 634, Legislative Office Building
Raleigh, NC 27603

The Honorable Verla Insko, Co-Chair
Appropriations Subcommittee on Health
and Human Services
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

The Honorable Bob England, M.D., Co-Chair
Appropriations Subcommittee on Health
and Human Services
North Carolina General Assembly
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Representatives Earle, Insko, and England:

Section 10.68A.(a)(2)c, S.L 2009-0451, requires the Department of Health and Human Services to report on the Plan for Transitioning Children out of Mental Health Residential Therapeutic Camps, including any activities associated with its implementation within State facilities. The Department was required to submit the report by October 1, 2009 but requested an extension of the deadline to October 31, 2009. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Please direct all questions concerning this report to Dr. Patti Forest, Assistant Director, Clinical Policy and Programs of the Division of Medical Assistance at (919) 855-4260.

Sincerely,

A handwritten signature in black ink that reads "Lanier".

Lanier M. Cansler

Attachment

LMC:ns

Cc: Allen Feezor
Dan Stewart
Patti Forest
Sharnese Ransome
Jim Slate

Craig L. Gray, M.D., MBA, JD
Jennifer Hoffmann
Legislative Library (one hard copy)
Melanie Bush





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The Honorable William Purcell, Co-Chair
Appropriations on Health and
Human Services
North Carolina General Assembly
Room 625, Legislative Office Building
Raleigh, NC 27603

The Honorable Doug Berger, Co-Chair
Appropriations on Health and
Human Services
North Carolina General Assembly
Room 526, Legislative Office Building
Raleigh, NC 27603

Dear Senators Purcell and Berger:

Section 10.68A.(a)(2)c, S.L 2009-0451, requires the Department of Health and Human Services to report on the Plan for Transitioning Children out of Mental Health Residential Therapeutic Camps, including any activities associated with its implementation within State facilities. The Department was required to submit the report by October 1, 2009 but requested an extension of the deadline to October 31, 2009. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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Lanier M. Cansler

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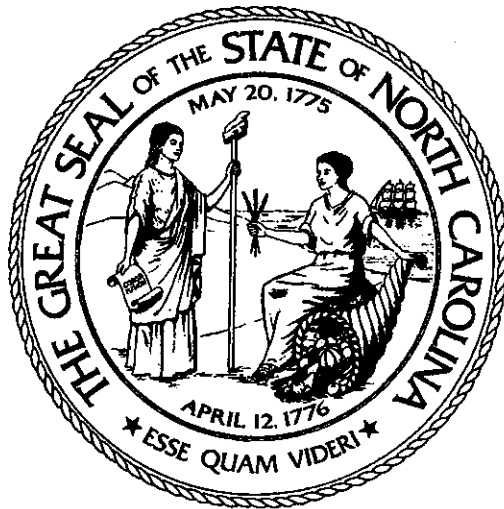
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**Legislative Report to
The Joint Legislative Oversight Committee on
Mental Health, Developmental Disabilities and
Substance Abuse Services
Plan for Transitioning Children out of Select
Mental Health Residential Therapeutic Programs
S.L. 2009-451 Section 10.68A.(a)(2)c**



**State of North Carolina
Department of Health and Human Services
Division of Medical Assistance**



November 2009

Introduction

This report is being submitted under the provisions of Session Law 2009-0451 Section 10.68A.(a)(2)c, that requires the Department of Health and Human Services to report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, its plan to transition children out of select mental health residential therapeutic camps, referred to in this report as therapeutic programs.

The Conference Report on the Continuation, Capital and Expansion Budget, item #171, reduces appropriations for Mental Health Residential Services by \$1,573,100 in State Fiscal Year (SFY) 2010 and by \$2,236,981 in SFY 2011. These amounts result in a reduction in total expenditures in SFY 2010 of \$4,511,328 and elimination of all expenditures in 2011.

Currently, there are two Medicaid enrolled therapeutic Programs in North Carolina that are impacted by this provision:

- Three Springs of North Carolina located in Pittsboro, NC; and
- Timber Ridge Treatment Center located in Gold Hill, NC

Based on date of service expenditure data, last year these providers were reimbursed a total of \$6,917,523.96. To meet mandated budget reductions, these services must be phased down by \$4,511,328 during SFY 2010.

The Planning Process

The Divisions of Medical Assistance and Mental Health, Developmental Disabilities and Substance Abuse meet with Timber Ridge and Three Springs administrators on August 24, 2009, to discuss development of their plans to phase out Medicaid funding of these programs over SFY 2010. Their proposal included submission of a joint plan to the Department in September delineating their plan of action.

The plan was submitted on September 4, 2009 and included a gradual phase out of Medicaid funding for these specific therapeutic program beds, with closure of all Medicaid funded camp beds by April 2010. Major components of their plan included the following:

- Working with the Local Management Entities (LMEs) System of Care Coordinators (SOC) to establish workable discharge plans which meet the needs of children and adolescents currently in placement.
- Continuing to work with referral sources to be a resource for those children who could be appropriately served with 120 day authorizations.
- Reducing the number of children served each month starting in September and ending in April.
- Converting their facilities' licensure to Psychiatric Residential Treatment Facility (PRTF) services, which are reimbursable by Medicaid, while continuing to provide therapeutic camp services for youth with alternative funding such as private paid clients.

Current Status

Medicaid analysis of the jointly submitted plan resulted in findings that the phase out of services did not meet the required budget reductions. The phase out schedule requires revision if the savings in state dollars of \$1,573,100 are to be realized. These therapeutic Camps will be reworking their schedule of reductions in services from the current time through April 2010. It is recommended that these programs reduce any new admissions to allow those already in treatment to benefit from completing their treatment without interruption.

The Department will continue to work with the programs through the SOC's to assist in discharge and appropriate aftercare services planning. If a child does need to leave a therapeutic camp prior to completion of his or her course of treatment, the SOC will be aware of other programs or Therapeutic Foster Care services where the child can continue with treatment. This coordination of care is already implemented through 34 SOC's across the state and will be available to the children transitioning out of these therapeutic programs.

Conclusion

The Department through the Divisions of Medical Assistance and Mental Health, Developmental Disabilities, and Substance Abuse Services, will monitor the phase out of these select Medicaid funded therapeutic program services and require compliance with mandated savings schedule. Coordination of care is available through each LME SOC for any child or adolescent who might be required to transfer during the course of treatment, though planning anticipates that many will be able to complete treatment within the time frame allowed. The Department will assist in the conversion of these providers' services to another level of care.