

FY 2024 ANNUAL REPORT OF THE INDEPENDENT REVIEWER

In the Matter of

UNITED STATES OF AMERICA v. THE STATE OF NORTH CAROLINA

Case 5:12-cv-00557-D

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December 10, 2024

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EXECUTIVE SUMMARY

This is the Executive Summary of the FY 2024 Final Annual Report¹ on the status of compliance with the provisions of the Settlement Agreement (SA) in United States v. North Carolina (Case 5:12-cv-000557-F) signed on August 23, 2012. The Independent Reviewer (Reviewer) submits an annual report each year of this Agreement.

The report documents North Carolina's (the State's) progress in meeting fiscal year (FY) 2024 requirements. The State met two major obligations in FY 2024, **Section III. (F) Pre-screening and Diversion** and **Section III. (G) Quality Assurance and Performance Improvement**.

The State is making discernable progress meeting **Section III. (E) Discharge and Transition Processes** as identified in this report. However, there is less progress with continuing and new challenges meeting **Sections III. (B) Supported Housing** and **(D) Supported Employment**. The State did not make progress meeting **Section III. (C) Community Based Mental Health Services** requirements.

This summary and report highlight the steps the State has taken to meet the Settlement Agreement obligations. The report also documents the State's overall progress and challenges it has meeting all the Settlement Agreement (SA) obligations as referenced in the Fourth and Fifth Modifications of the Settlement Agreement.

The Parties filed their fifth motion to modify the Settlement Agreement with the Court on March 1, 2023. The Fifth Modification extends the Settlement Agreement obligations until July 1, 2025.

The Fifth Modification added a new schedule for individuals in the target population to occupy supported housing. The Modification added a provision for the State to create an implementation plan describing steps it will take to meet its obligations as state in the Settlement and modified the notice date from March 1 to April 1, 2025. The Fifth Modification included language for draft and final due dates and consultation on the implementation plan with the US and the Reviewer. The plan included proposed steps the State needed to take to meet Settlement obligations. In the FY 2023 Annual Report, the Reviewer indicated that taking these steps, though, may not result in the State meeting its obligations in the newly established timeframe.

The implementation of this plan did not achieve results that would have led the State to meet all SA requirements in FY 2025. In some situations, the plan was helpful but

¹ The Reviewer submits annual reports for the State's fiscal year which begins on July 1 and ends on June 30 the following year.

focusing on it also distracted State and Local Management Entities/ Managed Care organizations (LME/MCO) staff to meet new reporting requirements rather than taking action steps to meet Settlement requirements. This report lays out accomplishments and challenges that prevent the State from meeting all the Settlement obligations by July 1, 2025.

This report references the program the State designed to comply with the obligations of the SA, as Transitions to Community Living (TCL). Individuals identified for TCL are eligible for assistance with the Discharge and Transition Process including discharge from adult care homes (ACHs) and state psychiatric hospitals (SPHs) and diversion from ACHs. Individuals may gain TCL eligibility through a required Pre-Admission Screening process. The SA also includes obligations the State has to ensure access to and assistance with Discharge and Transition, Diversion, Supported Housing, Community-Based Mental Health Services, and Supported Employment. The Settlement Agreement requires the State to develop and implement a Quality Assurance and Performance Improvement system and provide community-based placements and services.

Based on the FY 2024 individual reviews, interviews with staff in the field, and reports from a range of state and local sources, it is clear the Settlement Agreement requirements are achievable. However, the State needs to make transformative changes to meet the Supported Housing, Community Based Mental Health Services and Supported Employment requirements.

Even with the challenges presented by COVID and the Cardinal LME/MCO going out of business mostly abated, a number of challenges remain for the State to meet the SA obligations and new challenges are emerging now. First, the NC General Assembly required changes in the LME/MCO² structure in its biannual budget passed in September 2023. The General Assembly gave DHHS responsibility and authority to reduce the number of LME/MCOs. This led to the DHHS Secretary reducing the number of LME/MCOs from six to four. This reduction led to the closure and consolidation of the Sandhills and Eastpointe LME/MCOs and shifted their responsibilities to counties in the Alliance Health (Alliance), Partners Health Management (Partners), Vaya Health (Vaya), and Trillium Health Resources (Trillium) with all but three counties shifting to Trillium. Trillium now serves 46 counties. As forecasted, reducing the number of LME/MCOs created challenges for the remaining LME/MCOs in terms of absorbing staff, transferring leases for individuals in Supported Housing, and ensuring that each of the remaining LME/MCOs quickly began to serve individuals transferred to their area.

² This report covers actions taken during FY 2024. LME/MCOs became “Tailored Plans” on July 1, 2024. Thus references in this report are to LME/MCOs in 2024 and references for future actions switch to Tailored Plans.

The second challenge is the State’s shift in its approach and services for NC Medicaid beneficiaries who need enhanced services for a mental health disorder, substance use disorder, intellectual/developmental disability (I/DD), or traumatic brain injury (TBI). The State references this shift from LME/MCO management to “Tailored Plan” management. This shift includes the Tailored Plans (TPs) meeting new requirements to qualify as Tailored Plans under the Medicaid 1115 Waiver authority. This report continues to refer to these plans as LME/MCOs rather than TPs unless referencing future actions since the shift did not formally occur until July 1, 2024.

The Tailored Plans now include coverage and contracting for physical health services, pharmacy services, care coordination and care management, behavioral health services, and added services, such as wellness programs.

Four additional challenges emerged with the transition to Tailored Plans in FY 2024 that have had an impact on the State meeting Settlement requirements. The first was that the State’s guidance to the LME/MCOs on Tailored Care Managers’ (TCMs) responsibilities for working with TCL recipients did not match the Settlement requirements for LME/MCO and provider requirements. The State made some adjustments, but these did not occur until well after the fact and these adjustments did not cover all of the challenges that TCL recipients, their LME/MCOs and providers now face. The second was that there was not sufficient trained TCM staff to ensure making decisions for individuals in a timely manner. The third challenge was making certain TCMs aware of TCL requirements since most of the new staff did not have experience working with TCL-eligible recipients. The fourth and most challenging problem was the State’s shift from covering Supported Employment services with Medicaid “(b)(3)” to reimbursing the service instead with federal funding under the Section 1915(i) Medicaid authority, which has created delays and confusion for providers and the LME/MCOs. This last challenge is not resolvable until the State makes significant changes to meet its Supported Employment requirements under the Settlement Agreement. These last three challenges are contributing to lower IPS fidelity scores and new challenges to meet IPS-SE fidelity requirements.

Below are summaries of FY 2024 by the Settlement Agreement major categories, requirements, and key sub-requirements. There are references to both the Fourth and Fifth Modifications to the Settlement Agreement.

Major Settlement Agreement Requirements

This report is informed from information yielded from 85 reviews of individuals, selected randomly, living in ACHs, in supported housing, in the community or other congregate setting but not using a housing slot, and individuals hospitalized at a state psychiatric hospital. This stratification enables the Reviewer to conduct a thorough assessment of the

State's actions and challenges assisting individuals to access supported housing. Each of these reviews included an interview with the selected individuals, when possible; a review of their records; and interviews with their LME/MCO, state staff and provider agencies. The FY 2024 review also included analysis of state and LME/MCO data and a review of draft state policies, plans, and action steps to meet these requirements. In the spring of FY 2024, the Reviewer and her review team members also met with State and LME/MCO staff, service providers, and state and the Division of Employment and Independence for Persons with Disabilities (EIPD) to review implementation and performance of supported employment and services requirements, housing, and In-reach and transition requirements.

The State took major step in the last half of FY 2022, developing a TCL Incentive Plan (TIP), and continued that plan with minor changes in expectations in FY 2024. The State awarded LME/MCOs approximately \$2.9 million meeting multiple quarterly requirements in FY 2024. The TIP provides funding to LME/MCOs for meeting initial plan requirements and ongoing performance requirements related to the use of federal housing vouchers, providing peer support services, referred to as peer bridgers, furthering the implementation of Complex Care Management, and improving access to supported employment and access to housing especially for individuals exiting ACHs.

The State also took major steps to raise salaries, expand Peer Support and Community Inclusion supports, increase LME/MCO staff, including adding funds for LME/MCOs to add housing specialists, In-reach staff and Transition Coordinators, additional Occupational Therapists and Nurses, Supported Employment managers and training, quality and barriers specialists. The State also began to shift responsibility for two LME/MCOs to assume initial responsibilities to worked with Low Income Housing Tax Credit developers to assist individuals lease rental units. This funding and shifts occurred over the course of the year and the impact of these additions and shifts became noticeable toward the end of FY 2024 and will likely have more impact on the State's performance in FY 2025.

Below are brief, specific findings in each of the six major Settlement Agreement requirements:

Section III (B) Supported Housing

The State met **Section III. (B)(2)** at the outset of the agreement when it established the five priority populations, but it has not met the requirements and sub-requirements for **Section III. (B)(1)(5)(7)(a)(b)(c)(d) and (f)** in FY 2024.

The State still has challenges meeting **Section III. (B)(1)**, access to community-based supported housing. According to the State's data, only 38% of individuals with a housing slot transitioned to supported housing after receiving a housing slot in FY 2024. Access to

supported housing within 90 days of a housing slot has been on a downward trend since 2020 when 66% of individuals transitioned to housing within 90 days.

One issue that has affected the State meeting the **(B)(1)** (access) and **(B)(7)(b)** (tenancy support) requirements is the challenging process that LME/MCOs have been required to use to help individuals access “targeted” units³ for LME/MCOs to assist individuals to get and keep housing. The process may have worked previously, before LME/MCOs developed their internal capacity to help individuals access housing. But the current process is time-consuming and does not give the authority for placing individuals in permanent supported housing to the LME/MCOs, which are responsible for ACH transitions and diversions and helping individuals remain in their housing. There is a detailed discussion of this challenge below. Since **(B)(7)(b)** includes a service intervention (tenancy supports), it is also reviewed as part of Section III (C) Community Based Mental Health Services. The State has not met its obligations for providing tenancy support as a service.

The State made negligible progress toward transitioning and serving 2,000 ACH residents in supported housing, as required in **Section III. (B)(5)**. The State only increased the number of individuals living in supported housing from 957 to 1000 in FY 2024. The State did not meet the requirement in the Fourth Modification of the Settlement Agreement to fill 1,660 slots by July 1, 2024. This deinstitutionalization requirement is one of the main requirements in this Settlement Agreement and was at the heart of the investigation leading to this Agreement. The FY 2024 review revealed at least 77%, or 14 out of 18 individuals reviewed, still living in ACHs on In-reach status could move into supported housing with adequate support, services and, when applicable, guardian agreement. However, it appeared that it was unlikely that seven of them would get the opportunity to move without more contact by In-reach specialists to provide education and support, and without guardian agreement. The Reviewer, with support from the State and the Tailored Plans, will conduct a review of individuals living in ACHs getting In-reach in FY 2025 to provide an accurate assessment of whether individuals who choose to, could move if given the opportunity.

Section III. (B)(7)(f) The challenges vary widely and often range from individuals not having access to accessible units and/or accessible features, not getting the right type or level of assistance for their daily living activities that they need to live in supported housing. Some individuals experience the challenge of getting turned down for a lease due to their criminal or credit history with no follow-up to request a reasonable accommodation from the landlord for disability-related past conduct. While overall scores for this sub-section appear to meet standard, there are still challenges with individuals getting accessible units, given

³ A “targeted unit” is an affordable housing unit in a building financed with federal Low Income Housing Tax Credits. In exchange for the tax credits, the housing developer agrees to “set aside” a percentage of units in the building for the State to use for individuals in the Transitions to Community Living program.

their physical disabilities, and a long-standing need to ensure home health is available. Since these are barriers, they impact the State's ability to meet the (B)(1) access requirements and the Discharge and Transition Processes (E)(7)(f) requirement.

As referenced in the last four Annual Reports, the DHHS has partnered closely with the State's Housing Finance Agency (NC HFA) to improve the capacity and performance of the State's supported housing system for adults with Serious Mental Illness (SMI) and Serious and Persistent Mental Illness (SPMI). This inter-agency collaboration has allowed the State to develop new affordable, accessible housing and make more housing options available, and leverage multiple types of federal funds, including adding the HUD 811 project based rental assistance in FY 2005. This collaboration has led to improvements in data collection and analysis to explore challenges and progress in meeting housing targets and utilizing a wide array of resources.

The State has also made significant strides in partnership with HUD's Regional Housing Offices and local Public Housing authorities to improve access to HUD funded Housing Choice Mainstream Vouchers. Leveraging both HUD 811 and Mainstream Vouchers enables the State to stretch its funds further to expand housing capacity in the state.

The NC HFA, NC DHHS, and HUD collaborative efforts have led to increasing affordable housing availability, although availability of safe, affordable rental housing always remains a challenge in North Carolina and is a nationwide issue.

Community-Based Mental Health Services

The FY 2024 review revealed the State's performance in meeting **Section III. (C) Community-Based Mental Health Services** did not substantially improve in FY 2024. The State has not taken the steps necessary to meet these requirements by July 1, 2025. The State is not meeting requirements for providing access to the array, frequency, and intensity of individualized recovery-based services and supports necessary to enable individuals to transition to and live in community-based settings. These findings are based on reviews that included interviews with 58 individuals living in the community, in supported housing or other locations, as well as individuals hospitalized at one of the three SPHs. This review included interviews with staff and review of the records for approximately 70 individuals in FY 2024 which when added to FY 2023 reviews, totaled 200 individuals in the past two years. Three LME/MCOs scored closer to the mean than others and one LME, Vaya, is primarily responsible for the State achieving slightly higher services scores. This review also included discussions with State staff, LME/MCOs and providers and analysis of other documentation, and data related to the provision of community based mental health services

The person-centered planning process scores were extremely low, with only 11 individuals in the review sample, or 21%, having a person-centered plan that fully meets requirements and another 12 individuals, or 23%, with plans that partially meet requirements. The plans and the planning process remain formulaic, repetitive, and not individualized. Often, staff write new plans with the same language as their previous plans. The provider lists services they will provide on the plan document, typically with generic, staff-written goals of “symptom reduction” and “medication management” listed first in the plan and some plans only listed these two interventions. This does not reflect current practice in recovery-based planning. Likewise, the scores were in the same low range on the requirement that the individual get individualized services that are recovery-oriented and provided with the flexibility and intensity needed.

Community-Based Mental Health Services requirements are the cornerstone requirements of this agreement and essential for individuals with a serious mental illness to live in the most integrated setting possible. The State initiated training and established a new guidance for person centered planning in FY 2024.

Supported Employment

The State met the **III. (D)(3)** requirement for 2,500 individuals “in or at risk of” ACH placement to receive IPS-SE from a provider that meets fidelity. The State provided Supported Employment to 2,611 individuals by June 30, 2024. However, 30 of the 39 individuals interviewed in FY 2024 who expressed an interest in employment or education did not get a referral and/or did not receive either IPS-SE or services provided by an ACT team employment specialist. This represents 30 individuals whose records contained information to determine if they have an interest in employment or education. The percentage has not varied since the review team began collecting this information as part of the annual review four years ago. The numbers of individuals interested in employment is consistent with the national average for individuals with serious and persistent mental illness interested in employment and/or education.

The State is not meeting the major SE requirement in **Section III. (D)(1)** to develop and implement measures to provide supported employment to individuals “in or at risk of entry into” adult care homes. The State is not meeting **Section III. (D)(2)** which requires services to be provided with fidelity to an evidenced-based supported employment model.

Over the course of the past two years the State has faced challenges to provide supported employment services with fidelity to this evidenced based employment model. This challenge is the result of a confluence of issues. As the state moved to an 1115 waiver authority for Tailored Plan implementation. This required the State to shift its Medicaid payment from a (b)(3) authority to a 1915(i) Medicaid authority for IPS-SE The 1915(i)

authority requires that the state adopt an independent assessment process for this service. This process creates a challenge in terms of the time it takes from the point a service provider in the State's comprehensive mental health services delivery system makes a referral to IPS-SE to the point an individual can actually get the service. This has resulted in challenges meeting the fidelity model requirements for rapid engagement and providing a timely assessment process. To determine eligibility for 1915 (i) services, an independent assessment, external of the provider, must be completed. The State uses this assessment to determine eligibility. A care plan must also be completed for services to begin. These challenges also impact the State's ability to meet the **Section III. (D)(1)** requirements.

The requirement for an independent assessment is rooted in historical service systems designed for individuals with Intellectual and Developmental Disabilities—not for individuals with SMI. Inserting this requirement into the State's comprehensive mental health services delivery system is duplicative and burdensome for service providers making referrals to IPS-SE. It unnecessarily delays individuals with SMI from receiving Supported Employment Services.

The State is continuing their work to implement a new financing and incentive model to drive the system toward paying for performance and achieving outcomes for individual engagement and follow-along supports for individuals receiving supported employment services. This model, referred to as NC CORE, contemplates a full partnership between LME/MCOs, service providers, and counselors from the EIPD. The State has experienced challenges moving to this model. These challenges are inherent to adopting the CORE model to ensure eligible individuals get assistance to prepare for, identify, and maintain integrated, paid competitive employment, LME/MCOs adopted different approaches, created challenges for providers who have contracts with multiple LME/MCOs, and one other major challenge is the need for the State to speak to provide the leadership necessary for this transformational and necessary change.

Section III. (C)(1) requires the State to ensure individuals have access to services and supports they choose to receive. The State is not meeting the requirement for access to supported employment, both IPS-SE and ACT Employment Specialist services. The State needs to take action to demonstrate that individuals in TCL who are interested in employment and/or education get the opportunity and access to supported employment and assistance preparing for, identifying, and maintaining employment. The interaction between individuals' service providers and their IPS-SE teams is often limited or non-existent and there continues to be a limited number of supported employment providers in certain areas of the state, including in at least two urban areas.

The State added incentives for providers who make IPS-SE referrals in the last two quarters of FY 2024, but this proposal had limited results. There continues to be an inaccurate belief

among service recipients and provider agency staff that individuals will lose their Supplemental Security Income (SSI) benefits if they go to work. There also continues to be an underlying assumption by many service providers responsible for making IPS-SE referrals that individuals in the TCL program are incapable of working. Guardians and families often make this assumption but are more verbal in their objections to an individual going to work. Typically, they raise objections for one and/or two reasons. The first is they believe if the individual goes to work, he or she will lose their benefits. Second, they worry that the individual cannot work and trying to go to work will have a detrimental effect on the individual. Regardless of whether this objection is subtle or not subtle, it sends a powerful and clear message to individuals that they are not capable of working. Thus, it is discrimination against individuals who have expressed a desire to seek employment and/or education and training.

On a positive note, the new Supported Employment specialists in the LME/MCOs have taken positive steps to dispel inaccurate beliefs and encourage and track referrals to the service. Over time, their leadership could make the difference for the State to meet supported employment requirements.

Discharge and Transition Processes

Section III. (E) **Discharge and Transition Process** review covered the discharge and transition process for three groups of individuals: those admitted to and then discharged from state psychiatric hospitals, those exiting ACHs, and those being considered for admission to an ACH but upon review are provided with community-based alternatives. The FY 2024 review included 62 individuals who experienced a discharge and transition process.

In FY 2024, the State met **Section III. (E)(14)** on monitoring Adult Care Homes Residents' Bill of Rights requirements but did not meet any additional Discharge and Transition Process requirements. But the Discharge and Transition Process scores from this year's individual reviews improved in four out of seven of the categories⁴ in this section. LME/MCO staff nearly doubled the number of face-to-face In-reach contacts during FY 2024 from the previous two years, when they more frequently sent letters or attempted to make contact by phone. The state and local Barriers Committees have retained their focus and hopefully there will be progress with staff identifying transition barriers in FY 2025. Because of the focused performance improvement approach by State staff, the Discharge and Transition Process requirements of the SA are potentially achievable by July 1, 2025. Many challenges remain, however, for the State to meet these requirements, as detailed in the full report below.

⁴ Several requirements are combined for scoring purposes.

Pre-Admission Screening and Transition Process

The State has met all the Pre-Admission Screening and Diversion obligations in **Section III. (F)(1-3)**. The State had previously met **Section III. (F)(1)-(2)** and met **(F)(3)** in FY 2024. The State accomplished this through follow-up and monitoring of the requirement to fully implement individualized strategies to address concerns and objections individuals have to placement in integrated settings for individuals choosing to reside in ACHs. The State conducts a review of the required follow-up with periodic sampling. The LME/MCOs routinely address these concerns.

Quality Assurance and Performance Improvement

In FY2024, the State met all obligations for **Section III (G)(1-8)** Quality Assurance/Performance Improvement requirements. The State is continuing to develop and implement its required QA/PI monitoring system in accordance with the quality assurance and performance improvement requirements. As stated in the full report below, the State should continue to focus attention on community-based mental health services and supported employment requirements. This focus will require the QA/PI team to give attention to the metrics and identify key strategies for necessary improvements.

Summary

The State has made substantial progress meeting major requirements agreed upon in the 2012 Settlement Agreement and extended through multiple modifications, with still more challenges ahead. The Parties entered into their Fifth Modification in March 2023, extending the Agreement to July 1, 2025. This Modification also added housing slot requirement due dates and a requirement that the State develop a detailed Implementation Plan in consultation with the US DOJ and the Reviewer.

The State has now met all obligations for Pre-Screening and Diversion and Quality Assurance and Performance Improvement. The State has designed and agreed upon processes to sustain the Pre-Screening and Diversion requirements. The state should continue to build upon their work to strengthen their new QA/PI system meeting key requirements with an a performance improvement focus on key metrics and practices.

The State continued to make progress filling housing slots, filling an additional 302 slots, or 8%, by the end of FY 2024. Progress in meeting the housing requirement for 2,000 individuals living in ACHs to exit and occupy supported housing slots was again negligible. The State only had a net gain of 43, or 4%, for individuals exiting ACHs filling housing slots at the end of FY 2024.

The State began to show progress in FY 2021, ensuring individuals get permanent housing in a location they choose with tenancy rights, tenancy support, and ensuring individuals get

assistance in their daily living activities. However, the State needs to continue to make progress on all of these requirements to meet Supported Housing obligations. The State is continuing their incentive plan and expanding their efforts to identify and reduce transition barriers, expand their Complex Care Initiative, and expand bridge housing programs to enable people to move out of ACHs and SPHs, or avoid unnecessary admissions to those facilities, while they look for permanent supportive housing. Bridge housing is especially important for individuals discharged from SPHs, being diverted from an ACH or moving from an ACH. Individuals often need assistance with preparing to move into their home, gather documents and explore community options. If an individual is living in unstable housing or being discharged from a hospital or moving from an ACH, moving into a safe “bridge” home in a community where they want to live is beneficial and over 85% of individuals with a short term bridge or even an extended bridge stay move into their permanent supported housing.

The State met the requirement that 2,500 individuals in or at risk of ACH placement or individuals exiting ACHs or discharged from SPHs receive IPS-SE, but the rate of individuals receiving IPS-SE each of the last two fiscal years has decreased. This presents sustainability challenges for providers. The State made progress with their milestone payment increase and with adding new dedicated LME/MCO Supported Employment staff.

The State did not make progress meeting Community-Based Mental Health Services and is not on track to meet these requirements in FY 2025. The State’s Senior Advisor on *Olmstead*, DMHDDSAS leadership, and LME/MCO TCL leadership recognize the challenges that remain to transform the services system to a recovery-based services system and are committed to changes needed to accomplish this.

The State developed a new Implementation Plan in early FY 2024 but the level of system transformation the SA requires remains incomplete, thus the State cannot meet all of the key Settlement requirements by July 1, 2025. In the FY 2023 Annual Report, the Reviewer made reference to the State needing to avoid the trap of establishing new processes and practices to improve systems on the existing culture, beliefs, and structures rather than creating a new recovery-oriented system. Unfortunately, the State seems to have followed this old track with community mental health services.

Many dedicated individuals across state agencies, SPHs, LME/MCOs, and service provider staff worked tirelessly again this year to break down barriers and assist individuals to move to and continue to live in their own home even considering workforce issues and staff turnover. Perhaps the most encouraging work has occurred with LME/MCO, now Tailored Plan, staff and leaders among individuals with lived experience. Their voices, creativity, and commitment are key to the State meeting its obligations in the Settlement Agreement and the promise of a recovery-focused community-based system for individuals in the future.

INTRODUCTION

This is the FY 2024 Annual Report on the status of North Carolina's compliance meeting requirements with the provisions of the voluntary Settlement Agreement (SA) in United States v. North Carolina (Case 5:12-cv-000557-D) signed on August 23, 2012. This report documents North Carolina's (the State's) overall progress in meeting the Settlement Agreement (SA) obligations. This report repeatedly references the title of the State's approach and programs designed to comply with the obligations of the SA, as Transitions to Community Living (TCL). Individuals are determined eligible for TCL based on three criteria: 1) they are living in an adult care home (ACH), at risk of moving into an adult care home, in or discharged from a state psychiatric hospital (SPH) or discharged from an SPH to unstable housing; 2) their diagnosis; and 3) their functional needs. The SA requires the State to provide individuals found eligible with access to in-reach, discharge and transition processes, diversion, community-based mental health services, supported housing, and supported employment.

The report documents North Carolina's (the State's) progress in meeting fiscal year (FY) 2024 requirements. The State met two major obligations in FY 2024, **Section III. (F) Pre-screening and Diversion and Section III. (G) Quality Assurance and Performance Improvement**.

The State is making discernable progress meeting **Section III. (E) Discharge and Transition Processes** as identified in this report. However, there is less progress with both continuing and new challenges meeting **Sections III. (B) Supported Housing and (D) Supported Employment**. The State did not make progress meeting **Section III. (C) Community Based Mental Health Services** requirements.

The State continues to make slow but steady progress assisting 302 individuals move into housing in FY 2024 but only increased the number of individuals exiting ACHs living in Supported Housing by 43 individuals as described in more detail in the below. The State made improvements with new funding, new staffing dedicated to Supported Employment for each of the LME/MCOs, and consolidation of its payment model across LME/MCOs. But several ongoing challenges remain, and new challenges emerged in FY 2024. The State did not make any progress meeting Community Based Mental Health Services requirements.

Three changes took effect in FY 2024. First, as highlighted in the FY 2023 Annual Report, the State shifted its managed care plan approach for NC Medicaid beneficiaries who need enhanced services for a mental health disorder, substance use disorder, intellectual/developmental disability (I/DD), or traumatic brain injury (TBI) to a "Tailored

Plan⁵.” The LME/MCOs applied to become Tailored Plans (TPs) with new authorities and responsibilities granted under the Medicaid Section 1115 Waiver authority, taking effect on July 1, 2024. The LME/MCOs went through extensive reviews to qualify as Tailored Plans. As part of the review process, the State determined that Sandhills LME/MCO should be merged into Eastpointe and then all the Eastpointe counties merged into Trillium Health Resources (Trillium) with three exceptions: Rockingham County was assigned to Vaya Health Resources, Harnett County was assigned to Alliance Health, and Davidson County assigned to Partners. The majority of the counties are shifting to Trillium.

The Tailored Plans include coverage for physical health services, pharmacy services, care coordination and care management, behavioral health services, and added services, such as wellness programs. Over time this shift to Tailored Plans will likely benefit individuals with disabilities, but as documented in this report, the changes required to get there include unintended consequences that have already impacted the

Over the course of the past two years the State has faced challenges to provide supported employment services with fidelity to this evidenced based employment model. This challenge is the result of a confluence of issues. As the state moved to an 1115 waiver authority for Tailored Plan implementation. This required the State to shift its Medicaid payment from a (b)(3) authority to a 1915(i) Medicaid authority for IPS-SE. The 1915(i) authority requires that the state adopt an independent assessment process for this service. This process creates a challenge in terms of the time it takes from the point a service provider in a comprehensive mental health services delivery system makes a referral to IPS-SE to the point an individual can actually get the service. This has resulted in challenges meeting the fidelity model requirements for rapid engagement and providing a timely assessment process. To determine eligibility for 1915 (i) services, an independent assessment, external of the provider, must be completed. The State uses this assessment to determine eligibility. A care plan must also be completed for services to begin. These challenges also impact the State’s ability to meet the **Section III. (D)(1)** requirements.

State’s ability to meet the Settlement Agreement obligations by July 1, 2025. The challenge is compounded by the State’s recent move to an 1115 waiver authority for Tailored Plan implementation. This change, combined with the care management requirements the State has imposed on new Tailored Plans, is causing confusion and delays while the State is attempting to meet the obligations in the Fifth Modification of the Settlement Agreement. There are LME/MCO changes and challenges described in more detail below in this report. Reducing the number of LME/MCOs also created challenges for staffing levels in the new Tailored Plans, required new leases for individuals in permanent supported housing

⁵ This report refers to LME/MCOs when referencing actions and activities in FY 2024. The LME/MCOs became “Tailored Plans” on July 1, 2024. They are referenced as Tailored Plans (TPs) beginning July 1, 2024.

receiving services from new LME/MCOs, and new provider contracts. It also required the LME/MCOs to move quickly to begin to serve individuals transferred to them during the LME/MCO changes.

The Parties agreed in FY 2023 that substantial compliance as required in the Fourth Modification of the Settlement Agreement was not achievable by July 1, 2023, and decided to continue their agreement through July 1, 2025, with a Fifth Modification of the Agreement. The Parties agreed that the State should develop an Implementation Plan with goals, objectives, action steps, and staff responsibilities the State would take to meet SA requirements by July 1, 2025. The State began drafting this plan in late FY 2023, discussed drafts with the US DOJ and this Reviewer, and completed it by August 26, 2023. At that time, this Reviewer reported that implementation of this plan, while important, may not result in the State meeting all its obligations by July 1, 2025.

Taking this step also created new and, in some instances, burdensome and redundant reporting requirements. Several steps may have inadvertently created requirements that appear to be delaying the State's ability to meet obligations with all of the key requirements in this Agreement, including Supported Employment and Community-Based Mental Health Services requirements, by July 1, 2025.

The annual review measures the State's performance meeting the Settlement Agreement requirements through individual interviews accompanied by interviews with staff and key informants, including guardians. This reliable method provides qualitative and quantitative information about the individual making their own choices, getting assistance with transitions, and receiving individualized recovery-based services and supports with the frequency, duration, and intensity needed for success in the community.

The FY 2024 annual review included 85 individual reviews. Sixty (60) of the reviews included interviews with individuals in the TCL target population, and additional interviews with LME/MCOs, and other state staff and service providers, and, in a few instances, family members, other key informants, and guardians. Seven individuals were not available for reviewer interviews, but reviewers conducted staff interviews and reviewed their records. The reviewers conducted eight staff and record reviews of individuals hospitalized in an SPH. These reviews included interviews of LME/MCO and state hospital staff. In addition, all of the reviews included a review of provider progress notes, LME/MCO care coordination notes, person centered plans, clinical assessments, discharge summaries, where available care management documents, TCL timeline summaries, and transition materials.

There are findings and recommendations for each of the six major categories (Supported Housing, Community-Based Mental Health Services, Supported Employment, Discharge and Transition Processes, Pre-Admission Screening and Diversion, and Quality Assurance)

included in this Annual Report along with information regarding the methodology for this review and individual findings for individuals selected randomly for a review. **Appendix A** includes scores from individual reviews for agreed upon standards for 43 requirements in 4 categories (Housing, Discharge and Transition Processes, Diversion and Community-based Mental Health Services).

METHODOLOGY

Field work included interviews with individuals eligible for TCL benefits followed by a desk review for individuals selected for a review. A desk review includes a review of records and transition timeframes, an interview of service provider(s), of staff of the LME/MCOs and, when applicable, staff of SPHs and guardians for individuals selected for a review. This report follows the same methodology used in previous reports as referenced above.

The LME/MCOs could not locate two individuals, two individuals were not available, and one individual was working two jobs and not available for an interview. Reviewers conducted desk reviews for those individuals. In-person interviews are essential to gauge any differences in the individual’s experience and needs, especially for frequency and intensity of services based on the individual’s requests and needs as documented in the individual’s record. First person interviews also provide the opportunity for the Reviewer and her team to see where the individual lives as well as obstacles the location presents to the individual’s access to community amenities, friends, family, and services. An individual’s space reveals the individual’s accessibility needs and needs for personal support. Simply said, in-person interviews are essential to determine if the State is meeting the Settlement Agreement (SA) Supported Housing, Discharge and Transition Process, Community-Based Mental Health Services, Supported Employment, and Diversion requirements. Figure 1 identifies the numbers of individuals by type of review:

Figure 1: Individuals Reviewed by Type of Case Reviews in the FY 2024 Review

Review Types	Reviews
Total Reviews ⁶	85
In-Person Community Interviews	60
Desk Review Only	12
SPH Desk Reviews	13

The review Team again used questionnaires to score the State’s and each LME/MCO’s

⁶ Five individuals hospitalized at Cherry Hospital were reviewed on September 25 and 26. They are not included in scoring Discharge and Transition Processes but there are notes on findings in the Discharge and Transition Processes section of this report.

performance in meeting specific, non-numeric requirements. In each review, the review Team scored the requirements and/or sub-requirements as one of the following: fully consistent with the requirement (yielding a score of 3), partially consistent with the requirement (scoring a 1), or not consistent with the requirement (scoring a 0). If an individual was only receiving In-reach services or In-reach and Transition Services, the Reviewer may have only scored items related to those services. Likewise, if an individual has been living in the community for several years and no longer receiving In-reach or Transition services, the Reviewer only scored applicable supported housing, community-based mental health services, and supported employment items.

The questions reviewers asked often covered multiple sub-requirements, especially questions in the Discharge and Transition Process section and Community Mental Health Services and Supported Employment sections, as those requirements tend to be overlapping in nature. Some of the numbers associated with individual reviews may be different than the numbers of the types of reviews listed above, based on questions the Review Team was unable to get answers for at the time of the review.

The standards the Review Team developed with the parties provide specificity to the SA requirements for items that did not include numeric measures in the Settlement Agreement. However, of the items included in the questionnaires, the Reviewer made qualitative and quantitative assessments to arrive at each score for most items. For example, one requirement states discharge planning begins at SPH and ACH admission. The review team scored that item as met if discharge planning began within seven days. The review team often asked a number of questions and reviewed documents and charts to determine frequency of visits, assessments, quarterly visits, inclusion of required information in plans or follow-up, and referrals for needed services.

For each of these standards, the Reviewer referenced verification methods; sources of information; criteria for meeting a requirement, partially meeting a requirement, or not meeting a requirement; and applicable scores for meeting a requirement. The Parties reviewed proposed standards, recommended changes, and based on changes, accepted the standards and the methods as valid for this review.

Each member of the review team had already met the inter-rater reliability requirement and had the benefit of consultation with a subject matter expert on any question that required further review before they began reviews on their own. The Independent Reviewer case-judged each review. The review documents included descriptions for each finding for each of the requirements.

For requirements not scored or not including numeric measures, the team reviewed the

State's policies and practices based on the measures, norms, or models in comparative evaluations and standard practices across multiple jurisdictions, as well as its demonstrated success in establishing and implementing programs that achieve outcomes consistent with those required in this Settlement Agreement.

With respect to the SA obligations containing numeric measures, the State collects data to report progress in meeting those requirements. The Reviewer verifies that the State's collection processes yield valid information and reviews the accuracy of data and written materials through interviews and responses to interview questions on a routine basis.

The review team assessed the State's progress in meeting the provisions of the Settlement Agreement through monthly work sessions, data analysis, and review calls with State staff. The Reviewer also assessed progress through discussions with providers and community stakeholders, LME/MCO reviews and SPH and LME/MCO interviews.

In addition to the site visits for individual reviews, the Reviewer and members of her team had calls and meetings with each of the LME/MCO agency leadership and staff, including TCL teams, clinical leadership, care coordination, network management, quality management, housing, and key administrative staff. The calls and meetings covered a summary of findings from the reviews and the State's progress and challenges in meeting each of the major requirements. Vaya and the Alliance now have catchment areas widely spread out geographically and I meet with them in two different locations. These LME/MCOs have expanded geographically since the Cardinal LME/MCO went out of business and providers would have had to travel several hours longer to attend these meetings.

The Reviewer and review team members shadowed one ACT fidelity review, met with peer support staff and housing stakeholders, and listened in on a number of training events (virtually held), including PCP training webinars and monthly Core Pilot calls (see the Supported Employment section of the report).

The FY 2024 LME/MCO review again included a set of meetings with LME/MCO staff, including network management and TCL staff, service providers, primarily ACT, CST and TMS teams, IPS-SE teams, and state and local EIPD staff. The Reviewer and her team's focus for these discussions was the same as previous years with a focus on referrals, integration of supported employment teams with each individual's service provider, access to VR counselors, and added questions regarding individuals expressing concern about losing benefits if they go to work. Dr. Beth Gouse conducted SPH reviews on-site this year. Two other out-of-state reviewers, Elizabeth Jones and David Lynde, conducted

face to face and desk reviews as did in-state reviewers Charlyne Boyette, Lyn Legere, Mary Lloyd, Kim Maguire and Casey Wunsch. Each of the reviewers provided subject matter consultation.

INDIVIDUAL REVIEW FINDINGS

Individual reviews capture the most important aspects of this Agreement and answer four key questions about the State’s performance to meet Settlement requirements. One, what is the individual’s experience of what services and supports they are receiving, or not receiving, and how they are receiving information to help them move to and live in the most integrated setting possible? Two, what support, and assistance did the individual receive to get and keep housing and/or employment and other essential services and supports based on their expressed and apparent needs as determined from interviews and documentation? This included a review of the intensity and frequency of the assistance provided. Three, what supports did the individual receive to help them with their integration into the community, based on their expressed needs? Four, were the services and supports individuals received recovery oriented and community-based? And in summary, did those experiences and support match the actions required in the Settlement Agreement?

As widely recognized, the best source for capturing primary source data for this type of review is through individual interviews. The Reviewer and her team conducted individual interviews in the individual’s home or in a residential or community setting. Secondary source interviews and document reviews are also valuable. Answering these questions enables the Reviewer to assess whether the steps the State is taking to “develop and implement measures to prevent inappropriate institutionalization, discrimination and to provide adequate and appropriate public services and supports identified through person centered planning in the most integrated setting appropriate to meet individual needs,” as required by **Section III. (A)**, will enable the State to meet the Settlement Agreement’s requirements.

Interviews and chart reviews often provide a clearer picture than found in data in determining how well a team works together, across organizations when necessary; why a team, provider, LME/MCO, and the State are or are not making progress; and what needs to happen for the State to meet the Settlement Agreement’s requirements. It was more difficult again in FY 2024 to assess past events, precursors to potential problems, and challenges an individual has faced for individuals previously served by the Cardinal LME/MCO. This is, in large part, because Cardinal staff did not transfer records to a newly assigned LME/MCO.

Figure 2: Demographic, Living Settings, Guardian, FY16-FY23 Reviews

Categories	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Average age	60	47.2	45	51	50	51	45
Female	52%	49%	31%	45%	41%	31%	35%
Male	47%	51%	69%	55%	59%	69%	65%
Living in SH	18 (47%)	30(28%)	42(40%)	28 (37%)	31 (34%)	20 (29%)	30
Living in an ACH	13 (34%)	16(15%)	12(11%)	33(42%)	30 (33%)	20 (29%)	18
Hospitalized in an SPH	2(1%)	10(10%)	23(23%)	5 (6%)	13 (14%)	6 ⁷ (9%)	8
Living in another setting	4 (10%)	49(47%)	27(26%)	12 (15%)	17(19%)	23 (33%)	29
Has a guardian	15%	30%	22%	12%	17%	28%	30%

As referenced in Figure 2 above, in FY 2024, 55, or 65% percent of the 85 individuals in the review sample, were men and 30, or 35%, were women. The average age of the individuals in the individual reviews was 45. Service needs differ for individuals in different age ranges, which has significance for what services the State needs to make available in the service array and what skills and knowledge staff have for providing services to a much younger and much older population. The number of individuals under the age of 50 increased by 52%, and the number of individuals between 51-70 decreased by 6%, resulting in a lower average age in this sample from the FY 2023 sample as shown in Figure 3 below.

Figure 3: Age Distribution

	21-30	31-40	41-50	51-60	61-70	Over 70	Total
FY 2024	11	17	20	18	17 ⁸	2	85
FY 2023	4	13	8	22	16	7	70
FY 2022	12	11	17	26	22	3	91
FY 2021	11	8	13	21	18	7	78
FY 2020	18	22	22	27	11	5	105
FY 2019	19	10	24	20	20	5	98

The Review and her team have conducted 1,180 individual reviews over 9 years, as part of the Individual Review process. In past years, there were also special reviews relating to critical performance issues. In FY 2024 the team interviewed 16 individuals along with the new State-funded review teams, operated by Constellation Quality Health, and then “shadowed” on four additional Constellation reviews. Constellation staff sat in on desk reviews, attended four SPH review sessions and four LME/MCO focus groups. The review team will continue to shadow Constellation in FY 2025 and invite the team members to focus groups, debriefings, and SPH reviews. The Constellation team will

⁷ Two individuals were discharged from an SPH after the name was selected but before the actual review. One was interviewed in his Bridge Housing location.

⁸ Two individuals in this age group were 70 years old.

continue to conduct reviews, and the review team will provide opportunities for team members to learn more about the Settlement Agreement and performance reviews.

As reported in the FY 2023 Annual Report, the State Division of Social Services (DSS) and TCL staff and several LME/MCOs have been assertive in follow-up on guardianship issues and continued to provide information to public guardians on the State's responsibilities in *Olmstead* and this Settlement Agreement. The State DSS has taken on more responsibility for oversight of public and agency guardianship, most importantly intervening with guardians who are not giving individuals the opportunity to consider community housing and other opportunities. Nonetheless there are agency and public guardians who do not visit individuals on a regular basis, sometimes for over a year. Two individuals reviewed had six guardians in the past six years. This resulted in the new guardians not willing to entertain a person's wishes to move to the community.

Physical Disabilities and Chronic Health Conditions: Fifty-three (53) individuals, or 77% of the sample for whom information was available, had at least one serious physical disability, chronic health condition, or deafness/blindness. There was insufficient information provided for six individuals to determine if they had significant health conditions or physical disabilities. This is a similar finding to the FY 2023 review sample with 78% of individuals with available information having at least one chronic health condition or physical disability. As in FY 2023, a significant number of individuals reviewed needed daily assistance, home health and/or health care management, specialty care, accessibility features or equipment, and/or a unit with easier physical access (location of the building or in the building). Forty-six (46), or 66% of the individuals, had 2 or more chronic illnesses and/or physical disabilities. One individual living in the community but needing additional support had nine very serious health conditions. Sixteen (16) individuals had 6 or more conditions.

Fifty-six (56) individuals have had or were continuing to experience trauma, either sexual, physical, or verbal abuse, or a combination thereof. This represents 85% of the individuals for whom information was available. There was insufficient information available for 15 individuals to conclusively determine if they had experienced trauma during their lifetime. Three individuals suffered significant physical injuries, resulting from accidents, and 16 individuals had major physical disabilities requiring either a wheelchair, prosthesis, or other adaptive equipment and accessibility features. This includes four individuals who had amputations. However, two individuals have not gotten needed adaptive equipment. Two individuals had serious vision and hearing loss. One individual has functional capacity that had decreased significantly due to methadone use.

The individual reviews revealed that chronic health conditions are prevalent among the

individuals eligible for services, supports, and supported housing. Below is a breakdown of the most common health conditions. This is likely not a complete list as records may not have full information about health conditions. The most common chronic health conditions include heart disease, diabetes, COPD, osteoarthritis, GERD, asthma, high cholesterol, and seizure disorders. Of the 65 individuals with information on their health conditions, 23 individuals reported to have high blood pressure, chronic heart failure, or another type of heart disease or failure. There were 19 individuals reported to have diabetes, and 7 individuals reported to have COPD. Nine individuals had high cholesterol. Seven individuals were non ambulatory, either because of a single or double amputation or other chronic illnesses. Two individuals have had a stroke. Five individuals had either a degenerative disc disease or back injury. Three individuals had cancer. Two individuals had a traumatic brain injury, and three individuals were visually impaired and/or blind in one eye.

Records reveal a high percentage of individuals have a history and/or are currently using drugs and/or alcohol. At least 29 out of 58, or 50% of individuals with enough information available or through self-report, revealed serious substance use as a contributing factor to their hospitalizations, homelessness, and/or ACH placement. Individuals with a substance use disorder are at high risk for eviction.

One individual had already received a diagnosis of dementia although not reported, as was the case in the last report. There was a report that one individual has a cognitive disorder and is unable to move but her assessment did not confirm that diagnosis. ACH staff and her provider gave this diagnosis as reason to deny the individual an opportunity to move out of an ACH.

Individuals repeatedly expressed concern about their health conditions, particularly those with physical disabilities who need regular and frequent scheduled personal assistance or support, home health, and/or care management for their physical disabilities and chronic medical problems. The State has taken major steps to increase nursing and occupational therapy assessments. The State added funds to LME/MCOs' Medicaid payments for their Complex Care Initiative. This shows the State's clear understanding of the needs of the target population and the potential for these assessments to open up opportunities for individuals to live in the most integrated setting possible. This need extends beyond assessments as some individuals will need daily or frequent personal support. The State is continuing to expand this program.

Living Conditions: The Review Team had access to most ACHs during this review and an opportunity to interview individuals inside and outside the home. The ACHs continue to range from clean to homes that appeared poorly maintained, mostly due to the age of the building, being loud and not inviting, with crowded and dimly lit hallways and rooms,

and individuals with clothes that were dirty and did not fit them.

There were five individuals in the review sample, with at least three were referred by hospital staff and the other two by a community provider to and living in unlicensed group homes or boarding homes where their rights were violated. This does not include the Individuals discharged from SPHs who often demand release as soon as their commitment status changes from involuntary to voluntary or when bridge housing not available. Residents of unlicensed group homes typically pay between \$600 or \$800 a month in rent and have to buy some or all of their meals. Two of the homes were infested with lice and bed bugs.

As in the last two annual reviews, most rental units where individuals are living appear to be in reasonably good condition, well maintained, relatively clean, and not overly cluttered. The State continues to be very close to meeting housing location requirements. However, as with previous reports, several individuals could point to or report problems with their living conditions and the location of their housing, as detailed below.

Two individuals raised concerns about the distance to amenities and inability to get a job because of the lack of public transportation near their apartment. Three individuals were clear they wanted to move, related to their neighborhood being unsafe.

I. COMMUNITY BASED SUPPORTED HOUSING SLOTS

Major Categories ⁹	Standards	Progress towards Meeting the Requirements
<p>1. Section III. (B)(1)(2) requires the State to develop and implement measures to provide eligible individuals with access to community-based supported housing (SH).</p>	<p>1. The State has developed measures to enable individuals in all five priority groups to access SH when exiting ACHs; when discharged from an SPH, if they would otherwise become homeless or move to unstable housing; or when an individual becomes TCL eligible during or after pre-screening.</p> <p>2. The State has implemented such measures to ensure access to SH for all five priority groups.</p> <p>3. The State uses bridge housing to enhance the potential for “access” to permanent housing.</p>	<p>The State is not meeting the requirement to develop measures and take steps to fulfill requirements for timely access to SH. The FY 2024 individual reviews revealed that access for individuals choosing supported housing had been challenging or not accomplished for 34 of the 54 individuals necessary to meet this requirement. This included 14 out of the 20 individuals residing in ACHs and on In-reach status plus 19 individuals living in unsafe locations, i.e., a boarding house, hotel (not bridge), a shelter, with family on a temporary basis because they had no place else to live, an unlicensed group home, or with a family who refused to allow an individual to move to their home. Records and data supported this finding.</p> <p>Only 38.8% of individuals transitioned to supported housing after receiving a housing slot within the required time period (90 days) for the first three quarters of FY 2024. The average time from receiving a slot to transitioning was 186 days.</p>
<p>2. Section III. (B)(3) The State will provide housing slots to 3,000 individuals by July 1, 2021, and will retain housing slots for individuals who have housing slots on March 1, 2021, as long as they do not oppose supported housing and supported housing remains appropriate for them.</p>	<p>Same as requirement.</p>	<p>The State met this requirement in September 2021.</p> <p>Three thousand six hundred and fifty-four (3,654) individuals were occupying housing slots on June 30, 2024, an increase of 8% during FY 2024.</p>

⁹ This is a summary of major categories and standards for some requirements and/or not included if met in previous years (see notes in each section).

Major Categories	Standards	Progress towards Meeting the Requirements
<p>3. Section III. (B)(4). The State shall develop rules to establish processes and procedures for determining eligibility for SH in accordance with the requirement for priority groups set forth in Section III (B)(2) of the Agreement.</p>	<p>Same as requirement.</p>	<p>The State is meeting this requirement and will only have a review to the extent necessary to determine whether the State has materially regressed and, if not meeting, how it affects other continuing obligations of the Agreement.</p>
<p>4. Section III. B. (5) As of January 1, 2024, the State shall provide housing slots to 1,633 of the individuals and as of January 1, 2025, the State shall provide housing slots to 1,817 individuals as described in Sections III(B)(2(a), (b) and (c) of this Agreement. The State shall provide housing slots to 2,000 such individuals by July 1, 2025.</p>	<p>Same as requirement.</p>	<p>The State did not meet the Settlement requirement to provide housing slots to 2,000 individuals by July 1, 2024. The number of individuals occupying housing slots after exiting ACHs was 1,000, a net gain of 43 in FY 2024. Two hundred and six (206) individuals who had exited ACHs separated from housing in FY 2024; 110 of those individuals died, 38 returned to ACHs and 11 moved into skilled nursing during the year.</p>
<p>5. Section III. (B)(7) (a.-g.) The State will provide housing slots for individuals to live in settings that meet these criteria:</p> <ul style="list-style-type: none"> a. They are permanent housing with Tenancy Rights. b. They include tenancy support services that enable residents to attain and maintain integrated, affordable housing. c. They enable individuals with disabilities to interact with individuals without disabilities to the fullest extent possible. d. They do not limit individuals’ ability to access community activities at times, frequencies, and with persons of their choosing. e. They are scattered site housing. f. They offer individuals choice in their daily activities such as eating, bathing, sleeping, visiting, and other typical daily activities. g. The priority is for single occupancy housing. 	<p>Housing slots meet the following criteria if they:</p> <ul style="list-style-type: none"> a. are permanent with rights of tenancy; b. enable the individual to get tenancy support to meet tenancy requirements and advocate for their rights; c. the housing location makes interaction with individuals without disabilities possible; d. do not limit access to community activities and with persons of their choosing; e. meet the scattered site requirement; f. provide a choice in living activities, accessible features and personal support; and g. priority is for single occupancy. 	<p>Based on a review of provider and LME/MCO records, provider, guardian, key informant, and LME/MCO interviews, and individual visits, conducted during the spring of FY 2024, the State is making progress but not meeting the requirements for Section III. (B)(7)(a, b-d and f). Section (B)(7)(b) also includes a service and is reviewed as part of Section III (C) Community Based Mental Health Services.</p> <p>The State has made progress for affording tenancy rights and meeting locations requirements for individuals who move to supported housing but based on reviews providers and LME/MCO staff have referred individuals to housing that does not meet these requirements and not referred individuals living in such locations to supported housing.</p> <p>The State continues to meet the scattered site and single occupancy housing requirements in Section III (B)(7) (e. and g.) and these are only subject to review to the extent necessary to determine if the State has materially regressed and to interpret other, continuing obligations in this Agreement.</p>

Major Categories	Standards	Progress Toward Meeting this Requirement
<p>6. Section III. (B)(8)(9) These sections describe where the State cannot use slots and the process for giving individuals the choice of housing after being informed of all the available options.</p>	<p>Same as requirement.</p>	<p>The State is continuing to meet this requirement and there will only be a review of this item to the extent necessary to determine if the State has materially regressed and to interpret other, continuing obligations in this Agreement.</p>

1. Background

The Community-Based Supported Housing (SH) slot requirements in the Settlement Agreement require a comprehensive approach to providing access to supported housing and supportive services and to maintain tenancy in integrated, community-based housing for individuals in the target population. The approach to meeting supported housing requirements necessitates the LME/MCOs have efficient and effective access to assure the State can meet requirements in this Settlement Agreement. It requires meeting Settlement targets for access to supported housing including targets for individuals exiting adult care homes. It requires attention to individuals’ access, including physical access to community activities and amenities, access to individuals who do not have disabilities, tenancy rights when trying to lease a rental unit and/or keep housing, and choice in their daily activities.

The State began to develop new measures and incentives to provide individuals access to supported housing as required in **Section III. (B)(1)** but is still working toward ensuring individuals have access in a timely manner, especially ACH residents which the SA refers to as having priority for housing slots. In the FY 2024 review, 11 individuals residing in ACHs expressed interest in moving but staff obstructed their moving, did not provide timely assistance, or did not give any reason for not helping them move to supported housing. There were 5 individuals in the FY 2024 who were referred to unlicensed group homes or boarding homes. They did not have tenancy rights. The homes are often unsafe, the unlicensed group homes are lice and bed bug infested, and individuals pay either \$600 or \$800 in rent in addition to buying some or all of their food. These numbers do not include the number of individuals who chose one of those locations or a motel before being referred to TCL. However LME/MCO staff had only assisted 1 individual living in one of these locations to move to permanent supported housing even though they had a housing slot, which includes a rental subsidy, available to them.

Through substantial increases in Targeted Units in FY 2024, there is greater availability of new federal Low Income Housing Tax Credit (LIHTC) properties. HUD increased its Fair

Market Rental calculations in 2022, 2023 and 2024, which has enabled the State and Public Housing Authorities (PHAs) to increase subsidy levels. The HFA will also begin allocating HUD 811 Project Based Rental Assistance (PRA) in FY 2025. This enables the State to stretch its rental assistance further. The LIHTC property increases, including the 4% bond financing housing, will continue through FY 2025 and FY 2026.

The State initiated a “Housing Pilot” with Vaya and the Alliance in FY 2024. Part of the pilot program consisted of changing which entities in the State have primary responsibility to interface with affordable housing developers who set aside units for the Transitions to Community Living program. Historically, this authority has rested with the DHHS Division of Aging and Adult Services’ Regional Housing Coordinators (RHCs). The State did not give this authority to Vaya and Alliance until the last quarter of FY 2024. The two LME/MCOs did not get access to the Vacancy and Referral (V&R) information system, which is critical to this endeavor, until after the end of FY 2024.

The Pilot gave these two LME/MCOs limited authority and responsibility to develop relationships directly with developers and property managers who have constructed or rehabilitated new LIHTC- and bond-financed properties before the owners begin the process of filling units.

As is the case in most states, the LME/MCO has responsibility for serving at least 80% of the overall population who qualify for supported housing. In states where multiple organizations have responsibility for serving individuals in housing, each of the organizations typically has identical responsibility for pre-tenancy, move-in, post tenancy tasks and services. One services coordinator typically manages the waiting list along with the HFA and assist when needed and mediates disputes when issues arise with their relationships with landlords and property managers. This is important because communication with property managers is a key to successful tenancy and it is the LME/MCO and provider staff who have the responsibility to provide tenancy support services, not the Regional Housing Coordinators.

But a challenge with the pilot is that the State, after giving the two LME/MCOs authority to establish relationships with owners and property managers, required that this authority would revert to the RHCs 90 days after an individual moved into a unit, ostensibly because there are individuals with other disabilities living in the same property and the RHCs were already serving as their point of contact. However as stated above, approximately 80% of individuals qualifying for this set-aside are individuals for whom the LME/MCOs have responsibility to serve. This means the LME/MCO, which also has responsibility for tenancy support, is ideally suited to take on responsibility not just after 90 days but for all the

populations they have responsibility for serving. This includes the LME/MCOs taking on responsibility for individuals they are responsible for serving already living in a targeted unit.

These policies undercut the LME/MCOs' authority. This shift defies logic and is counter to best practice. This is even more puzzling when considering the State has given the LME/MCOs responsibility for the Settlement Agreement requirements for landlord and owner engagement before and after an individual moves into a unit in both their state contract and service definitions. This responsibility is also defined in **(Section III (B)(7) and Section III (C))**. Splitting this requirement between the LME/MCOs and the RHCs has ramifications for the State to meet these requirements. The LME/MCOs have had this responsibility for individuals living in private units since 2013.

The State met the Section III. **(B)(3)** requirement for 3,000 occupied supported housing slots in September 2021. The State ended FY 2024 with 3,654 individuals occupying SH slots. The State is taking advantage of federal funding to create funding opportunities for rental assistance and housing development. These funds will provide individuals in the target population access to newly constructed or rehabilitated affordable housing now and in the future with new anticipated funding opportunities and already pledged financing.

The State has done an excellent job making housing available through HFA actions, increased state funded rental assistance, and LME/MCO outreach to landlords. The State should also continue to incentivize LME/MCOs to assist more individuals to move into supported housing. Likewise, the LME/MCOs have shown great progress managing their housing programs, adding supports and accessible features, and ensuring units meet inspections.

The NC HFA has continued to work with developers to add units in rental properties for individuals in the target population, other individuals with disabilities and individuals experiencing homelessness. The HFA continues to provide opportunities through the Integrated Supported Housing Program (ISHP) and Supported Housing Program (SHP), which set aside affordable units for individuals who qualify for the NC HFA permanent supported housing program. To further the availability of units in Low Income Housing Tax Credit (LIHTC) properties, the HFA used unspent rental funds available to TCL to create an Integrated Supported Housing Program (ISHP) in 2017 to set aside additional units in new projects for the TCL target population. This was helpful to developers who were experiencing a shortfall in funds to finance projects when costs to build were increasing. It also expanded the number of units dedicated to TCL members in scattered site housing.

The total supported housing units available to the TCL target population with ISHP is 243. However, even though the units have been used extensively with turnover, only 115 individuals were occupying those units at the end of June 2024. Prioritizing filling these

vacancies would have two advantages. One, it would enable the State to use of its already allocated state rental assistance that was not used in the year it was funded from the state's general fund. This was made possible with budget State budge language enabling the state to use unspent funds for expanding housing opportunities. Two, these HFA resources can then be used as part of a capital allocation to a developer in return for lowering rents making housing more affordable to individuals in TCL over a 15 year period of time and thus not subject to the State's annual budget process.

The State reported that there were 357 Low Income Housing Tax Credit (LIHTC) targeted units (targeted for individuals with disabilities) scheduled to be "placed in service"¹⁰ between January 2024 and June 2024; an increase of 200 units from the same time period in FY 2023. The State projects 505 LIHTC targeted units will be "placed in service" between July and December 2024, for a total of 862 units in CY 2024. Early indications are that another 789 units will be available in CY 2025 and 655 in CY 2026. These estimates are subject to change based on the availability of financing and access to materials.

This is an extraordinary number of new LIHTC units. This number does not include an additional 717 bond-financed units also becoming available, but with uncertain dates. If all the targeted units, excluding the bond units, materialize in the Alliance catchment area, they could have an additional 819 LIHTC units in CY 2024 and CY 2025. Other LMEs would also have an unprecedented number of LIHTC, and bond-financed targeted units: Partners (234), Trillium (413), and Vaya (174), for a total of 1640 units. When adding bond-financed units, along with an additional 207 units planned to come online between June and December 2026, the State could gain an unprecedented 2,556 new targeted units between January 2024 and June 2026. The NC HFA indicated there were 6,729 vacancies reported in FY 2024 with an average of 561 reported every month which could include the same vacancies reported over a multiple number of months. These numbers only include targeted units. These resources are important given that rents have increased in most North Carolina communities. This means that the contribution of state subsidies will not cover as much rent as they did when the rents were lower. This requires more state resources per unit than in earlier years. The National Low-Income Housing Coalition's recent "Housing Gap" report¹¹ showed that in North Carolina there are only 39 rental units per 100 households for individuals at the same income level as TCL recipients, down from 45 rental units per 100 hundred households in 2022. The numbers were lower in FY 2024 per 100 households in Charlotte (32) and Raleigh (29). The State's focused efforts to increase resources for TCL recipients could not come at a better time. HUD's 2023 Worst Case Housing Needs Report

¹⁰ The certification date of the first unit is when a property is suitable for occupancy according to state and federal rules. It is different from the date the owner gets an occupancy permit to begin filling units.

¹¹ *The Gap Report: A Shortage of Affordable Homes*. The National Low-Income Housing Coalition: 2023.

reported two in seven renter households with worse case needs included people with disabilities younger than age 62¹².

The NC HFA and the US Department of Housing and Urban development (HUD) reported the contract for adding HUD 811 funding for 160 units in LIHTC properties occurred in FY 2023. An additional \$11,997,000 was awarded to the NC HFA in August 2024. This funding will enable the NC HFA to create 225 additional project-based rentals as part of the LIHTC program. HUD reports that Fair Market Rents (FMR) increased in October 2023 by 12%, enabling the State to utilize its rental assistance in units with higher rent requirements. This comes after a 13% FMR increase in October 2022. The FY 2025 increase is only 4%. The increase may vary in jurisdictions across the state. HUD will announce new adjustments in October 2024.

The local Public Housing Authorities (PHAs) in the state have received awards for 1,855 HUD Mainstream Vouchers since FY 2017. These rental vouchers serve households that include a non-elderly person with a disability. The upside to filling rental units by using these vouchers is two-fold. One, it means HUD is covering the cost of rent rather than the State relying solely on state rental assistance and limited HUD 811 project-based subsidies. Two, it enables the LME/MCOs to build a positive relationship with PHAs in their community, as described below.

By April 2024, 60.5% or 1,142 individuals awarded a Mainstream Voucher had a lease for a rental unit. These vouchers are an important resource for the State, though they can be difficult to leverage. HUD has awarded these vouchers to 24 PHAs in NC. Only 11 PHAs averaged more than 60% of individuals having leased rental units using one of these vouchers. The challenge using these vouchers is two-fold. First, if individuals are already renting from a private owner, the owner must agree to meet the terms of and accept a HUD Tenant Based Voucher administered by the PHA. This is sometimes difficult to accomplish because the landlord must complete more paperwork and additional Section 8 requirements.

Second, HUD requires that the PHA have an agreement with a service organization to receive an award of Mainstream Vouchers. In the case of TCL recipients, this is an LME/MCO. The LME/MCO and local PHAs must establish an effective working relationship for this to occur. This last challenge has created delays in getting Mainstream Vouchers awarded to eligible recipients because PHAs have limited administrative funds with mounting requirements and view this requirement as additional work rather than additional support. Nonetheless,

¹² *Worst Case Housing Needs: Report to Congress*. US Department of Housing and Urban Development, Office of Policy Development and Research: 2023.

the LME/MCOs value this opportunity and are continuing to try to support PHAs and to pursue these relationships. These relationships can reap benefits in the future as well.

The State has exceeded the requirement (**Section III (B)(3)**) that 3,000 individuals occupy housing slots but has not met the requirement that 2,000 of the 3,000 individuals residing in supported housing on the Agreement's termination date be individuals who transitioned out of ACHs in **Section III. (B)(5)**. The State has intensified this effort but there is almost no change in the numbers of individuals moving from ACHs occupying SH in this reporting period. The findings section below describes findings regarding the State's lack of progress toward meeting this requirement.

The State continues to take steps to meet obligations in the housing settings and tenancy support requirements in **Section III. (B)(7)(a.-d. and f.)** and is close to meeting sub-requirements (**c. and d.**). These are important requirements as they include the steps the State must take for individuals to have tenancy rights, live in safe locations where they can interact with individuals without disabilities, and live in integrated settings that afford accessibility and choice of daily living activities, do not limit access to community activities, and enable interaction with non-disabled persons.

The State still has a bifurcated tenancy support system with staff with tenancy support responsibilities reliant on Regional Housing Coordinators to relay tenancy concerns to staff who could resolve these more fully and quickly if given the opportunity. Another benefit of the TPs taking more responsibility is their opportunity to build relationships with property managers who have responsibilities for filling units with project rental assistance (PRA) rather than leasing units to individuals with portable tenant based vouchers. TPs are in a unique position to help individuals find other places to live using a tenant based voucher when necessary and fill vacant Targeted units quickly which is of benefit to property owners and managers.

2. Findings

1. The State has not met the **Community Based Supported Housing Slots Section III. (B)(1)** requirement to develop and implement effective measures to provide individuals access to community housing within 90 days after individuals are issued a housing slot. See Figure 4 below.
2. The State score for supported housing access for individuals reviewed in FY 2024 was 1.50 on a 3-point scale, a drop from 1.7 in FY 2023 and an even greater drop from FY 2021 and FY 2022. Twenty-five (25) out of 60 individuals, or only 41% of individuals in the FY 2024 spring review who had moved or were in the process of moving into supported housing, received the support they needed to access housing in a location they chose in a timely manner. This data reveals a persistent pattern over time. The affordable housing

crisis impacts the number of private units available but does not impact targeted units. New units are steadily becoming available, and units remain available on turnover.

There were 19 individuals who were not living in SH at the time of the review. Two (2) individuals had lost housing after moving in SH but the other 17 did not have access to housing.

Figure 4: Percentage of Individuals Who Moved to Supported Housing After Receiving a Housing Slot within 90 days

LME/MCO	2017	2018	2019	2020	2021	2022	2023	2024
Alliance	31.3%	24.3%	41.0%	45.0%	37.3%	28.9%	21.2%	20.7%
Eastpointe	80.0%	71.0%	67.8%	69.7%	62.0%	51.8%	49.2%	28.4%
Partners	67.6%	57.4%	88.8%	87.0%	89.7%	68.6%	82.3%	62.3%
Sandhills	59.5%	47.7%	84.7%	90.5%	72.8%	60.0%	22.0%	21.7%
Trillium	88.2%	84.1%	65.8%	70.4%	68.8%	55.6%	60.6%	33.0%
Vaya	61.1%	90.0%	89.3%	86.8%	75.2%	52.1%	29.4%	34.9%
State Total	61.6%	53.6%	63.0%	66.1%	58.4%	47.4%	38.9%	38.8%

The State met the Settlement requirement for 3,000 individuals occupying housing slots (**Section III.[B][3]**) in September 2021, reaching 3,088 filled slots by June 30, 2022, and 3,654 by June 30, 2024, as depicted in Figure 5 below. Unless separations increase at a greater rate than individuals occupying slots, the State will continue to meet this requirement.

1. The State has not maintained its FY 2019 pace of filling housing slots. Thirty-five (35) individuals returned to ACHs in FY 2024 after a higher number, 65 individuals, returned in FY 2023. Five hundred and twenty one (521) individuals who moved to SH have returned to ACHs (or AFLs) since FY 2013. FY 2024 marks a record drop in the number of individuals returning to ACHs since 2015. The average number of individuals returning to an ACH annually since 2015 is 56.
3. As depicted in Figures 5 and Figure 6 above, the State is not on track to meet the requirement for 2,000 individuals occupying housing slots from Categories **Section III (B)(5) a.-c. (also referred to as categories (1-3))**. The number of individuals living in supported housing after exiting ACHs at the end of FY 2024 was 1000, a net increase of 43 from FY 2023.

Figure 5: NC DHHS Transitions to Community Living Initiative in FY 2024 and Retention Rate Life of the Program

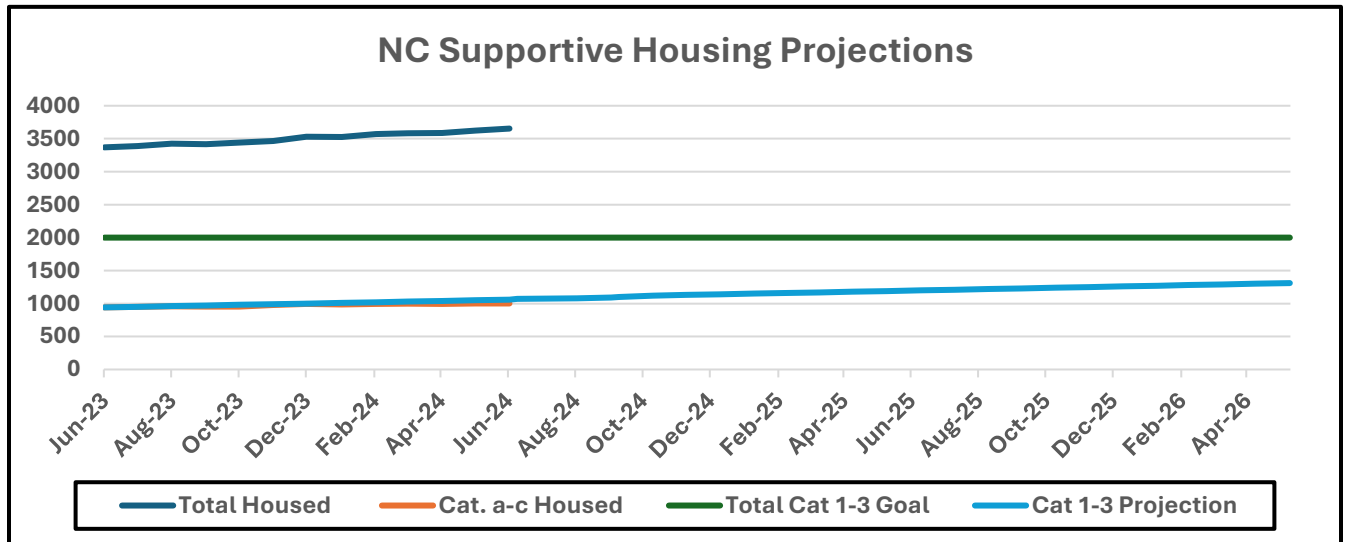


Figure 6: NC Supported Housing Increases for all Individuals and those in Categories 1-3

(B)(2) Category	SH Occupied end of FY 22 to end of FY 23	Retention Rate Life of the Program	Required [per III(B)(5) and (B)(3)]
a-c: ACH residents	957/1000	2177/1000	2,000
d. SPH patients ¹⁴	538/557	1036/538	1,000
e: Diverted	1608/1838	2424/1608	

- The LME/MCOs have increasingly focused on re-housing individuals who leave housing, either to return to ACHs after being evicted, hospitalized for medical reasons, or having left housing for other reasons. When calculating the time individuals have lived in housing, the average time increases from 53.8% after two years for an individual’s first tenancy to 69.1% of individuals living in SH for two years overall.
- Thirty seven percent (37%) of individuals exited housing, returning to ACHs, skilled nursing or have died. LME/MCOs ranged in their success and persistence in finding ways to assist individuals to get and keep housing in FY 2024 as depicted in Figure 7 below. Figure 7 shows a significant increase for Trillium at year end based on the Eastpointe and Sandfills mergers. The increase in individuals living in supported housing remained virtually the same between FY 2023 when the average increase was 29 individuals per month and in FY 2024 when the average increase was 26 per month. This is still below the average gain of 34 individuals per month between FY 2020 and FY 2021. Vaya had both a gain in individuals occupying housing slots and an increase of individuals exiting

ACHs occupying slots, while the Alliance and Partners gained higher numbers in occupying slots but net losses in individuals occupying housing slots after exiting ACHs.

Figure 7: Gain/Loss in Occupied Housing Slots Across Priority Populations by LME/MCO from FY 2023 to FY 2024

	FY 23 occupied housing slots	Net gain of occupied housing slots in FY 24 ¹³	# Increase with transfers of occupied housing slots in category a.-c. (ACH) ¹⁴	# Increase in category d. (SPH discharges) ⁷	# Increase In category e. (diversion) ⁷
Alliance	1067	52	16	52	14
Eastpointe	282	---	---	---	---
Partners	551	130	14	6	11
Sandhills	367	---	---	---	---
Trillium	488	9	295	153	353
Vaya	397	113	24	25	59
Total	3350	304	43	57	198

4. Sixteen (16) individuals who had access or housing stability challenges have serious medical issues and would need an accessible unit, accessibility features, and/or in-home support for their complex health conditions. This includes personal care, home health and/or other support for their accessibility needs and managing their chronic health conditions and physical health issues, including recovering from infections and wounds. LME/MCO staff also reported not getting accurate, or any, information on where individuals were living or phone numbers for individuals after their move.
5. Other individuals had access challenges related to the approach staff took to support them with accessing housing. Below are three examples of challenges individuals faced accessing housing:

One man moved into housing in 2017, had multiple hospitalizations but was never evicted. At discharge from a hospital in 2020, his attending psychiatrist ordered that he move to another setting and without the opportunity to return to his apartment to get his belongings. He was only given one choice by his ACT team and that was to move to an unlicensed group home where he continues to reside with no help to return to supported housing. He sleeps on a mattress and the home has reportedly had bed bugs twice in the past year and a half. He pays \$800 in rent to the unlicensed home but does not get 3

¹³ These numbers include individuals transitioned from Cardinal in FY 2022. Alliance, Partners, and Vaya added most of the individuals occupying housing.

¹⁴ These numbers include individuals transitioned from Eastpointe and Sandfills in FY 2024. Trillium added the most individuals occupying housing.

meals a day. He wants to explore employment and is trying on his own. The ACT team discussed his move for over a year but did not provide him with help or a referral to the LME for assistance. They have known he needs help getting an identification card, but he has not received any help for this either and the team told him he would have to buy his own furniture and pay his deposit and his rent.

Another example is of a man who indicated his desire to move in November 2023 when seen during a fall review. He reported that he needed surgery, but his OT recommended he not move until after he lost weight and had knee surgery. The surgery is not a knee replacement but tendon repairs. The reviewer saw him again in May and he reported that, with help with a low calorie diet, he was making progress losing weight. Staff reported they could not move forward with seeking housing until staff completed an in-reach tool the State designed to guide conversations with ACH residents to help them decide whether they want to move to the community. No one helped him with that or with getting identification cards. Someone had stolen his identification card earlier. Meanwhile his girlfriend who he wants to move in with is ready to move.

The third individual is a man seen by a reviewer in May 2024 who moved into housing in 2023 but left his apartment after an incident in 2024. He was living in a boarding house that his guardian considered unsafe. The guardian had asked repeatedly for a rehousing opportunity. The man's provider is also supportive. But the Tailored Care Manager (TCM) told the guardian he could not get the housing process started until October. When asked about this delay, the TCM said they had staffing issues and could not proceed until October.

6. The State increased the number of individuals completing its short-term Targeted Unit Transition Program (TUTP), often referred to as a "bridge" program or "temporary housing," by 188 in FY 2024 to a high of 1,304. The program has demonstrated success as a gateway to permanent supported housing with 87% of individuals moving into supported housing during or after they completed their TUTP planned stay. This is down from 91% in FY 2023 but has remained in the range of 91%- to 87% for several years. Bridge housing can be helpful as a bridge to permanent housing for individuals discharged from SPHs, especially for individuals with short stays who cannot make permanent living arrangements quickly, for individuals diverted from an ACH who are living in unstable housing, or individuals discharged from a general hospital psychiatric unit or an emergency room. Bridge housing can also be helpful for individuals who choose to leave an ACH before finalizing their living arrangements.

The State continues to commit resources for both bridge and enhanced bridge programs for two reasons. Enhanced bridge is a newer program and enables individuals to stay

longer than 90 days if necessary to move into their permanent housing. This helps individuals adapt to community living and get housing in the location they choose.

This also helps individuals who need more assistance with their daily living skills, decision making, and self-care management, especially related to their health condition or physical disability.

Transition Coordinators and individuals themselves can gain more confidence in the individual's ability to live with supports in the community. Secondly, this provides more time, if needed, for individuals to get accessible features installed in their new home or made available for the individual to move.

7. There was a net gain of 43 individuals living in SH after moving from ACHs in FY 2024, but 34 individuals returned to ACHs during FY 2024. Five hundred and fourteen (514) individuals have returned to ACHs since the State began collecting this data 10 years ago. Individuals who returned have given a number of reasons. Most individuals reported either health reasons, felt like they could not manage on their own, were lonely, or missed their friends. These reasons are correlated with a lack of connection to natural supports, to health care, to peers, and to family as well as challenges in getting more formal supports, and assistance with daily living tasks and services on a consistent basis. Since the inception of the Settlement, 10% or 646 of the individuals who moved to Supported Housing have died. Given the health conditions and age of the individuals who have moved, this is an expected percentage and there continues to be no evidence that moving was the cause of death for most individuals. There have only been a limited number of individuals who died by accident, foul play, or negligence.
8. Fourteen (14) individuals in the FY 2024 review who transitioned to the community from ACHs and/or diverted from ACHs got seamless support between providers and transition coordinators, resulting in timely access to quality, accessible (when necessary) housing. Fourteen (14) individuals received more limited support, and 14 individuals did not receive support from their provider as needed.

Several individuals received assistance with their tenancy rights as needed and support with daily and community living skills. Interestingly, the providers assisting these individuals were also the most effective in delivering evidenced-based, recovery-based services. One individual hospitalized at an SPH was getting support for a direct move into supported housing.

9. There were 44 individuals denied a lease based on their criminal, credit history, or landlord decision in FY 2024, a decrease of 10 from FY 2023 in the State's LIHTC targeted program. Only 15 individuals appealed the decision, with 9 appeals approved; 1 individual withdrew their appeal. In FY 2024, 60% of individuals who appealed were

successful in overturning a denial. While the number of individuals with successful appeals meets the national average, it is more striking that 29 individuals out of 44 individuals did not appeal the decision. There are still incidents when staff do not recommend a referral to a targeted unit because of the individuals' criminal background and the potential they will be denied based on their history.

The State is supporting the LME/MCOs with incentive and other available funding to make arrangements with Legal Aid of North Carolina and external attorneys to make legal assistance available for supporting reasonable accommodation requests and appeals when necessary. Vaya also funded Pisgah legal Services with incentive funds. These organizations are also beginning to assist individuals to have allowable criminal records expunged, eliminating this barrier to individuals leasing a rental unit and for other reasons including securing employment. Lastly, it is important LME/MCOs ensure staff (housing support, provider and transition coordinators) get trained and demonstrate competencies in supporting individuals to request reasonable accommodation and assist individuals to get allowable criminal records expunged. It is important that each LME/MCO monitor this process as a standard practice for everyone with a criminal record.

10. Staff report that 176 individuals withdrew their request for a housing unit in a LIHTC development in FY 2024. Of those, 83 individuals withdrew their request after contact with the property manager or landlord, suggesting that many had a negative, and possibly discriminatory [?], experience in the landlord interaction. The reasons for these withdrawals vary but were often related to individuals changing their mind about applying, unit not becoming available, individuals denied with no reason given, or the unit not meeting the individual's needs.
11. The State developed an Incentive Plan for LME/MCOS with performance targets beginning in FY 2022. In FY 2024 the State's Incentive Plan included targets for: 1) supported housing net transitions; 2) ACH transitions; 3) Target/Key utilization; and 4) the quarterly housing separation rate. Two LME/MCOs met all four targets in the fourth quarter. The State set a payment schedule and added funds to spur development of peer run respite and enhanced bridge and other bridge programs, accessibility funding, funding for retainer fees to Legal Aid, training, transportation, and other start-up funding. The State's overall expenditures for incentives and other funding for new proposals was \$6,595,637 in FY 2024, with \$3,053,958 of that total allocated to the LME/MCOs for hitting specific targets.

The overall lowest number of quarterly target expectations met was for increasing **(B)(5) (a-c)** housing referrals for ACH residents. Three out of four LME/MCOs met the target for

ACH transitions in the second quarter (Oct-Dec 2023) but this dropped to two LME/MCOs meeting this target in the fourth quarter (Apr-Jun 2024).

12. The State did not fully meet **Section III. (B)(7)(a)(b)(d)and (f)** requirements for housing that is permanent with tenancy rights, tenancy support and a choice in daily life activities.

Meeting the tenancy rights requirement **(B)(7)(a)** continues to be a challenge in two ways. One, we continue to see individuals living in housing that does not afford them tenancy rights. This applied to five individuals in the spring review. There were two individuals denied housing who did not make a reasonable accommodation request. In addition, 10 individuals withdrew their appeal. Meeting the location requirements in **(B)(7)(c.-d.)** is somewhat related to the tenancy rights issues as individuals do not have access to amenities with little or no money nor the opportunity to interact with individuals who do not have disabilities.

While tenancy support is written into LME/MCO and provider requirements, the State is continuing to use DAAS staff to provide a key part of the essential tenancy support functions for individuals living in targeted units **(B)(7)(b)**. This usurps the LME/MCO and the provider's role because of DAAS's privileged position vis a vis property managers. In turn this impedes the State's ability to build stronger relationships between the LME/MCO and provider staff and property managers as defined in the Settlement Agreement and consistent with best practice for producing positive results. With one limited exception, the LME/MCO and service provider staff who are responsible for tenancy support do not have access to property managers to deal with any concerns that arise. This is essential for staff to resolve issues related to individuals maintaining their housing.

This year's review confirms individuals have access to interact with individuals without disabilities **(B)(7)(c)**, typically family members and church members. There are still challenges with affording individuals access to community activities, but the LME/MCO have improved access through various peer support options.

4. Progress and Recommendations

Progress

Recommendations below focus specifically on three requirements and four sub-requirements where the State needs to make improvements and adjustments to meet the outstanding Settlement Agreement Community-Based Supported Housing requirements. These include **Section III. (B)(1), (B)(5) and (B)(7)(a.-d. and f.)**. Each of these requirements has implications for the State meeting Discharge and Transition process requirements.

These include improvements for access to housing, tenancy support including housing sustainability, choice of activities, and meeting the provision for 2,000 former ACH residents to occupy slots from **Section III. (B)(5) Categories (2)(a.-c.)**.

Recommendations:

1. Improve timely access to supported housing **Section III. (B)(1)**. The State’s new “Housing Pilot” is demonstrating progress. Expand this process statewide as soon as possible. The State should give TPs full responsibility for tenancy support, not just before a filling a “new unit” but also after filling the unit, for all turnover units, and for individuals already occupying target units, to better meet tenancy support requirements. Ensure TPs collaborate with each other when new units are available, particularly in areas where a TP boundary connects with another TP(s).
2. Continue to ensure the availability of legal assistance, including assistance with criminal record expungement challenges individuals have post-move-in, and the practice of requesting reasonable accommodations from landlords for individuals whose criminal and credit histories are related to their disability. Provide every individual who needs this assistance with information regarding this legal assistance.

As recommended in FY 2022 and 2023, re-evaluate HFA tenant selection policies and update, if necessary, based on updated experience and the most current data available. LME/MCOs report that there were some individuals denied a lease based on a company policy that does not take into account individual circumstances. For example, a property management company may use categories and issue blanket denials without regard to the individual’s circumstances or age at the time of the conviction.

3. Continue to place priority on meeting **Section III. (B)(5)** requirements. Continue the performance improvement initiative to analyze possibilities and increase ACH referrals to supported housing. Plan as necessary to meet targets, and to expand nursing and occupational therapy assessments for each ACH resident in each LME/MCO area, making pre-tenancy, move-in, and post-tenancy arrangements for home health, occupational therapy, personal care services, occupational therapy, and provider-based tenancy support.
4. Continue to provide individuals access to community activities of an individual’s choosing and continue focusing on affording individuals their choice in daily life activities with in-home support at the level required for an individual to remain in their home.

II. COMMUNITY BASED MENTAL HEALTH SERVICES

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>Section III. (C) (1-2) The State shall provide access to the array and intensity of services and support to enable individuals in or at risk of entry to adult care homes to successfully transition to and live in the community. Requirements apply to individuals with a housing slot and to those not receiving a housing slot.</p>	<p>These two requirements specify that access to services and supports for each individual is available with services coverage under the Medicaid state plan or as part of the state funded service array.</p>	<p>The State did not meet this requirement in FY 2024 and is not on track to meet this requirement in FY 2025. The State has not made the necessary shift in its approach to services access, including timeliness, type, array, and intensity, to enable individuals to transition to and live successfully in the community.</p>
<p>Section III. (C)(3) The State is required to provide recovery focused and evidenced based services, flexible to meet the needs of each individual, to help individuals to increase their ability to recognize and deal with situations that could result in a crisis, and to help increase and strengthen the individual’s network of community and natural supports and their use of such supports for crisis prevention/intervention.</p>	<p>Services and supports are to be evidence-based, recovery-focused, and community-based. Services are to be flexible, individualized, focused on community integration and building natural supports to help prevent or manage crises.</p>	<p>The State did not meet this requirement in FY 2024 and is not on track to meet this requirement in FY 2025. Services for the most part as illustrated in this report are not sufficiently recovery-focused, community-based, flexible, individualized, focused on community integration and building natural supports to help prevent or manage crises or to help eliminate, reduce, or manage situations that may result in crises.</p>
<p>Section III. (C)(4) requires the State to provide a specific set of community-based mental health services and other specific services included in the State’s service array as set forth in Section III (C)(1)(2) of the Agreement.</p>	<p>Five services are explicitly referenced in this section. These include Assertive Community Treatment (ACT), Community Support Teams (CST), Peer Support Services, and psychosocial rehabilitation services. The State developed a Tenancy Support service¹⁵ (referenced in Section III. (B)(7)[b]) in its service array and made a major change in this service in October 2019.</p>	<p>The State did not meet this requirement in FY 2024. The State is not on track to meet this requirement in FY 2025. The FY 2024 reviews revealed that while services are available, they do not satisfy the requirements of this Agreement.</p>

¹⁵ The State refers to Tenancy Support Service as Tenancy Services Management or “TSM.” It is a direct service funded with State funds.

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>Section III. (6) Each individual has a person-centered plan (PCP).</p>	<p>The PCP is current, individualized, and includes the individual’s own goals and steps for reaching those goals, including housing, services, and choices regarding community integration.</p>	<p>The State did not meet this requirement in FY 2024 and is not on track to meet this requirement in FY 2025. The focus of the PCPs continues to be on what the individual would do to remain compliant with the provider’s requirements and meeting utilization management requirements.</p>
<p>Section III. (3)(7) The State is required to hold the LME/MCOs accountable for providing access to community-based mental health services and for monitoring services and service gaps through the LME/MCOs.</p>	<p>These requirements identify general LME/MCO Medicaid managed care requirements. LME/MCOs are held accountable for providing access to individuals with SMI, who are in or at risk of entry to adult care homes (ACH) to transition to supported housing, and to monitor to ensure that individuals get access to services to achieve long-term success in supported housing.</p> <p>The State and LME/MCOs are required to monitor service gaps and contracts to ensure the number and quality of community mental health service providers is sufficient to allow for successful transitions.</p>	<p>The State did not meet this requirement in FY 2024. The State is not on track to meet this requirement in FY 2025.</p> <p>The State began to conduct a capacity analysis in the last quarter of FY 2024 and the Division of MH, DD, and SUD services leadership is taking more steps to assist LME/MCOs to improve services.</p>
<p>Section III. (C)(8) specifies who is to receive information and training, requirements for language and accessibility to services, and the types of services required, including Peer Support, ACT, and Transition Year Stability Resources (TYSR) under the Medicaid State Plan.</p>	<p>There are requirements for LME/MCOs in this section, ranging from providing materials and information to every beneficiary consistent with 42 C.F.R. § 438.10 and to local providers, hospitals, homeless shelters, police departments, and Department of Corrections facilities. It references accessibility requirements.</p>	<p>The State has not met this requirement in FY 2024. The State is not on track to meet this requirement in 2025. While this requirement was written in part to the newly developed Pre-paid Health Plans (LME-MCOs) in 2012, the services referenced in this requirement have not been implemented to meet requirements and standards.</p>

Major Categories	Standards	Progress Meeting the Requirement
<p>Section III. (C)(5)(9) The State shall provide Assertive Community Treatment (ACT) services from teams faithful to a nationally recognized fidelity model. The State has selected and has been using, in collaboration with the University of North Carolina UNC Institute for Best Practices in Mental Health, the Tool for Measuring ACT (TMACT) model.</p> <p>By July 1, 2019, the State will have increased the number of individuals served by 50 ACT teams to 5,000 individuals at any one time; individuals receiving ACT will receive services from employment specialists on their team.</p>	<p>These provisions include requirements for the delivery of ACT, by a specified number of teams meeting requirements for serving a specified number of individuals.</p> <p>There is a requirement for the provision of ACT by teams that meet the fidelity standards and also comply with the meet State’s ACT service definition.</p> <p>All the individuals who express an interest in employment and/or education will receive those services from employment specialists who work on their ACT teams.</p>	<p>The State has partially met this requirement. At the end of FY 2024, the State was providing 5,214 individuals with ACT services. This number fluctuates between 5,300 and 4,700 on a regular basis, based on the timing of new referrals and discharges. The State is on track to partially meet this requirement in FY 2025.</p> <p>The State is meeting a new challenge: post COVID, ACT teams’ scores on the TMACT are trending lower. Eight teams reviewed in FY 2023 only scored in the provisional range and 14 teams scored in the provisional range in FY 2024. Reviews are only occurring on average every 5.4 years with an average provision score of 3.52. The State has added 9 new teams in the past two years and the State now has 99 teams, but 47 teams have not had a fidelity review since before the pandemic with 4 of those teams scheduled for reviews in the fall of 2024. This growth exacerbates the challenge of retaining high performing teams and reducing the time between reviews. TMACT reviews are highly valuable, with their focus and requirements closely aligned with Settlement requirements.</p> <p>The results of the FY 2024 review showed that 8 out of 16 individuals who expressed interest in employment and/or education received assistance with employment and/or education from their ACT employment specialist. This is an improvement over earlier years.</p>
<p>Section III. (C) (10) (a-c) The State shall require that each LME/MCO develop a crisis service system, with a wide range of services and services provided in the least restrictive setting. The State will monitor crisis services and identify service gaps and take corrective action to address those gaps.</p>	<p>There shall be a range of crisis services delivered in a variety of locations, including at the individual’s residence whenever possible, consistent with an already developed individual community-based crisis plan.</p> <p>Crisis services must be accessible and delivered in a timely and responsive manner.</p>	<p>The State did not meet this requirement in FY 2024. Less than 1% (0.7%) of individuals in TCL, living in SH, utilized mobile crisis and 0.4% of individuals utilized facility-based crisis services in FY 2024. This data does not include information from FY 2024 that reflects ACT teams not providing crisis support as required.</p> <p>The State is taking steps to improve their crisis system and crisis options. The State should identify service gaps and take corrective action in FY 2025. There are steps to improve their approach to serving TCL members within the context of their overall improvements. The State’s data continues to show that individuals’ readmission to hospitals or emergency room usage is low after moving into supported housing.</p>

(A) Background

Section III. (C) Community-Based Mental Health Services requires the State to ensure that individuals get access to the array and intensity of services and supports necessary to enable them to successfully transition to and live in community-based settings. Other major requirements are for services and supports to be evidence-based, recovery focused, and community based. Services are to be flexible and individualized to meet the needs of each individual with all of the elements and components of a person-centered plan arranged for the individual in a coordinated manner. Individuals are to receive support to increase their abilities to recognize and deal with situations that otherwise may result in a crisis and to increase and strengthen their networks of community and natural supports as well as their use of these supports for crisis prevention and intervention.

The State's continued failure to meet Community-Based Mental Health Services impacts the State's ability to meet a number of other Settlement Agreement requirements, including Supported Employment, Section III. (D), two sub-requirements in Community-Based Supported Housing Slots Section III. (B)(1) and (7), and seven Discharge and Transition Process Section III. (E) requirements.

The State's ongoing failure to meet requirements also contributes to community and social isolation, lack of personal support, and lack of assistance from natural supports to prevent crises for people in services. Individuals institutionalized for a time or intermittently over time have difficulty overcoming their negative symptoms and restoring their functioning lost through isolation, inactivity, and negative perceptions they and others have of them.

This review includes eight recommendations. These recommendations are nearly identical to the reviewer's recommendations in the FY 2020-23 reports. Those reports recommended the State take a direct, focused approach to meeting these requirements, starting with developing a strategic plan to meet the Settlement's service requirements. The State agreed to this recommendation and developed and finalized an Implementation Plan in August 2023.

The pace and level of change to a recovery focused service system is not on track for the State to meet the Community Mental Health Services Settlement Agreement requirements by July 1, 2025. The State's Implementation Plan referenced above submitted in September 2023 has not altered this projection. The timeliness and direct focus of the Implementation Plan necessary to meet the Community-Based Mental Health Services requirements is still lacking.

The plan can only be effective with direct support, incentives, more clarity on operational definitions informed by successful providers and programs and experienced staff conducting hands-on mentoring with approaches and interventions proven effective for

serving the Settlement population.

The recommendations made prior to the State developing this plan included establishing action steps, priorities, and feedback loops, and communicating proposed changes in clear concrete terms. Recommendations included intentionally sequencing the changes with the State recognizing its role and undertaking steps to develop an effective community-based and recovery focused adult mental health system for individuals with serious mental illness. Previous Reviewer recommendations also included the State examining the interconnected and multiple types of contracts, policies, practices, and reviews, including how those that are effective and those that are insufficient contradict standard practices or create redundancies.

This year's reviews also revealed evidence of provider staff dismissing individuals' expressed needs and a lack of awareness of recognizable challenges, especially regarding the effects of trauma, fear, loss of self-worth and self-confidence, and loss of functional and/or decision-making skills. There is evidence that some [same request for specificity] staff also seemed to rely on ACH staff for assessing people's challenges rather than spending time to understand the person fully and then developing a collaborative approach to person-centered services.

Individuals with lived experience of mental illness, also known as peers, have valuable knowledge and skills for assisting individuals to make informed choices and transition successfully to living in their communities, managing crises, and developing a full life in the community. The State is recognizing the value of individuals with life experience and is beginning to find creative ways to effectively utilize services from people with lived experience. There are other types of peer led programs the State could implement including, but not limited to, peer-led evaluation programs, support groups and health and wellness coaches.

Four positive trends and actions expanded in FY 2024. First, Vaya's major service providers in their western counties continued to provide effective recovery based services. Second, new DMHDDSUS leadership staff are aware of the challenges with meeting the obligations of the Settlement Agreement and focused on developing more effective actions. Third, the State and LME/MCOs have committed even greater resources to peer-led organizations¹⁶ to develop and operate crisis residences, respite programs, and/or implement Peer Extenders and to four community inclusion programs focused on providing individual support services.

¹⁶ Peer led organizations are entities or programs, whose executive director, chief operating officer, or the individual responsible for the day-to-day service identifies publicly as a person with lived experience of mental health challenges. Some peer led organizations require their board to have at least 51% of its members identify as persons with lived experience.

One provider is planning to implement a peer-led IPS-SE team with endorsement of SAMHSA.

Fourth, the State continues to contract with the UNC/TAC’s CST coaching team. This team provides valuable insight and direct hands-on technical assistance and coaching. They have limited access and mostly work with providers who are contemplating their ability to effectively serve this population and are willing to go through the preparation, determination, and actions most associated with an effective change process. This coaching team appears to be fully aware of the type of direct intervention necessary for the State to meet the Community Based Mental Health Services requirements. They have identified opportunities and uncovered confusion and misperceptions that undercut the effectiveness of the service teams.

(B) Findings

1. Individual interviews and desk reviews reveal the State is not meeting **Section III. (C)(1)(3)(6)(7)(8)(9) and (10)** requirements and standards to provide access to the array and intensity of services and supports necessary for an individual to successfully transition and live in community-based settings (Figure 8). A score of 2.2¹⁷ is the primary indicator the State is meeting a requirement (standard language) or sub-requirement.

Figure 8: Statewide Services Mean Scores (FY 2022-FY 2024)

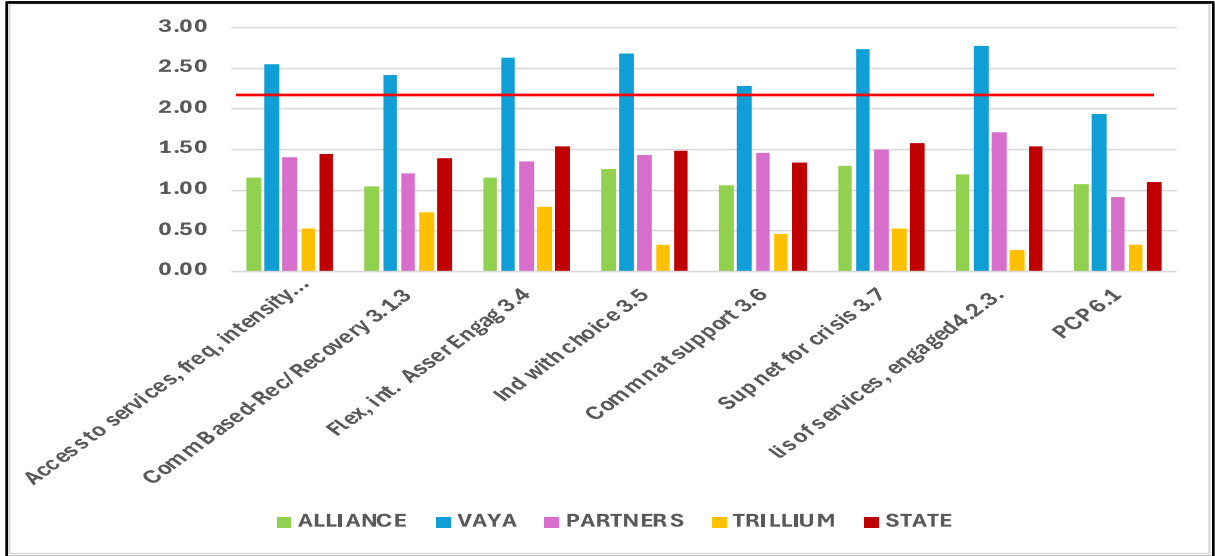
Requirement	FY 2022	FY 223	FY 24
Access to Services with intensity and frequency necessary for individuals to successfully transition to and live in the community	1.28	1.36	1.50
Services are community-based and recovery focused	1.07	1.33	1.45
Services are flexible with no barriers to duration and service needs	1.31	1.37	1.50
Services are individualized and unique and meet individual choices/needs	1.32	1.38	1.50
Individuals get support to identify natural supports to avoid crises	1.11	1.38	1.41
Individuals are supported to increase natural support	1.11	1.38	1.51
Choice of supports and tenancy support is part of service provision	1.36	1.61	1.50
PCP is current, individualized, recovery focused, and community-based	1.07	1.02	1.08

Figure 9 below depicts the maximum and minimum ranges in mean scores across all LME/MCOs. In the FY 2023 review, one LME/MCO scored above 2.2 on all but one of the services requirements. Vaya again improved or maintained scores to help the State’s overall mean scores rise slightly for all but one requirement. Their consistency and

¹⁷ CMS requires a composite score of 2.5 or above on their HCBS reviews and requires a plan of correction for any state scoring below 85% on their HCBS review. For purposes of this review, acceptable performance could range from 2.2-2.5 or 73% to 83%.

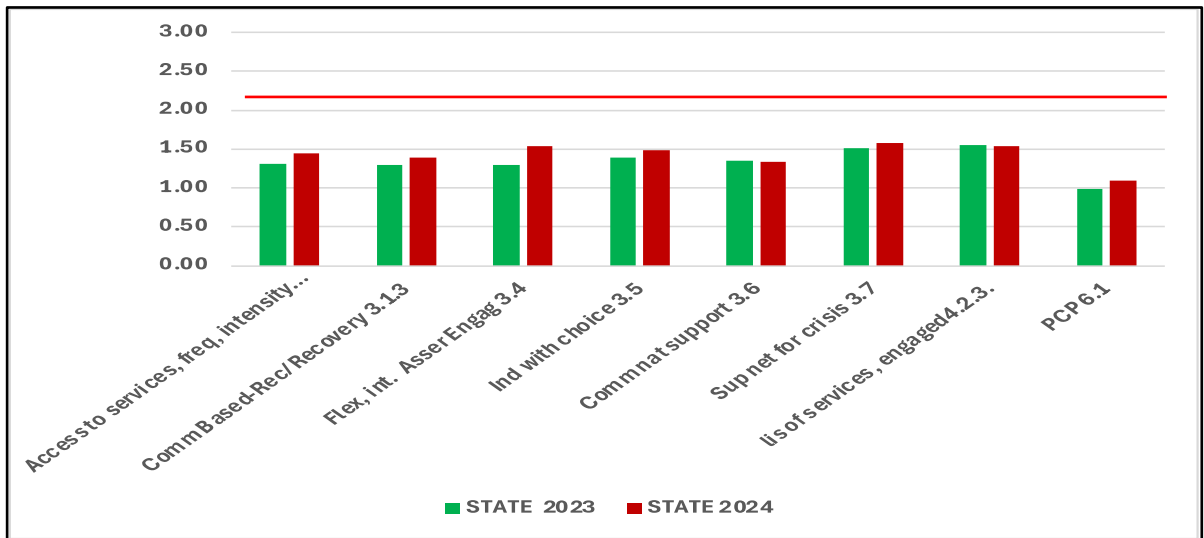
performance demonstrates these standards are achievable. Without their scores, the services scores would have remained as low as those in FY 2022.

Figure 9: Range of Mean Scores



2. Figure 10 illustrates the slight improvement on five scores in FY 2024, although the differences are slightly over one tenth of a point higher.

Figure 10: 2023-2024 Mean Scores



In FY 2024, 34 individuals had scores averaging below 1.0, an increase of 14 from the previous year. In FY 2023, 10 individuals had scores above 2.0, increasing to 20 individuals in FY 2024. This finding illustrates a wider dichotomy of scores with more individuals scoring above standard and more scores in the lower range with fewer scores in the mid-range.

3. As stated in earlier Annual Reports, fidelity reviews can play an important role in quality improvement. Low fidelity sub-scores on key items likely indicate that staff are not providing services in a manner to meet Settlement terms. This year the reviewer developed and analyzed a cross walk for 18 items from the TMACT fidelity reviews that are highly correlated with Settlement requirements (including items such as person-centered planning, frequency of contacts, and supported housing). The results show a mean score for these critical Settlement Agreement items of 3.52. This score falls on the border for “Low fidelity” (2.7-3.3). This report includes information regarding the frequency of TMACT reviews.
4. This data continues to illustrate the degree to which the State’s service system has not transformed to a recovery focused system. This often occurs when new requirements are overlayed on top of existing requirements without establishing the expectation for changing practice. It also points to a need for clearer operationally defined performance expectations and the routine use of corrective actions to improve performance.
5. The Settlement Agreement references relying on ACT, CST, case management, peer support, psychosocial rehabilitation, and other services to meet the needs of individuals in **III (C)(4)**. The reviews reveal, and the State has identified, individuals’ service needs that extend beyond the services listed above. The availability or use of the following services varies widely, by area of the state and by awareness of the needs and thoroughness of staff involved in an individual’s service planning.

Individual reviews reveal less use of Individualized Supports, Co-Occurring Disorders (COD) services and other substance use treatment interventions, Self-Directed Care (SDC), Cognitive Behavioral Therapy (CBT), and other cognitive and trauma informed therapies. The above listed services and interventions are often key to an individual’s success in community life.

The State has funded the LME/MCOs to contract with experienced organizations to hire community inclusion specialists and the goal of this approach is for individuals to become more engaged in the community and be more independent. The specialists assist individuals to identify an important goal and take steps to meet it. The State is planning to launch a Community Inclusion “Community of Practice” to provide a platform for staff in various agencies around the state to interact, gain new knowledge and share best practices.

The State also includes Peer Bridge Extenders as part of the Incentive Plan. The Peer Bridge Extender model includes one-on-one support from a peer. It provides an opportunity for individuals to have a uniquely personal, positive supportive relationship

with a peer at the time they may be experiencing stress and some fear about moving to the community where they are likely to feel alone and isolated.

6. **Section III. (C)(4)** requires the State to rely on specific services listed in the Agreement plus other services as referenced in the Agreement to satisfy the requirements of the Agreement. Assertive Community Treatment (ACT), Community Support Team (CST), Tenancy Support (TMS)¹⁸ team services, and peer support are core services for individuals in TCL. ACT, CST and peer support are both state and Medicaid funded. TMS is only state funded. There is less utilization of peer support than other core services.

There is strong evidence for the effectiveness of peer support across a number of domains. Professional disciplines and organizations have historically undervalued the role individuals with lived experience can play in providing services and supports and participating in policy making. However, in the past 30 years the value of individuals with lived experience in policy setting and direct service has climbed sharply.

NC has unfortunately undervalued the role of peers in service delivery and policy making until recently. DMH leadership and the LME/MCOs are taking great strides in funding peer initiatives and seeking advice on the direction their organizations should take for enhancing the role of peers, adding new services and supports. This is a very important step for the State to meet community based services (in-reach and transition) requirements. This recognition, though, extends not just to TCL but more broadly to strengthening the adult mental health services in North Carolina.

The State embedded tenancy support service requirements into the existing CST service requirements to create a more robust recovery-based service in 2019. However, as referenced first in the FY 2022 Annual Report, the difference between the expectations in the service description and contracts for providers prior to the 2019 shift and current expectations was significant, greater than the State expected, and providers understood. The state initiated this change just before the COVID pandemic interrupted the State's technical assistance plans. As a result some of the same challenges persist today.

The previous CST service was typically short term, not recovery based, and often provided for individuals with fewer challenges adjusting to community living. The last three review cycles reveal CST staff do not refer TCL members expressing interest in employment to IPS-SE. Seven out of 18 individuals getting CST and reviewed in FY 2024 expressed an interest in employment or education. There was one individual referred to IPS-SE immediately after the reviewer's visit. This finding is consistent with findings

¹⁸ Previously referenced as Tenancy Support Services (TSS) and Tenancy Support Management (TSM)

showing a consistent lack of referrals to IPS-SE.

Evidence from the FY 2024 spring reviews revealed that 7 of the 87 CST teams serving individuals in TCL met services standards. CST teams in the Vaya catchment area served 6 of the 7 individuals. TMS teams met services requirements for 1 out of 7 individuals in the spring review.

- Individuals’ primary services identified in the 2024 review are referenced in Figure 11 below. There were no major changes in the type of service provided for TCL recipients in FY 2004. These do not vary significantly from the State’s utilization reports for individuals living in the community in SH or other locations.

Figure 11: Primary Services Provided to Individuals in the 2024 Review¹⁹

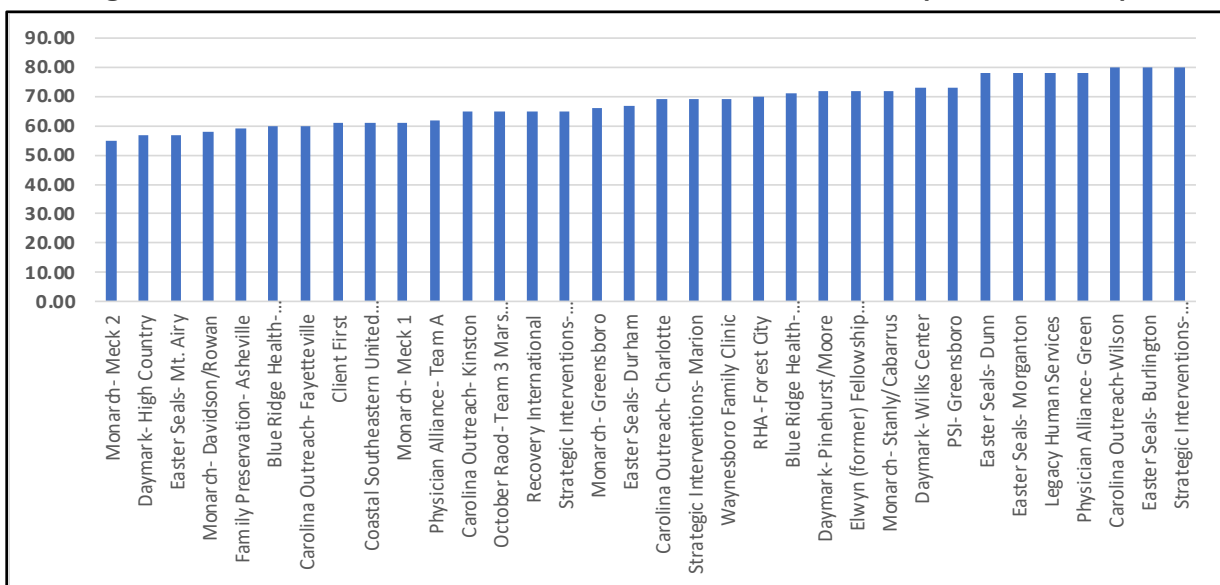
Primary Service/ FY 2023 Review	
Assertive Community Treatment (ACT)	35
Community Support Team (CST)	18
Tenancy Management Service (TMS)	7
Other	4
Peer Support (only)	2
SUD Services	1
Psychosocial Rehabilitation	1
None	1

- The State selected the TMACT fidelity model for Assertive Community Treatment (ACT) services, complying with **Section III. (C)(5)**. The Agreement required the State to increase the number of ACT teams to 50 and serve 5,000 individuals with ACT services by July 1, 2019. (C)(9). The State was providing ACT services to 5,214 individuals on June 30, 2024. This number fluctuates between 5,300 and 4,700 on a regular basis based on new referrals and discharges. The Settlement Agreement (C)(9) also requires each individual on an ACT team to receive employment support. The team should explore each individual’s interest and then pursue it for individuals who have an interest in employment or education. Teams demonstrated improvement meeting this requirement with 8 out of 16 individuals with interest receiving assistance with either education or employment. Two individuals got jobs on their own. Two individuals expressed fear of losing benefits. There was no evidence staff had provided any of the available information regarding benefits or provided benefits counseling.
- There were 35 individuals receiving ACT in the FY 2024 individual review. Seventeen (17) individuals’ scores were at or above the standards set in the Settlement Agreement for Community Based Mental Health Services. Twelve (12) individuals’

¹⁹ Does not include individuals hospitalized at an SPH or individuals on In-reach only not assigned to a team.

scores were below standards on the 3-point scale. There was not enough information to assign scores for the other four individuals, because one individual was not available, one individual died before the interview, information was insufficient to provide an accurate score for one individual and one because the team had just begun serving the individual. The major factors to the low scores were lack of engagement, little or no assistance with assisting an individual to develop natural support systems, lack of assistance for SUD and dismissing SUD issues, not effectively serving individuals with significant trauma histories, lack of support and follow through for individuals' choices including supported employment, peer support, staff doing med checks only, and lack of assistance for challenging housing situations.

Figure 12: Number of Months since the last TMACT Review (FY 2019-2024)



10. The State began fidelity reviews in FY 2023 following a pause during COVID. There were 41 reviews conducted and scored since the reviews resumed through the end of FY 2024. Another 34 teams had their last review before the COVID pandemic dating back to 2018 (see Figure 12 above). There are four teams, two new and two reviewed in 2018, scheduled for this fall. In addition to those teams not reviewed since at least 2019, the LME/MCOs added eight new teams with 2 review dates set.

11. The State's amended Medicaid contract with the LME/MCOs includes a new requirement for LME/MCOs to address improvements and develop plans of correction for long standing ACT and IPS providers and monitor progress on subsequent fidelity reviews. There is one unintended consequence with this requirement. This requirement does not include any requirement for collaboration between the UNC Best Practices Institute, responsible for fidelity reviews and follow-up reviews and recommendations and the

LME/MCOs with overlapping requirements. Having the UNC team and the LME/MCO staff work collaboratively on improvements would be a positive step going forward.

12. One individual has been receiving CST living in an ACH for four years and one other individual has received CST for two years with little or no assistance toward moving to a community setting. There was a previous reference to two individuals living in unlicensed group homes with ACT and one man living in a hotel with CST services for two years with no progress on assisting him find accessible safe housing. All of these aforementioned individuals were requesting supported housing but did not get assistance from their service provider to initiate the process of getting housing.
13. Conversely, there were 12 individuals with significant impairments provided recovery based and trauma informed support. One young man was benefitting from his ACT team's harm reduction²⁰ approach and managing his rental unit despite his challenges. Two individuals proudly showed reviewers their homes where they had lived for over six years.
14. The UNC Institute for Best Practices has been hosting ACT and CST Collaboratives across the state for several years. These are important opportunities for ACT and CST providers to exchange ideas and get new information from the Institute and the State.
15. Housing stability is a reliable indicator of the effectiveness of services and supports, especially when measuring performance of tenancy support, individual choice, access to community activities, and flexibility. Thirty-two (32) individuals in the review sample of 67 individuals with information available to make this determination had lost housing at least once after living in SH. This includes individuals who moved before being evicted from their housing but does not include individuals who moved on their own to another safe community location, i.e., with family or to a different apartment on their own and were not at risk of losing housing. The number of individuals returning to ACHs has fluctuated over time but only 34 individuals returned to ACHs in FY 2024, lower than the two previous years.
16. Seventeen individuals in the sample reported they had asked for support for their individual recovery goals, primarily to move to a safer and more convenient place, support for community activities, employment or education related but had not received it. Below are four examples, selected randomly, from reviews when raised as concerns:
 - One man has been living in an unlicensed boarding home for four years, sleeping on a mattress. The home was treated for bed bugs twice during the time he had lived there. He is paying \$800 in rent and does not get three meals a day. He has asked

²⁰ Harm education is a public health approach to managing high-risk behaviors, including drug and alcohol addiction. It values abstinence but recognizes it is not the only approach.

about moving and was given assurances [from his ACT team that he would get help 20 times over the past two years. His ACT team had only talked about him moving to another group home so he could save money to move. He has also asked for help getting a job. He recognizes what steps he needs to take, and he has goals he wants to work on when he moves. The reviewer asked him what he thought he needed to do to prepare for a move. One was an identification card that his ACT team member said they “didn’t realize he didn’t have identification.” In June, the reviewer also asked about help getting glasses and the team told him that they are scheduling a time for him to get them in November. Authorization for ACT services began in 2018. It is puzzling that the ACT team was unaware of help he could get to move to his own home.

- One man has been living in an apartment for seven years. He is receiving TMS services from a team that is not fully staffed. He has been meeting with the same TMS staff member for some time and making the same repeated requests as indicated to the reviewer and in his records. Records reveal his constant requests to move, get access to transportation, and support for community integration. If he cannot get transportation where he lives, he has been asking to move. During the desk review with the LME/MCO and provider staff, the reviewer and LME/MCO staff discussed three fairly simple, doable steps to help the individual achieve his goals.
- There were many unanswered questions including frequency of visits for a man served by an ACT team. Records support the individual’s recollection versus the team reports. He had lived in several boarding houses with most of his disability income going to rent and is now living in an ACH following medical challenges. The LME/MCO was helping him gain access to housing. His team had not recommended bridge housing or helped him, saying they did not know how to access it while he was in the boarding homes. His reporting and records also revealed confusion about his team getting meds refilled. He expressed an interest in working but his team told him to wait, even though he had begun creating a plan for himself. The ACT team’s employment specialist and peer specialist positions had been vacant for a year.
- Another man moved to a very nice apartment earlier in the year but told the reviewer he wanted to move back to an ACH. When seen by another reviewer earlier in the year, he expressed interest in joining a gym and finding a church when he moved. The provider also mentioned they had requested a peer extender, but there had not been one assigned. Nor was there any indication of his getting help with a gym membership or with contacting a church. While it is not clear that even if there had been a concerted effort to help him secure the resources discussed before his move, that would have helped. He was clear, though, during the interview that he did not

like living alone.

17. The standard for **(C)(6)** requires each individual's person-centered plan (PCP) reflect requirements **(C)(1)**, **(C) (3) (a-d)**, as well as **(C)(6)** requirements that it be based on the individual's expressed needs, choices, and recovery goals. Each review included questions derived from the standards for these requirements.

The Settlement Agreement requires that each individual have a Person-Centered Plan, and it is essential the plan be current, reflecting each individual's choices and their voice, particularly regarding their own views of their needs and their recovery goals. Recovery goals must include their goals for their living setting, either moving or retaining their home. Plans must be recovery-focused, evidenced-based, and community-based for individuals to move to and live in the most integrated setting in the community.

One of the fundamental purposes of the PCP is to provide a critically important roadmap of the person's own desired recovery and their vision of the life they want to achieve in their community. The lack of focus across the state on this vital purpose denies people the opportunity to have their services built around a clear vision of their recovery. Improving this process will necessitate coaching and mentoring staff on "how" they assist an individual with their plan, not just what steps to take to go through the process.

18. The State proposed a major change in policy and practice aimed at improving PCPs in FY 2024. The State developed and issued a new PCP Guidance Document in FY 2023 and a new template for PCPs. The State made training, *From Theory to Practice: Person-Centered Planning*, available and allowed providers to begin using the new template after June 1, 2023, if they had completed the required training. The State required LME/MCOs to implement the new template and policy by November 1, 2023.

19. There are challenges using PCP templates provided by the State. Providers are still using the software they used previously. Some providers tried to add information from the new guidance and fit into existing templates and providers retained with actions individuals must take regardless of their living circumstances and requests for help, often the same actions from plan to plan. Most staff are writing plans to fit into templates and primarily for utilization management purposes. Reviewers found that only 33% (16 of 48) of the PCPs reviewed met the Settlement Agreement standard.

20. One LME/MCO's teams had maximum PCP scores for 8 of the 16 individuals reviewed. This accounted for the percentage of individuals with adequate PCPs remaining the same statewide. This LME/MCO appears to have understood that the plan should reflect how the staff are going to assist individuals with their goals. Conversely staff across the state continue to write PCPs for individuals to meet what providers require using the

phrase “individual shall...” signifying individuals must meet compliance requirements without referencing provider tasks.

21. The CST TCL coaches have highlighted challenges with the interpretation of service definitions and authorization/utilization management practices and have offered to collaborate on these issues as well as auditing to achieve compliance and quality simultaneously.
22. The primary requirement in **Section III. (C)(7)** is for the State to implement pre-paid capitation plans and contract with LME/MCOs to operate the plan. The requirement obligates the State to monitor services and service gaps and ensure that the number and quality of community mental health service providers is sufficient to allow for successful transition and diversion of individuals from ACHs. The Settlement Agreement requires the State to enable individuals to have success in supported housing, services, and long-term stability in the community.

As referenced in the introduction of this Report, DHHS and the Division of Health Benefits (DHB) completed their transition of LME/MCOs to Tailored Plans for beneficiaries, including individuals made eligible for TCL and other individuals with beneficiaries who require more extensive care and support than typical Medicaid participants. Also as referenced in the introduction, there has been some confusion with the role and responsibilities of newly hired and assigned Tailored Care Managers (TCMs), employed by the LME/MCOs and by providers. The State’s guidance focused on new TCM roles and responsibilities with less clarity and resulting confusion on meeting Settlement requirements. Guidance for the process for individuals attempting to access IPS-SE services was confusing and contradicted IPS-SE requirements. It was issued well after the TCM implementation. This was not an oversight but rather the State went to great lengths to gain federal approval to ensure the In-reach and Transition functions stayed with TCL. However, the timing has had a negative impact on the State’s efforts to meet the SA obligations.

These issues relate in part to all newly assigned TCM staff not being sufficiently alerted to their role with meeting Settlement requirements and being unfamiliar with TCL and obligations the providers have for tenancy supports, IPS-SE, and other service requirements. LME/MCOs, now Tailored Plans, are working to clarify roles and responsibilities but this will take time and cooperation internally across offices within the LME/MCOs. The TCMs have competing and important demands. The State seemingly discounted the impact of this new requirement, and the need for clearer guidance, streamlined processes, and TCM staff having availability to conduct time-sensitive tasks.

The State’s recent contract amendment for the new Tailored Plans references that TCL

staff “will work cooperatively and coordinate with the TCL members’ TCM providers to ensure that all care management and care coordination needs of the TCL member or TCL eligible individual are effectively addressed.” There is no contractual requirement for TCMs to work effectively with TCL staff and individuals in TCL or eligible for TCL. Such a requirement could help the State to meet its obligations under Section III. (C).

Section III. (C)(8) requirements include a description of LME/MCO responsibilities to beneficiaries under 42 C.F.R. § 438.10, regarding information accessibility, as well as to hospitals, providers, police departments, homeless shelters, and Department of Corrections facilities. It also references requirements the LME/MCOs assumed when becoming MCOs. It includes the LME/MCOs’ responsibilities for meeting federal accessibility requirements.

The LME/MCOs provide publicity, materials, and training regarding crisis hotlines, services, and availability of information, although stakeholders often report that the plans are too general and reviews revealed LME/MCOs do not always provide information to help individuals make decisions, especially on moving to supported housing and on what resources are available to help individuals move to community settings.

Section III. (C) (10) (a-c) includes requirements for an LME/MCO to develop a crisis service system, and additionally for the State to actively monitor and address gaps in crisis systems, and with crisis services provided in the least restrictive setting consistent with their individualized crisis plan. Crisis systems are in place and in the past monitored through a “gaps analysis” exercise. However, individuals with TCL eligibility are not receiving either facility based or mobile crisis services.

The State’s data illustrates that 0.7% of TCL recipients got mobile crisis assistance in the first quarter of FY 2024 and 0.8% of recipients got assistance in the second quarter of FY 2024. Facility based crisis services had even lower utilization for both quarters. However, LME/MCOs have utilized bridge housing for individuals experiencing housing crises, including losing their housing. Crisis plans are as equally problematic as PCPs, as they often just include phone numbers individuals can call when in crisis and information rarely retained by individuals as it is not useful to them. The one difference is that scores on the requirement for individuals to get assistance to utilize natural supports when in crisis has been higher than other services scores for the past two years.

One significant gap (and opportunity) addressed previously in this report is the lack of peer operated crisis services, including peer crisis respite programs. The efficacy of this model is widely known. Only two LME/MCOs have a mental health peer operated crisis residence.

23. Overall, crisis plans were quite detailed in FY 2024 although some plans were blank and

most include a repetition of the instructions and information contained did not change even if the individual's living circumstances changed. The three significant findings of individuals getting crisis assistance in FY 2024 include the low number of individuals using crisis services and 264 individuals exiting housing, including 65 individuals returning to institutions, primarily ACHs, 22 incarcerated, and 71 moving to independent housing which may include individuals leaving housing to avoid eviction or as a result of another type of crisis. These numbers exclude 82 individuals who died while living in supported housing during FY 2024.

The State's data revealed that 1.3% of individuals in the target population living in the community who did not have a housing slot received mobile crisis services in the first quarter of FY 2024 and 0.8% of individuals with a housing slot in the second quarter. Likewise, 0.7% of eligible individuals living in supported housing received mobile crisis in the first quarter and 0.8% in the second quarter. The percentages were even lower for individuals receiving facility based crisis. Four percent of individuals living in supported housing got facility based crisis services in both the first and second quarter and 0.3% of individuals without a housing slot received facility based crisis services.

(C) Recommendations

1. The overriding recommendation is for the State to focus on transforming the services approach from a more traditional treatment approach to a recovery oriented approach. This requires an understanding of what strategies work best and a focus on using effective strategies to improve and transform services.
2. Utilize the CST TCL coaching team's identification of services challenges and opportunities, including the development of a tool to evaluate CST service provision.
3. The Settlement community based services requirements are consistent with best practices for adults with serious mental illness. Thus, a clearer focus on meeting each of the Settlement requirements could have a positive impact for building a competent adult mental health system. The reviewer continues to recommend reinforcing Settlement requirements without adding new requirements that are confusing, redundant, and even contradicting Settlement requirements. The results speak for themselves. An example of this is the focus the LME/MCOs took with their proposed and implemented incentive plan projects and other steps they took on their own initiative, especially those directed toward expanding peer support and peer directed initiatives.
4. The State should expand and improve the array of services provided to the priority populations in the Settlement Agreement in a manner that matches the needs of the target population. This includes placing a greater emphasis on use of assertive engagement, evidenced based services and practices, i.e., recovery-oriented, additional

peer support and the “housing first” approaches, health care management arrangements, individual supports, community inclusion, informed approaches to trauma care, and substance abuse treatment.

5. The State and LME/MCOs should actively ensure that person-centered plans are recovery focused, individualized, meet requirements for intensity and duration, and include supports based on need, choice, goals, wellness and health care, personal care, employment, daily living, and community supports. Additionally, it is critical that SPH, In-reach, transition staff, and service providers have a common understanding of these requirements and their role in using a team based recovery focused planning approach.
6. Even with the new policy guidance and training, the State will need to continue to address the common and pervasive notion that the primary purpose of person-centered plans is for utilization management and authorization of services. Rather, individuals in services will benefit most when the primary purpose of person-centered plans is to provide recovery-oriented services consistent with the person’s own vision of their choices, preferences, and recovery goals.
7. The State should improve the capacity and performance of service providers to reduce crises that lead to housing separations through expansion of bridge housing and the provision of crisis respite, crisis stabilization, and/or in-home crisis respite. It is a generally accepted practice that crisis teams and crisis residences, including peer run crisis respite, are helpful to enable individuals to continue to reside in the most integrated setting possible, including helping people to maintain their own place to live. The State should consider providing more resources for this service, continuing to rely on the primary service provider or some hybrid approach to do both. However, relying solely on the individual’s primary service provider may result in providers either over-extending themselves or discontinuing services when they feel overwhelmed and under-resourced.

The State should ensure that DMH, the Division of Health Benefits/Medicaid Assistance (DHB), and LME/MCO provider contracts include not just process requirements but specific expectations for performance and outcomes. The State should regularly monitor and enforce its LME/MCO contracts and ensure that LME/MCOs use effective, operationally well-defined contracting language, actively monitor providers including, reviewing records, assessing claims to determine frequency and intensity of services, interviewing teams and individuals receiving services and enforcing provider contracts. Establishing pay for performance requirements is effective only clear expectations, including outcomes and data requirements. Expectations include providing services that: (1) are evidence-based and recovery focused; (2) are flexible and individualized; and (3) help individuals to increase their ability to recognize and deal with situations that may otherwise result in crises

III. SUPPORTED EMPLOYMENT

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>1. Section III. (D)(1) The State will develop and implement measures to provide Supported Employment Services (SE)²¹ to individuals with a Serious Mental Illness (SMI) who are in or at risk of entry to an ACH, which meet individual needs. Services assist individuals in preparing for, identifying, and maintaining integrated, paid competitive employment.</p>	<p>The State has developed and is implementing measures to provide SE services to individuals who are “in or at risk of entry to an ACH” (IAR) that meet their individual needs²². Individuals get help to prepare for, identify, and maintain employment that meets their individualized needs including providing access to integrated employment and mental health services and access to follow-along support.</p>	<p>The State is not yet meeting this requirement. Information from LME/MCOs revealed an overall drop in the number of individuals in TCL and those in or at risk of ACH placement and receiving IPS in the first three quarters of FY 2024 and getting assistance (at least one claim) in the fourth quarter of FY 2024. Only 9, or 24%, of the individuals reviewed in FY 2024 who qualify for this service, and who expressed interest in employment or education, received assistance to identify, prepare for, and obtain competitive employment. The LME/MCOs are taking a much more focused approach working with ACT, CST, and IPS providers with dedicated staff to meet this requirement. The State has also developed new CORE Milestone measures that, while not evident in outcomes yet, is a positive step toward meeting this requirement. In addition, EIPD raised rates in February, helping temporarily stabilize IPS-SE provider budgets.</p>
<p>2. Section III. (D)(2) SE Services are provided with fidelity to an evidenced-based supported employment model for supporting people in their pursuit and maintenance of integrated, paid, competitive employment work opportunities.</p>	<ol style="list-style-type: none"> 1. Services must meet fidelity to the IPS-SE model. 2. The State will use the established IPS-SE fidelity scale. 	<p>The State had previously met the requirement to adopt the IPS-SE fidelity scale. However, there is not sufficient evidence that the State is now meeting the standard to provide supported employment with fidelity to IPS-SE. Fidelity scores trended lower overall in FY 2023 and again in 2024. Many teams had reviews for the first time since the COVID pandemic began. Three teams scored below provisional, and five teams scored one to two points above provisional. One agency dropped one team shortly after initiating the team because of billing issues. The State received approval to create Tailored Plans through a 1115 Waiver authority. This also required changes in how Medicaid reimburses for IPS-SE, and this has also created challenges to the State meeting (D)(2).</p>

²¹ SE services refers to IPS-SE services as referenced in #2 below.

²² Per the Settlement Agreement, severity of an individual’s disability cannot be a barrier to an individual transitioning to an integrated setting appropriate in all domains of an individual’s life (including employment and education) based on the individual preference, strengths, needs, and goals.

<p>3. Section III. (D)(3) By July 1, 2021, the State will provide IPS-SE services to a total of 2,500 individuals “in or at risk of ACH placement.”</p>	<p>The standard is the same as the requirement.</p>	<p>The State met this requirement again in FY 2024. There are 2,796 individuals in the priority population reported to have received IPS-SE services by June 30, 2024. This is an increase from 2,711 individuals reported to have received IPS-SE services in FY 2023.</p>
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(A) Background

The State has struggled to meet three of the four major requirements for providing Supported Employment Services as referenced below and includes Section III. (C)(1), (D)(1) and (D)(2) referenced below:

Access to Supported Employment remains a major challenge for individuals who have expressed interest in an employment or education service, as required in **Section III (C)(1)**, and for individuals served by an ACT team who have expressed interest in employment support, as required in **Section III(C)(9)**. The State has made progress but still has challenges meeting **Section III (D)(1)** to develop and implement measures to provide individuals with SMI, who are in or at risk (IAR) of entry to an ACH, with Supported Employment (SE) services that meet their individual needs. The State is making progress developing a model (CORE Milestones) as a method for financing Individualized Placement and Support-Supported Employment (IPS-SE) that reinforces meeting outcomes consistent with Settlement requirements. More importantly, if successful, more individuals eligible for TCL services and supports will succeed in obtaining and sustaining integrated competitive employment and/or achieving their educational goals.

Section III (D)(2) requires the State to provide Supported Employment Services with fidelity to an evidenced based model. The State selected and is using the Individualized Placement and Support Supported Employment (IPS-SE) model. Providers have struggled meeting scoring at or above fair for the past two years. This raises two questions, what is the degree to which services are provided at fidelity and how does the State examine this major quality indicator?

The State has met the fourth requirement (**Section III (D)(3)**) to provide Supported Employment Services to 2,500 individuals in or at risk of ACH placement or individuals found eligible for TCL. The State met this requirement in November 2022, when the State verified 2,510 individuals in the Settlement Agreement priority populations (In or at Risk of ACH placement and TCL eligible population) categories as receiving IPS-SE over the life of the Settlement. The State verified 2,796 individuals as receiving IPS-SE by June 30, 2024. However, the number of individuals receiving Individualized Placement and Support (IPS-SE) services has dropped from 1,939 on March 31, 2019, to 1,091 on June 30, 2024. This signifies that the State has less capacity and fewer referrals than in FY 2019.

The average number of individuals in TCL who are accessing IPS-SE has dropped annually from an average of 185 from FY 2013 through FY 2019 down to 138 in FY 2024, or 25% lower than FY 2019 numbers. The lower numbers after 2019 may be a reflection of more accurate verification by the DHHS but also partly related to challenges with fewer TCL referrals. The State's Service Rate data shows a drop from 2.3% of individuals in TCL receiving IPS-SE services to 1.3% of individuals in the third quarter of FY 2024. A review of service rates is important. It is a good indicator of service use compared to other services with much higher rates of service.

As referenced in detail above, the State has shifted its IPS-SE service from a Medicaid (b)(3) service to a service funded Section 1915(i) service, as a result of changing authorities and requirements when LME/MCOs became Tailored Plans. The reviewer reported this shift as not being a suitable fit for individuals receiving services in a comprehensive mental health services system in the FY 2023 Annual Report. Comprehensive mental health services providers more frequently refer individuals to IPS by teams also operated by the same provider. Adding an independent assessment with a referral to Tailored Care Managers to develop an individualized plan has slowed down the process, especially with Tailored Care Managers just becoming familiar with this requirement. To this point, the challenges forecasted with this shift have come to fruition.

As described in the methodology section of this report, the reviewer randomly selects individuals each year to determine the percentage of individuals getting support to reach their expressed employment and education goals. This process involves reviewing documents, including Person-Centered Plans, assessments, discharge plans, and LME/MCO and provider notes. Reviewers also ask individuals about their interest in employment and education as part of their interview. As many as 66% of individuals with serious mental illness want to work, which is consistent with findings in TCL recipient random interviews over the past five years²³. At least 23 randomly controlled studies demonstrate the efficacy of IPS-SE over other supported employment models²⁴. It is reasonable to expect the annual reviews would reveal individuals in TCL would have that level of interest.

In the implementation of IPS-SE services, the State, to its credit, included Employment Peer Mentors as part of IPS-SE teams. In the FY 2022 report, the reviewer recommended that the State consider increasing and publicizing opportunities and augmented assistance for individuals in TCL to become Certified Peer Specialists. Both because of the clear need and

²³ Burns EJ, Kerns SE, Pullmann MD, Hensley SW, Lutterman T, Hoagwood KE. *Research, data and evidenced based treatment in state behavioral health systems, 2001-2012. Psychiatric Serv.* 2016; 67 (5): 496-503.

²⁴ Drake RE, Bond, GR, Goldman, HH, Hogan MF, Karakus, M. *Individual Placement and Support Services Boost Employment for People with Serious Mental Illnesses, But Funding is Lacking, Health Affairs.*2016:35(6): Abstract.

demonstrated efficacy of Peer Services, the reviewer is recommending this step again. Research²⁵ continues to demonstrate that Certified Peer Specialists (CPS) have greater job satisfaction and longer job tenure than Peer Specialists have in other jobs. A larger proportion of Certified Peer Specialists receive employee benefits than individuals in other jobs.

As recommended in past reports, the State should also explore opportunities to give individuals getting Community Inclusion the opportunity to get assistance for going to work or back to school. This helps expand community integration opportunities.

Over the past seven years, this reviewer's findings have revealed unresolved challenges with access and delivery of this service to assist individuals in TCL to identify and maintain employment. The FY 2024 review and data again revealed the State has not resolved three out of the five previously referenced major challenges, including:

- 1) Ensuring supported employment is available, accessible, and offered to individuals who express an interest in employment, education, or participating in IPS-SE services.
- 2) There is evidence that providers do not refer some individuals interested in employment accessing IPS-SE or ACT employment services due to the perception that individuals cannot work based on the severity of their illness or their functional limitations.
- 3) Integrating IPS-SE services with mental health services at both the team and individual staff level. This includes individuals who are employed receiving follow-along employment services for up to a year, or at their request, assisting them with successfully maintaining employment and meeting their employment goals.

The State has shown improvement with providing a clearer focus on employment outcomes, driving and improving IPS-SE services, and taking steps to provide more adequate sustainable financing. However, as stated above, there are emerging and serious challenges to meeting the Supported Employment requirement. The methods used to measure the State meeting the IPS-SE requirements in FY 2024 included:

- 1) A review of services provided to individuals who expressed an interest in supported employment or continued employment and education as part of the FY 2024 review. The criteria for "interest" required at least two of the following:
 - a) The individual reported interest in employment and/or education during an interview with a Review Team member.

²⁵ Ostrow L, Cook JA, Salzer MS, Pelt BS, Burke-Miller JK. *Employment Outcomes After certification as a Behavioral Health Peer Specialist, 2022: Psychiatric Services in Advance: 1-9.*

- b) The individual expressed interest in employment and/or education in one or more of their own goals in their Person-Centered Plan.
 - c) The individual had secured employment on their own.
 - d) There was staff agreement to provide SE services for the individual in the Person-Centered Plan.
 - e) There was reference to interest in employment or education in service provider notes and/or TCL staff notes.
 - f) There was reference to interest in employment and/or education on the In-reach tool, in a hospital discharge plan, transition notes, or other clinical assessments.
- 2) Meetings with service providers (ACT, CST, TMS, and IPS-SE), LME/MCO staff, EIPD counselors, State staff, including State EIPD staff with responsibilities for serving individuals in the TCL and IAR population.
 - 3) A review of written materials, plans, and data from TCL, EIPD, and DMH staff.
 - 4) Follow-up reviews of IPS-SE verifications, enrollment, and follow-up of services provided for individuals enrolled between July 1, 2022, and March 31, 2024, based on data from paid services claims.
 - 5) Observations of meetings (including NC CORE meetings) and subsequent follow-up discussions with Vaya, Trillium, Alliance, Partners LME/MCOs, DMH and DHB staff, the Senior Advisor to the DHHS Secretary on the ADA and Olmstead and her staff, and DHHS EIPD staff regarding the CORE pilot, a new business model for IPS. Vaya has piloted the model for over two years, the Alliance for one, and Trillium for a few months at the time of this annual review.
 - 6) Reviewing all recently completed IPS-SE fidelity reports and developing a specific crosswalk of IPS Fidelity review findings, for 15 providers, with comparable requirements in the Settlement Agreement. The Fidelity review findings further corroborated the FY 2024 IPS findings.

The DMH-LME/MCO contracts have included references to IPS for individuals in the priority population eligible for TCL services and supports. There is one redundancy in reporting requirements but overall, the contract language is consistent with Settlement requirements. What may be helpful to both the TPs and the DHHS is a side by side illustration of the Department's responsibilities with the TPs' responsibilities. For example, DHHS has developed Tailored Plan requirements that have resulted in challenges for the TPs and IPS providers meeting the obligations of the Settlement Agreement. It is a joint responsibility of DHHS and the TPs to clear up this confusion.

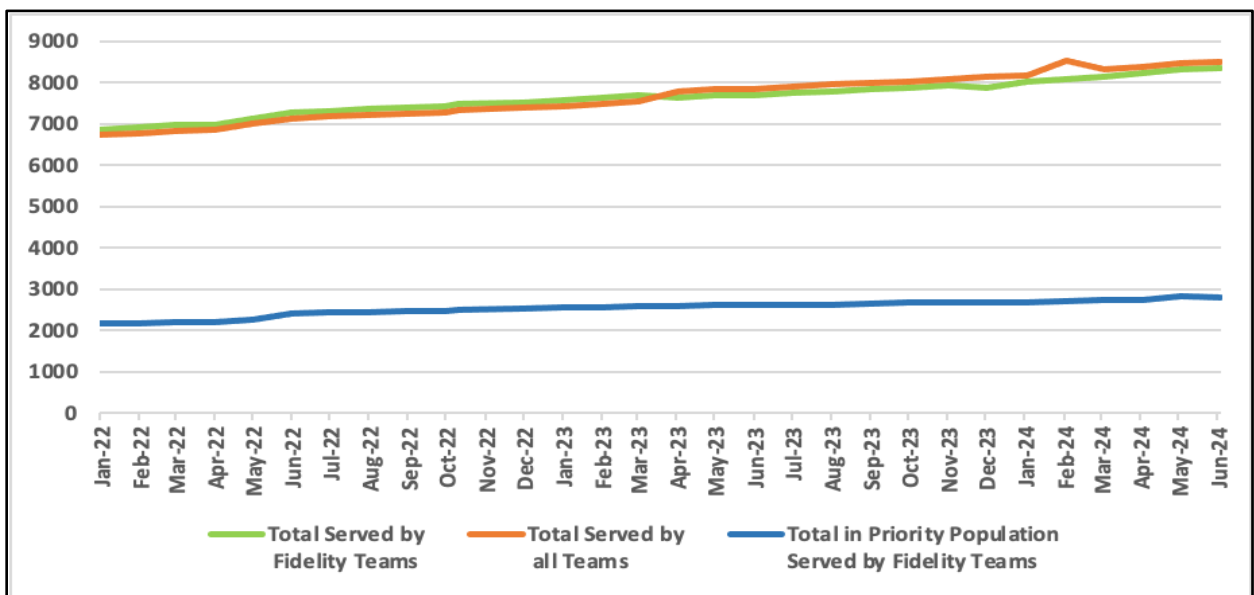
(B) Findings

1. The FY 2024 individual reviews demonstrate that 7 of 18 individuals (39%) interviewed where their interest could be determined expressed an interest in employment or

furthering their education or training, received assistance from their ACT employment specialist in FY 2024. One individual out of 8 individuals who expressed interest got help from their CST and IPS team after the in-person review. Two of those individuals were interested in furthering their education, including one man just a few courses short of getting his bachelor’s degree. One woman is taking classes, but employment prospects are unknown. One individual got assistance the very next day after the in-person review. One man was having success selling rocks and after the in-person review was likely going to get help with marketing his small business. Another man got a job working for Amazon from his home. Two individuals expressed an interest in employment but did not have a provider at the time of the review.

2. One consistent theme from individual reviews is that many individuals identify their interest in employment assistance both with IPS-SE and ACT providers. However, they might at the same time feel discouraged or unsure of their own capacity to obtain and maintain employment. IPS-SE and behavioral health service providers must re-examine their responsibility to effectively engage those individuals who want to work but who are concerned about their stamina, their ability to work, or the potential stress of working. A second large area of hesitation about employment involves disability benefits. It is critical that providers help individuals to understand the myths and the facts about disability benefits and the large variety of work incentive program options for people seeking employment. It is the service providers’ responsibility, along with IPS teams, to assist individuals with reasonable accommodation, OT assessments and PT as needed, benefits counseling, managing their stress, and learning skills to gain and maintain their employment and meet their future employment goals.

Figure 13: Supported Employment January 1, 2022-June 30, 2024



3. The State reports that by June 30, 2024, 2,796 individuals in the identified priority population have received IPS-SE services over the course of the agreement. TCL recipients accounted for 22% of the priority population. See Figure 13 above.
4. Eighteen (18) individuals in the FY 2024 review did not express an interest in a job, furthering their education, or getting training. There was inconclusive information for five other individuals, either because they were not available for an interview to confirm their interest, or they expressed ambivalence about employment. Two individuals with long work histories indicated they were “retired,” and they were pursuing other interests. Again this year, two individuals indicated they would not attempt to go to work because they would lose their benefits. It is likely that others who expressed ambivalence felt the same way but did not want to discuss benefits.

Figure 14: Number of IAR and TCL Referrals between 7/1/22 and 3/31/23 and 7/1/23 and 3/31/24 and Claims for those individuals between 4/1/24-6/30/24 and Total Served

LME/MCOs	(1) # of IAR/TCL eligible individuals referred to IPS-SE 7/1/23 - 3/31 23	(2) # of IAR/TCL referred before 3/31 with at least one claim in 4th quarter-FY 23	(3) # of IAR/TCL eligible individuals referred to IPS-SE 7/1/23 - 3/31 24	(4) # of IAR/TCL with at least one claim in 4th quarter-FY 24	(5) #/% of total number of individuals on IAR and TCL served over time by 6/30/24 ²⁶
Alliance	13/42	12/34	6/16	6/12	887 (842)
Eastpointe	2/4	0/1	---	---	---
Partners	23/13	12/10	33/8	24/8	569 (496)
Sandhills	1/10	1/10	---	---	---
Trillium	16/21	16/20	7/35	7/31	889 (498)
Vaya	13/10	12/10	Unk.	3/8	451 (420)
Total	67/59	53/85	46/59	40/59	2796 (2611)

5. Figure 14 above shows the number of individuals identified as in or at risk of admission (IAR) to an ACH and the number of TCL individuals made eligible for and referred to IPS-SE between July 1, 2023, and March 31, 2024. The figure identifies the number of individuals who had a billable contact with an IPS-SE provider between April 1, 2024, and June 30, 2024. Figure 14 also identifies the number of individuals referred to IPS-SE in FY 2023 (before March 31, 2023) with at least one claim for a service in the fourth quarter of FY 2023 and the same for individuals referred to IPS-SE before March 31, 2024. This is an important analysis from four perspectives: (1) It clarifies the number of individuals who got “access” to IPS-SE between July 1, 2023, and March 31, 2024; (2) it indicates whether or not the individuals are at least nominally receiving the service before the end of FY

²⁶ Includes totals from FY 2023 in parenthesis; increase to remaining LME/MCOs may include up to 358 individuals previously served by Sandhills and Eastpointe

2024; (3) this data demonstrates the degree to which each LME/MCO and its IPS providers are committed to providing this service to individuals identified as IAR or TCL and (4) it is consistent with the State’s data on number of individuals in the TCL/IAR receiving IPS/SE.

6. The findings in Figure 15 below demonstrate that the number of individuals referred and verified as in the IAR and TCL groups in FY 2024 changed from the previous year. This reduction resulted in an overall reduction in the number of individuals referred to IPS in TCL and IAR by 23 individuals in FY 2024 from FY 2023.
7. Two LME/MCOs reported that 13 individuals in the priority population who were newly referred in FY 2024, had at least one claim in the fourth quarter of FY 2024. Eleven (11) of the 13 were individuals served by IPS teams under contract to Trillium.

Figure 15: Comparison of Referrals and 4th Quarter Claim(s) between FY 2022 and FY 2024

LME/MCOs	FY 2023 IAR/TCL IPS Referrals (column 1) In Figure 14	FY 24 gain/loss over FY 23 IAR/TCL referrals	FY 2023 4th Quarter IAR/TCL Individuals with at least one claim (column 4) in Figure 14	FY 2024 gain/loss over FY 2023 4 th qtr. claims (column 2) in Figure 14
Alliance	13/42	-7/-26	6/12	-6/-22
Eastpointe	2/4	---	---	---
Partners	23/13	10/-5	14/8	-2/+2
Sandhills	1/10	---	---	---
Trillium	16/21	-9/14	7/31	-9/+11
Vaya	13/10	Unk.	3/8	-9/-2
Total	67/59	-6/-17	40/50	-26/-9

8. Most individuals who did not get access to supported employment received no follow-up response from providers or providers told them to simply wait until they were stable to pursue employment or education. One woman identified her interest repeatedly, as referenced in her PCPs and during the interview, but the provider did not reference her interest in notes; the only notes, made over and over, were about symptom management, managing activities of daily living (ADLs), and rapport-building. Provider staff encouraged one woman to try volunteering when she stated her goal was employment. Provider staff told one man he had to wait 90 days after moving into

supported housing before they could begin considering his employment goal. One man talked about becoming financially independent in his interview and in his PCP. He is cutting grass and has completed a carpentry class but there is no reference to helping him achieve his employment goals in his PCP and in provider notes.

9. The **III. (D)(1)** requirement also includes three standards: (1) behavioral health and IPS-SE providers provide integrated services and meet on a regular basis to support individuals to reach their employment goals; (2) individuals are provided with access to EIPD resources; and (3) employed individuals receive follow-along services for up to a year to assist them to maintain employment and meet their employment goals.

The State has a structural imbalance between the number of CST teams, which are the most likely referral sources for IPS-SE, and the number of IPS-SE teams available to accept those referrals. There are over 100 CST teams in the state and only 28 teams provided IPS-SE²⁷ in FY 2024. This imbalance makes integration more difficult as one IPS team is likely working with multiple providers across multiple LME/MCOs. The IPS staff cannot possibly devote the time needed for effective integration with so many referring CST teams. Five individuals served by ACT teams in the sample received follow-along supports based on their interviews and provider interviews.

These findings are consistent with the State and Medicaid claims data showing that only 1.3% of TCL recipients residing in SH received at least one unit of IPS-SE service in the third quarter of FY 2024 down from 3.3% in the first quarter of the fiscal year. The rate for individuals living in the community but not in SH was only 0.01 in the fourth quarter and down from 0.4% in the first quarter.

10. The UNC Institute for Best Practices, under contract to DHHS Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS), resumed IPS-SE fidelity reviews in September 2022, after pausing them during COVID, and has conducted 28 since then. Since their review when receiving below provisional scores, two teams have discontinued IPS-SE. Two other teams have scored below provisional, and five teams have scored either one or two points above provisional. The State's lowest level of certification for IPS teams requires a total fidelity review score of 74, which represents a mean IPS fidelity item score of 2.96. When comparing items on the Fidelity Scale with items most closely tied to SE Settlement requirement items, the State's mean scores on those items was below 2.96.

²⁷ The number of teams providing IPS-SE at the end of FY 2023 was 30, although at least one provider is dropping the service in FY 2024, and it is possible at least one more provider will do so. Perhaps additional providers will go through the start-up phase for a Fidelity review to begin the service in FY 2024.

11. The State paused the CORE program in FY 2023 when it became apparent that multiple LME/MCOs began developing a CORE model with different payment rates by milestone. This created confusion and workload issues for IPS-SE providers under contract with multiple LME/MCOs. Additionally, it became clear that the NC CORE pilot was not set up to focus sufficiently on employment outcomes. An additional contributing factor was the low reimbursement rate for this service, which was contributing to a high staff turnover, and, over time, the reimbursement rate no longer matched the cost of the service. As referenced above, the State took action to stabilize IPS-SE in FY 2024 to address these issues to the fullest extent possible. The EIPD division raised rates in an attempt to stabilize the program and match the cost of the service. Unfortunately, with fewer referrals and a slower referral process there will be fewer milestone payments for each provider. This creates a challenge to providers who have fixed costs to meet fidelity standards and provide adequate services.
12. The most promising change in FY 2024 was the LME-MCOs taking on increased responsibility for Supported Employment, both with ACT teams and IPS-SE. With LME/MCO and DHHS funding, each LME/MCO added a Supported Employment lead staff person. Trillium hired a lead staff person in FY 2023 and the other three LME/MCOs hired staff mid FY 2024. All have shown leadership working with IPS and ACT teams to increase referrals and solve problems, maximize capacity and increase performance. Based on their actions to date, their leadership will be one of the determining factors in when and how the State meets its SE obligations.
13. As referenced in the FY 2021-23 Annual Reports, there continues to be an underlying assumption on the part of some service providers responsible for making IPS-SE referrals, In-reach and Transitional Coordinators, and other LME/MCO staff and leadership across the system, that individuals in the TCL program are not capable of obtaining nor sustaining integrated competitive employment. A team member voiced this recently in a review session. Guardians and families who often make this assumption are more verbal in their objections to an individual going to work. Regardless of whether communicated subtly or not so subtly, it continues to send an undeniable, powerful, and clear message to individuals in services that they cannot work. The State's continued attempt to provide incentives for TCL referrals in FY 2024 did not lessen the problem.

This is also true when providers do not address the myth that individuals will lose their benefits if they go to work. It is ACT and CST providers' responsibility, along with IPS teams, to assist individuals with reasonable accommodation as it applies to going to work, OT assessments and PT as needed, benefits counseling, managing stress, and

learning skills to gain and maintain their employment and meet their future employment goals.

14. The Reviewer's team introduced State staff to the DB 101 model and information system in 2021. Eleven states are already using DB 101 and in a recent discussion one state leader reported that it was proving to be the single most important addition to their employment strategy. States report that it takes as little time as six months to implement DB 101 and all report that DB 101 helps people with disabilities and service providers understand the connections between work and benefits. The program provides information in order to learn about benefits programs, including health care, and rules around work, to get answers to frequently asked questions. It provides tips on how to avoid common pitfalls. It includes estimators tailored to the individual to help individuals and staff plan and set goals for work and tips for success. It also includes information on access to community resources. The State has shown interest in this model and committed to implementing it in 2025.

(C) Recommendations

The State needs to meet requirements tied to the recommendations below to meet the obligations of the Supported Employment provisions of the Settlement Agreement and provide a clearer path to establishing a recovery-based system:

1. Continue to prioritize access to IPS-SE and ACT Employment Support to meet requirements for access to this service as part of the State's obligation in **Section III. (C)(1)** and requirements in **Section III. (D)(1-2)**. The TPs are actively and assertively taking steps to achieve greater access. It is important to support their efforts to improve IPS-SE and ACT supported employment efforts.
2. Closely monitor the impact of new 1915(i) IPS-SE requirements and consider every possible step to improve access to IPS-SE services, while also considering options other than relying on the 1915(i) option.
3. Partner with the TPs and enhance their role to monitor IPS-SE provider capacity, adding teams in areas of the state where the service may not be available, taking a performance improvement approach following fidelity and TP reviews, and utilizing tools and incentives for success.
4. Address the imbalance between the number of referring teams and IPS-SE teams to ensure it meets integrated services requirements.
5. Implement DB 101 in FY 2025.

IV. DISCHARGE AND TRANSITION PROCESS

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>1. Section III. (E)(1) The State will implement procedures to fully inform individuals with SMI in, or later admitted to, an ACH or State Psychiatric Hospitals (SPHs) or being pre-screened for admission to an ACH, about all community-based options and benefits, including the option of transitioning to SH with rental assistance.</p>	<ol style="list-style-type: none"> 1. The State’s policies and procedures²⁸ for Diversion, ACH, and SPH Transition Processes meet SA requirements (including eligibility policies). 2. SPH, LME/MCO²⁹, and service provider/staff know and communicate the procedures and community options. 3. Public guardians get information about community-based options. 4. The State will establish Transitions to Community Living (TCL) eligibility policies consistent with the SA. 	<p>The State has made progress toward meeting this requirement. Staff were more assertive, assisting a number of individuals with providing timely and correct information and education about their options.</p> <p>The FY 2024 reviews revealed that In-reach and other LME/MCO staff required to provide this information had not fully informed 9 of the 56 ACH residents, individuals hospitalized or discharged from SPHs or going through the diversion process, of their options and benefits. This was in part related to staff turnover, staff not providing correct information, or not getting assistance and support from other staff working with guardians to make this an effective process.</p>
<p>2. Section III. (E)(2) In-reach: Assign knowledgeable In-reach staff to: (1) provide education/information and facilitate visits to community settings; and (2) offer opportunities to meet with other individuals with disabilities who are living, working, and receiving services with their families and with providers. Visits are to be frequent.</p>	<ol style="list-style-type: none"> 1. In-reach staff meet frequently with residents in ACHs/SPHs when individuals become eligible for TCL. 2. In-reach staff begin meeting with individuals being pre-screened at the point eligibility is determined. 3. In-reach staff are knowledgeable about community services and supports. 4. In-reach staff provide information and education about the TCL process, benefits, and other information as routinely requested by individuals, their guardians, and family. 5. In-reach staff facilitate individuals’ visits to community settings. 	<p>The State is making progress with In-reach staff making face to face visits to see individuals living in ACHs, going from 11.3% the second quarter of FY 2022 to 65.2% in the fourth quarter of FY 2024. There were 452 individuals, or 15% of individuals on in-reach in ACHs, not seen for their 90 day reassessment at the end of FY 2024. The State set a target of 75% of individuals seen face to face in 90 days. Even if individuals are seen within 90 days there is not sufficient evidence that visits are frequent enough to provide the individual with an informed choice of alternatives to living in an ACH.</p> <p>In-reach staff are not always knowledgeable about community supports, in part related to their high turnover or not getting assistance from other staff to ensure they have the correct information.</p>

²⁸ References to State’s policies and procedures also include State-LME/MCOs contract requirements and staff job requirements.

²⁹ LME/MCO staff include any In-reach, Transition Coordinator, Care Coordinator, or other staff who have any job assignment associated with admission, discharge, and/or transition process and provider assignment and contracting.

Major Categories	Standards	Progress Meeting the Requirements
<p>3. Section III. (E)(3) The State provides each individual with SMI in, or later admitted to, an ACH or SPH (or diverted from an ACH), with effective discharge planning and a written discharge plan.</p>	<p>Discharge planning from an ACH or SPH or diversion planning assists an individual to develop an effective plan to achieve outcomes that promote growth, well-being, and independence, based on their strengths, needs, goals, and preferences appropriate in all domains of their life.</p>	<p>The State has made progress meeting this requirement. The plans do not always include necessary arrangements for addressing identified needs and goals clearly referenced in notes and interviews.</p> <p>Of the 53 individuals reviewed with information and an interview, there were 24 with effective discharge planning, another 15 with partially effective planning, and 14 individuals whose planning was inadequate.</p>
<p>4. Section III. (E)(4) Transition teams include: (1) individuals knowledgeable about resources, supports, services, and opportunities available in the community and each team includes community mental health service providers, including the primary provider; (2) professionals with subject matter expertise to access community mental health and community health care, therapeutic services, and other necessary services and supports; (3) persons with linguistic/cultural competence; (4) peer specialists when available; and (5) with consent, persons whose involvement is relevant.</p>	<p>Each transition team includes: (1) individuals knowledgeable about resources, supports, services, and opportunities available in the community; each team includes community mental health service providers, including the primary provider; (2) professionals with subject matter expertise about accessing community mental health and community health care, therapeutic services, and other necessary services and supports; (3) persons with linguistic/cultural competence; (4) peer specialists when available; (5) with consent, persons whose involvement is relevant to identifying strengths, needs, preferences, capabilities, and interests to devise ways to meet them in an integrated setting.</p>	<p>The State also made progress meeting this requirement. Teams serving 30 out of 53 individuals reviewed were knowledgeable and with skills to do this work. Teams were partially effective serving 11 individuals and 12 teams were not sufficiently knowledgeable, nor had the experience and expertise required to do this work. Almost all peer specialists were helpful members of the transition teams. Given staff turnover, the complexities of this work and a limited pipeline of staff, the LME/MCOs will need to give attention to improving the work of transition teams even with demonstrated improvement.</p> <p>Transition teams vary in the degree to which they seek input from individuals relevant to identifying an individual’s strengths, needs, preferences, capabilities, and interests. Staff responsible for discharge and transition planning in LME/MCOs and SPHs still work in parallel and not as a transition team although this too has improved.</p> <p>Persons involved (family, guardians, ACH staff) at times present obstacles instead of assistance. LME/MCOs are relying more on community service providers as members of a transition team or taking the lead on transitions. Community providers often have less knowledge, and subject matter expertise for this work and sometimes pass on incorrect information.</p>

Major Categories	Standard	Progress Towards Meeting the Requirement
<p>5. Section III. (E)(5) A transition team is responsible for the transition process. A Transition Coordinator (TC) is responsible for administering the required transition process.</p>	<ol style="list-style-type: none"> 1. A transition coordinator is responsible for leading the team and administering the transition process. 2. There is consistency between the SA requirements and transition process. 3. The LME/MCO and SPH staff jointly administer the transition process. 4. The SPHs' and LME/MCOs' planning process enables staff to transition individuals to SH or "bridge housing" arrangements when identified as a need and choice. 	<p>The State continues to demonstrate progress with transition coordinators leading this process for individuals exiting ACHs and diverted from ACHs. There are challenges, though, with making assignments to Transition Coordinators in a timely manner and making timely decisions with steps toward transition. There are still challenges with Transition Coordinators leading the process with individuals hospitalized at SPHs. Transition Coordinators administered the transition process at the standard for this requirement for 23 of the 51 individuals with scores on this requirement partially for another 11 individuals.</p>
<p>6. Section III. (E)(6) Each individual is given the opportunity to participate as fully as possible in his or her treatment and discharge planning.</p>	<p>Same as the requirement.</p>	<p>The State continues to demonstrate progress meeting this requirement. The FY 2024 reviews showed that only 24 (up from 13 in the previous year) of 41 individuals (41%) got the opportunity to participate fully in treatment and discharge planning. There were 18 individuals given the opportunity to be present but not contribute to their own treatment or discharge plan. There were another 6 individuals excluded from the process by guardians, family, a Tailored Care Manager, and/or providers.</p>

Major categories	Standards	Progress Towards Meeting the Requirements
<p>7. Section III. (E)(7) Discharge Planning begins at admission (ACH or SPH), or at which point an individual is pre-screened for admission to an ACH and made eligible for TCL. It is based on the principle that with sufficient services and supports, people with SMI or Serious and Persistent Mental Illness (SPMI) can live in an integrated community setting. Discharge planning assists the individual to develop an effective written plan to live independently in an integrated community setting. Discharge planning is developed through a person-centered planning (PCP) process in which the individual has a primary role and is based on the principle of self-determination.</p>	<p>a. The State has established the required admission point when discharge planning is to begin (admission point is within seven calendar days of admission).</p> <p>b. The State has communicated that discharge planning is based on the principle that with sufficient services and supports, people with SMI/SPMI can live in an integrated setting.</p> <p>c. SPHs and LME/MCOs tailor discharge planning to the individual. It is not formulaic. The SPH and the LME/MCO and provider link the discharge plan and PCP to ensure continuity and that individuals' choices are honored consistently. The individual has a primary role in the development of their discharge plan, the plan reflects their expressed needs/goals, and the plan is based on the principle of self-determination.</p>	<p>The State has made progress initiating community integration planning for individuals diverted from ACHs through the RSVP process as referenced in the Pre-Admission Screening and Diversion section of this report. Planning often begins at admission but there is not evidence that it results in individuals moving to integrated settings nor evidence that it results in an effective written plan through a PCP process.</p> <p>There are two other challenges to discharge planning. One, over time more individuals have moved from one ACH to another, often from one catchment area to another without adequate notice to the LME/MCOs and secondly with a reduction in number of LME/MCOs, new staff have to be assigned again, creating delays.</p> <p>There are reasonable delays for individuals admitted through the court system as Incapable to Proceed (ITP) until hospital staff can determine the likelihood the individual's judicial process will keep them from being able to receive TCL services, supports, and housing in the future. It is incumbent upon the LME/MCOs to continue In-reach and transition planning after an eligible individual returns to jail.</p>

Major categories	Standards	Progress Towards Meeting the Requirements
<p>8. Section III. (E)(8) A written discharge plan:</p> <ul style="list-style-type: none"> a. identifies the individual’s strengths, preferences, needs, and desired outcomes; b. identifies the specific supports and services that build on the individual’s strengths and preferences to meet the individual’s needs and achieve desired outcomes, regardless of whether the services and supports are “currently” available; c. includes the providers that will provide the identified supports and services; d. documents addressing barriers so the individual can move to the most integrated setting possible (barriers shall not include the individual’s disability or the severity of the disability); e. sets forth the transition/ discharge date, actions before, during, and after transfer and responsibilities for completing discharge/transition tasks. 	<p>Each individual being discharged from an SPH, exiting an ACH, or being diverted from an ACH has a written discharge/diversion plan that meets four criteria listed in the SA: (1) identifies strengths, preferences, needs, and desired outcomes, and specific services and supports to meet the needs, etc., listed above, regardless of whether or not they are currently available; (2) includes the providers that will provide the identified supports and services to meet the requirements listed above; (3) documents barriers to moving or living in the most integrated setting possible that do not include the individual’s disability or severity of their disability; (4) identifies crises (precursors) that were factors in re-admissions (where this applies); (5) includes transition and discharge dates and action steps; (6) identifies responsibilities by staff/provider for each required pre-discharge, discharge, transfer, and community-based task and resource acquisition; and (7) includes the individual’s expressed needs and goals. These include benefits restoration/initiation, resource acquisition, and SH pre-tenancy/ move-in tasks.</p> <p>These are responsibilities split between hospital and community staff, completed in a timely manner and with participation of the recipient and any other individual they designate who may provide support (and guardian as needed).</p> <p>Transportation is the responsibility of the LME/MCO, and the community provider as designated by the LME/MCO.</p>	<p>The State has not made progress meeting this requirement. This is largely because of two factors. One, discharge planning is often a challenge for individuals discharged from SPHs because discharges sometimes occur quickly, and plans are not yet fully in place. Two, PCP planning does not meet requirements. It is discussed in more detail in the Community Mental Health Services section of this report.</p> <p>In-reach staff complete two tools, the In-Reach/Diversion/SPH Transition to Community Living tool and Informed Decision-Making tool, which serve as precursors to the PCP. This does not negate the need for the State to develop an adequate discharge plan that meets requirements. This is also true for a Community Integration Plan (CIP) required in Section III. (F)(2) which serves as the first plan for individuals diverted from ACHs.</p>

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>9. III. (E)(9)(10) The DHHS will create a transition team at the state level to assist local transition teams in addressing and overcoming identifiable barriers preventing individuals from transitioning to integrated settings. The team shall include individuals with experience and expertise in how to successfully resolve problems that arise during discharge planning and implementation of discharge plans. The team will oversee the local transition teams to ensure that they effectively inform individuals of community opportunities. The team will ensure training is adequate, including training on person-centered planning. Local teams include LME/MCO and SPH leadership. Local teams address barriers to discharge planning when teams cannot agree on a plan, are having difficulty implementing a plan, or need assistance in implementing a plan.</p>	<p>The State has established a state level transition team to assist local transition teams to address and overcome barriers preventing individuals from transitioning to an integrated setting. The DHHS team includes individuals with lived experience and expertise in successfully resolving problems that arise during discharge planning. The DHHS will ensure adequate training for local teams including LME/MCO staff, public guardians, SPH staff, and community providers, including training in person-centered planning.</p>	<p>The State is making progress in meeting (E)(9) and (E)(10). The State continues to support and provide guidance to LME/MCOs' Barriers Committees (local committees) to address transition/discharge barriers and to effectively inform individuals of community opportunities.</p>
<p>10. (E)(11) If an individual chooses to remain in an ACH or SPH, the local team documents steps to identify barriers to placement as identified by the individual or their guardian and attempts to address the barriers. The State documents steps taken to ensure this decision is an informed one and provides regular education on community options open to the individual, utilizing methods and timetables described in Section III. (E)(2).</p>	<p>Same as requirement.</p>	<p>The State has committed to an Informed Decision Making (IDM) process to document the individuals have made an informed choice to remain in an ACH and to identify any barriers that exist to their moving. LME/MCOs and the State also review barriers through local and state barriers committees. This process is partially meets but does not fully meet the requirement to implement a plan for resolving individual and structural barriers. The 2024 review identified 37 barriers to individuals moving to an integrated setting and meeting barriers to assist individuals sustain their living situation. This number is related both to barriers not getting reported or acted upon.</p>

Major categories	Standards	Progress Towards Meeting the Requirement
<p>12. Section III. (E)(12) The State will reassess individuals with SPMI who remain in adult care homes or State Psychiatric Hospitals for discharge on a quarterly basis, or more frequently upon request; the State will update discharge plans as needed based on new information and/or developments.</p>	<p>Same as requirement.</p>	<p>The State is not meeting this requirement but has made substantial progress to assess individuals every 90 days or more frequently upon request as referenced above.</p>
<p>(13)(a-d)The State will develop requirements for In-reach and transition coordination and begin conducting on-going in-reach and making assignments to Transition Coordinators. Transition and discharge planning for an individual will be completed within 90 days of assignment to a transition team, provided a housing slot is available. The State will follow procedures in the SA for a home that is at risk of determination that it is an IMD.</p>	<ol style="list-style-type: none"> 1. The Transition/Discharge Planning assignment start date is consistently applied across the state and by types of transitions and discharges (SPH, ACH and Diversion) based on DHHS policy and included in contract requirements. 2. Discharge planning will be completed within 90 days. 3. The Team continues to work with an individual until housing is available, if not within 90 days. 	<p>The State has met(E)(13)(a, b and d.). The State has not met (E)(13)(c) and did not make progress in FY 2024 following the issuance of a housing slot but did make slight progress after a transition attempt was made.</p>
<p>14. Section III. (E)(14) ACH Residents Bill of Rights: The State and/or LME shall monitor ACHs for compliance with the ACH Residents’ Bill of Rights requirements contained in Chapter 131D of NC Statutes and 42 C.F.R. § 438.100 (Enrollee Rights).</p>	<p>The State and/or the LME/MCO monitors ACH compliance with the ACH Bill of Rights and the C.F.R. § 438.100 requirements protecting the individual enrollee’s rights. This includes the individual’s right to privacy, to communicate privately without restrictions with individuals of their choice, to make complaints and suggestions without the fear of coercion and/or retaliation, to have flexibility to exercise choice, and to receive information on treatment options and alternatives.</p>	<p>The State has met its obligation with the (E)(14) for reporting violations of the ACH Residents Bill of Rights. Reviews revealed only three potential violations involving individuals reviewed in their attempts to exercise choice, make complaints, or receive information on options. This is down from 11 the previous year. As stated above, the State also made progress with face-to-face visits in FY 2024. This enables staff to observe violations and get reports from individuals.</p>

(A) Background

Discharge and Transition Process requirements apply to individuals exiting ACHs, discharged from SPHs, and potentially diverted from ACHs. The Discharge and Transition Process requirements overlap with other similar requirements, particularly pertaining to service provision and treatment team responsibilities, access to housing and time frame requirements for discharge planning, discharge plans, and diversion. These overlapping issues extend beyond the requirements in this section of the Agreement.

Discharge and Transition Process requirements include 13 major categories and 16 sub-categories. This review covered 12 of the 13 categories; the thirteenth category relates to steps the State was to take at the outset of the Settlement Agreement and that no longer require review. These requirements provide clear direction for the State to develop and implement effective measures to come into compliance with these provisions. Ten requirements focus on SPH discharges and ACH placements and transitions. For example, “in-reach” interventions apply to individuals living in both types of institutions. Reviewers scored discharge and/or transition processes for 61 individuals recently diverted from ACHs and individuals living in or discharged from ACHs and SPHs.

These review findings are both qualitative and quantitative in nature. For example, determining whether a hospital discharge planning process was effective is both a qualitative and quantitative finding, quantifying that discharge planning begins at admission, with clear responsibilities and clear communication. Determining the quality of staff interaction achieved through observation, interviews, and written notes is more complex, but also quantifiable as well as qualitative. There is also a relationship between effectiveness of the transition process and community sustainability that is quantifiable and qualitative. There were both qualitative and quantitative findings for 8 of the 11 requirements, and 3 with only qualitative findings where quantitative findings do not provide a full picture of the transition processes.

In FY 2024, 8% of names initially randomly pulled for the review were of individuals who were no longer available for a review either because they no longer met or did not meet eligibility originally (i.e., have dementia, were sentenced to prison, had died, or their whereabouts were unknown). One woman was re-scheduled three times before her review could be completed. The State and LME/MCOs are embarking on a major review in the fall of 2024 based on a valid sample, to determine what percentage of individuals can reasonably be expected to move to SH, overcoming challenges and being provided adequate support to move to a community setting.

The State continues to take steps to break down discharge and transition barriers. The Senior Advisor and her staff assist on eligibility questions, correct misinformation, and engage multiple DHHS divisions and the NC HFA to assist with making resources available

or intervening to ensure individuals can move to the most integrated settings. This has been helpful with Medicaid eligibility, county-to-county transfers which could otherwise result in disruptions to services, and helping individuals qualify for Personal Care Assistance (PCA) and other in-home support.

Beginning in the third quarter of FY 2022, the State set requirements for LME/LMOs to participate in an Incentive Plan. The State has made changes in the measures and targets each year. In FY 2024 the measures tied to the Discharge and Transition requirements included: 1) net transitions to supported housing; 2) ACH transitions; 3) Targeted/Key utilization; and 4) quarterly separation rates.

The State also awarded additional incentive funds at the end of FY 2024 for peer run programs including Peer Respite, TCL support group expansion, a Peer Ambassador Program, Meet Me at the HUB funding, Legal Aid support, enhanced bridge expansion, cleaning support, skill building, start-up funding for new IPS providers, transportation funds, SIL expansion, clean-up/ bed bug removal, OTA/COTA toolkits, DLA20 Functional Assessment Trainer Certification, home safety inspections, Qr8 Health Cognition Scale Pilot, wheelchair accessible vans, an initiative called Home Sweet Home, IPS-SE supports, Partnerships for Work and Wellness (PWW), and the Healthier at Home project.

In addition, LME/MCOs, who earned incentive funds during the course of the year, contributed to these and other projects. The State awarded \$2,749,314 for Tier 1 (fully met) Incentives, \$303,750 for Tier 2 (partially met) Incentives, and \$3,542,573 in TIP Funds at the end of FY 2024 as described above, for a total of \$6,595,637 in FY 2024.

Vaya met 9 targets, Partners 8, Alliance 4, and Trillium 3 (plus Sandhills and Eastpointe 4) over the course of the year or 28 out of 64 targets. Each of the LME/MCOs met their Targeted/Key expectations in the last quarter. Alliance and Vaya exceeded their Targeted/Key expectations by 44 individuals filling Targeted and Key housing slots.

(B) Findings

The Discharge and Transition Process requirements overlap with other similar requirements, particularly pertaining to treatment team responsibilities, discharge planning process, and time frame requirements for discharge planning and for discharge plans. These overlapping issues extend beyond this section. For example, Section III. (B)(1) requires the State to develop housing access measures but performance meeting those measures often falls under requirements in the Discharge and Transition Process category. Likewise, person-centered planning falls in Section III. (C) and in the Discharge and Planning Processes, Pre-Admission Screening and Diversion overlaps as well. Thus, it is not always a straightforward process to separate meeting Discharge and Transition Process requirements and Community-Based Mental Health Services requirements during the

review process but, more importantly, in practice.

1. The numbers of individuals reported in this section as receiving assistance may be different than the overall numbers of individuals seen and reviewed, as referenced in the Individual Review section of this report. The team conducted reviews at a point where an individual may have been in the process of transitioning or discharge so reviewers could score individuals based on where they were in the process, creating slightly different numerators and denominators depending on the review and the individual’s experience.
2. The State continues to meet the requirements for **Section III(E)(9) and (13a-b and d)**.
3. The State’s scores on discharge and transition planning (including diversion) trended higher in FY 2024 on (E)(1-8). Figure 16 displays the changes in mean scores from FY 2022 to FY 2024 along with the LME/MCOs’ minimum and maximum scores for these requirements. These changes are related to two factors. One, Partners, Trillium, and Vaya improved their performance on these requirements, with Partners and Vaya both scoring above the standard on multiple items and Trillium above standard on one. Two, State staff who monitor these requirements take a hands-on approach with constant feedback and consistent attention and use of performance improvement strategies. For the State to meet the Settlement obligations, the State must continue its performance improvement approach and the LMEs not meeting standards must continue to take action to improve their performance.

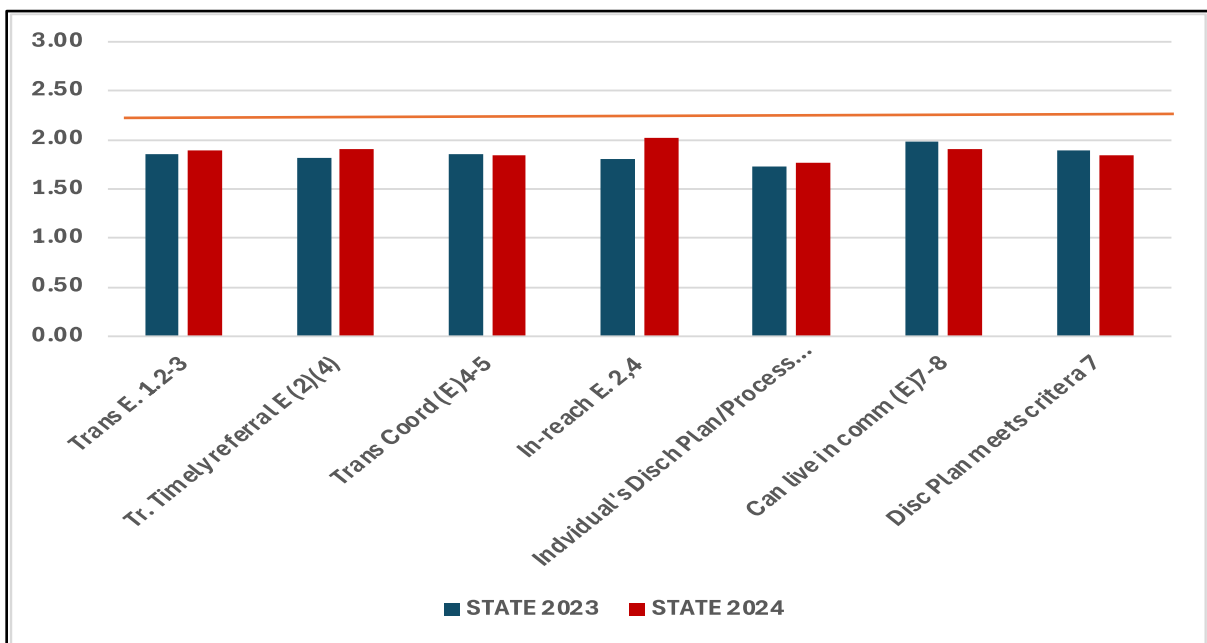
Figure 16: Discharge and Planning Process Mean Scores³⁰

	State Mean FY 22	State Mean FY 23	State Mean FY 24	LME Min./Mean FY 24	LME Maximum FY 24
Transition Plan meets requirements	1.62	1.85	1.89	1.51/1.89	2.09
Timely Referral	1.63	1.82	1.91	1.67/1.85	2.00
Transition Coordinator meets responsibilities	1.64	1.86	1.85	1.67/1.70	2.00
In-reach responsibilities met	1.27	1.80	2.02	1.69/1.70	2.19
Ind. helped with discharge to achieve goals	1.33	1.73	1.77	1.33/1.40	2.10
With sufficient support ind. can live in the community.	1.69	1.89	1.90	1.46/1.90	2.13
Disc. Plan meets criteria	1.41	1.89	1.84	1.31/1.84	2.13

³⁰ Each LME/MCO’s scores can be found in Appendix A.

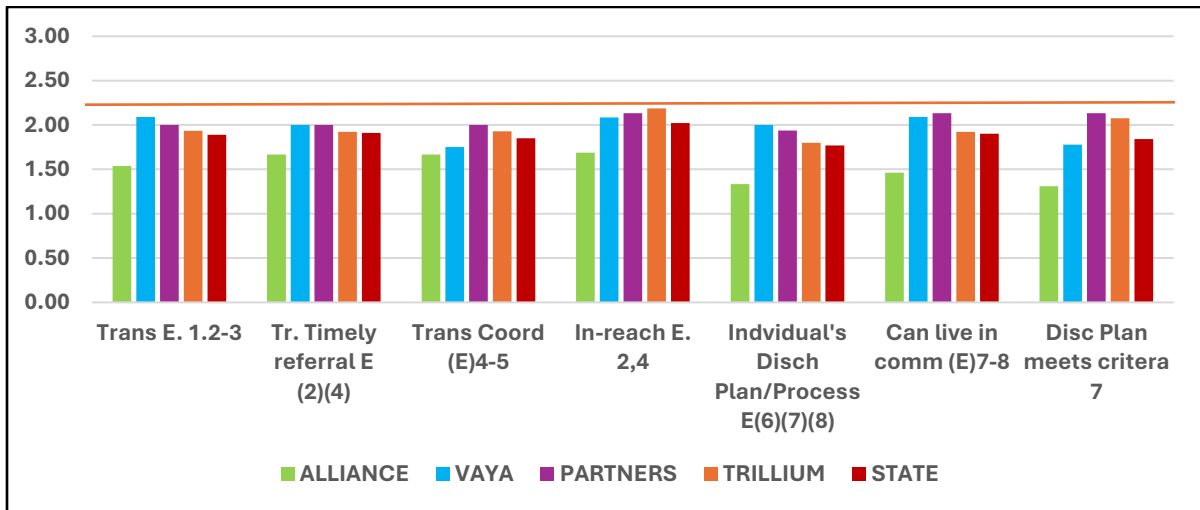
4. Figure 17 displays the State mean scores between FY 2023 and 2024, demonstrating how closely the two years match but with slight declines on two items, slight gains on two items and significant gains on three items in FY 2024. These scores raise the State's scores to right below the standard for Section III. (E) requirements. The minimum scores rose on average by .32 points and the maximum scores decreased on average by .20 points.
5. The scores depicted in Figures 17, 18, and 19 were derived through a combination of individual and staff interviews and document reviews. Section III. (E) also includes requirements examined through a review of documents and interviews with State staff as referenced below. Staff did not always approach their work with the principle that with sufficient services and supports, individuals with SMI or SPMI can live in an integrated setting, which resulted in lower scores. If staff take this approach, they are less likely to address concerns and take the steps to ensure this happens. This included breaking down barriers, identifying services and supports individuals need to move and live in the community, and then taking steps towards transition. The State's highest overall mean score was on Section III. (E)(2) and (4), in reach with frequent efforts and with transition teams knowledgeable about resources, services, and supports. The lowest mean scores overall were on the choice, discharge planning, and discharge planning processes requirements.

Figure 17: State Mean Scores between FY 2023 and FY 2024



6. Figure 18 depicts the very narrow differences between each LME/MCO score on the discharge and transition process items.

Figure 18: Comparison of each LME/MCO Discharge and Transition Process Scores



- The number of TCL-eligible individuals on in-reach status, regardless of where they were living, decreased from 3,052 from June 30, 2023, to 2,904 by June 30, 2024, a 148 decrease but lower than the 284 decrease in FY 2023. By September 12, 2024, the number of individuals on In-reach status living in ACHS dropped to 2,687, dropping another 217 individuals since June 30, 2024.

Based on recent reviews, these decreases were predominantly the result of individuals moving on to transition status or conversely individuals dying, moving to skilled nursing, or moving to other community settings, typically with family.

- Eighty-nine (89) individuals living in SH died in 2024, mostly related to natural causes and 645 individuals have died after moving into supported housing. It is likely that a significant number of individuals had declining health when they moved from ACHs which is also supported by reports of individuals on in-reach status dying before they moved.
- This is a lower number than individuals living in ACHs on In-reach status. Forty (40) individuals returned to ACHs in FY 2024, down from 123 the previous year. While some of this problem may be related to transition challenges, reviews reveal this is largely a services issue as discussed in the services section of this report.
- Figure 19 illustrates the increase in the number of individuals moving from ACHs in **Section III. (B)(2) (B)(a.-c.)** and occupying SH units across the state is increasing at a slower pace than necessary for the State to meet its obligation for 2,000 individuals moving from ACHs occupying SH units. This pace slowed down shortly after the pace of diversions increased in FY 2019 and before the COVID pandemic. The LME/MCOs have made a concerted effort to re-house individuals separated from SH, which has value as individuals exiting ACHs may have had challenges living in SH the first time they moved.

11. Figure 19 below depicts the number of individuals occupying housing slots after moving from ACHs over the past four years (FY 2022-2024), served by each LME/MCO. Most individuals served by the Sandhills and Eastpointe LME/MCOs are now included in Trillium numbers.
12. The State will need to increase individuals occupying SH units (net gain) by approximately an average of 167 per month to fully meet the Settlement Agreement requirement of 2,000 individuals moving from ACHs occupying supported housing units by July 1, 2025. Two factors could emerge to alter the obligation. One would be a continued trend of lowering separations from housing and increasing diversions, which impacts the challenges reaching the 2,000 requirement and lowers the number of individuals living in ACHS on In-reach status. Two it is likely that with continued data clean-up, the number of individuals living in ACHs on In-reach status is lower than reported. The LME/MCOs and State staff are working diligently on data clean-up, reducing separations and maintaining a high level of diversions.

Figure 19: Number of Individuals Living in Supported Housing after exiting ACHs

	Alliance	Eastpointe	Partners	Sandhills	Trillium	Vaya	Total
FY 2022	171	74	246	100	134	205	930
FY 2023	178	80	259	95	135	210	942
FY 2024	194	---	272	---	295	239	1000

13. As depicted in Figure 20 below, the overall number of individuals moving to supported housing or bridge housing from SPHs increased to 69 in the past year while the SPH discharges decreased by 21%. There was a slight increase in the number of individuals moving to shelters, boarding houses, and hotels. The number of individuals discharged to ACH and Family Care Homes (FCHs) decreased by 21%. TCL recipients are an increasingly higher percentage of all SPH discharges than in past years; however, SPH discharges are down overall.

Figure 20: SPH FY 2020-FY 2024 Discharges

Discharge Location	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 ³¹
Supported and Bridge Housing³²	113	117	64	56	69 (↑)
Adult and Family Care Homes	93	55	83	71	56 (22% ↓)
Boarding Homes, Shelters, Hotels³³	80	32	38	34	37 (9% ↓)
Group Homes	145	81	71	54	59 (9% ↑)
All/TCL SPH Discharges	1452	1300	1022	905	718/582 (81%)

³¹ TCL discharges are a percentage of the total discharges
³² Bridge housing typically results in individuals moving into permanent housing.
³³ This number includes one individual discharged to a camper in December 2018.

14. Staff report that 35 individuals were discharged from SPHs to bridge housing in FY 2024. The number of individuals discharged directly to supported housing increased by 13 or 42%. Staff reported that a lack of availability for extended bridge and bridge housing resulted in some individuals opting to move to shelters or boarding houses. This appears to be related to the demand for bridge and extended bridge housing for individuals being re-housed, being referred through diversion or from ACHs, in addition to individuals referred upon SPH discharge.
15. An analysis of discharges in the last quarter of FY 2024 revealed four individuals did not want to wait on a bridge or supported housing option. Two individuals chose a hotel, one chose a shelter, and one chose a rescue mission (shelter). One of the four individuals referenced above did get into bridge housing two weeks after discharge. One individual was not offered either bridge or supported housing, but instead was offered a FCH or a shelter, and two individuals were given the wrong information about options. During a recent review at Cherry Hospital and an earlier review at Broughton, two individuals could not get bridge (and extended bridge) housing or permanent housing because the providers they were working with could not provide services in an adjacent county where supported housing or bridge housing was available and agreeable to the individual. The father of one of the two individuals paid for an Air BnB. After discussion, the LME/MCO worked out arrangements for the other individual's provider to be reimbursed at a higher level on a time limited basis to serve her in another county so the woman, who no longer met hospital level of care, could be released. Even with these challenges the State, SPH and LME/MCO staff are working diligently to make improvements.
16. The Settlement Agreement standard requires the State "to implement procedures for ensuring" individuals in the target population receive accurate, full information about all community-based options and to provide effective discharge planning and written discharge plans to help individuals achieve goals across all domains as stated in (E)(1) and (3). The State is not meeting these requirements, but the State's mean scores improved slightly over the scores from FY 2023.
17. The State is making progress meeting the in-reach requirement in Section III (E)(2) and made progress in FY 2024, in terms of the number of individuals assessed in 90 days. State data reveals that the number of face-to-face encounters improved significantly in FY 2024 to 65.2 in the fourth quarter of FY 2024, up from 56.8% in the fourth quarter of FY 2023 and 27.5% in the fourth quarter of FY 2022. The current ACH review may reveal further improvements.
18. The quality of those encounters still varies as evidenced in the recent reviews. This may be the result of new staff just beginning to understand their role. It also occurs when the encounters are clearly just check-ins or when staff do not identify and/or report barriers.

For individuals with long ACH stays, it is incumbent upon staff to engage and gain the trust and interest of individuals and not to just take “no, I’m not moving.” This applies to encounters with guardians as well. A few staff reported guardians not returning their calls or refusing to allow in-reach staff to talk about the benefits of TCL.

In-reach staff sometimes refer to a requirement that individuals on In-reach status get a contact every 90 days. However, the Settlement Agreement states: “the State will reassess individuals who remain in ACHs or SPHs for discharge to an integrated community setting on a quarterly basis, or more frequently upon request and updating plans as needed based on new information and/or developments.” The Settlement Agreement also references that “the State will provide for frequent education efforts.” It is the Reviewer’s professional opinion that visits to individuals every ninety days will not result in gaining the trust of individuals so that they can live successfully in the community with supports. Nor would individuals likely feel capable of returning to the community unless seen frequently, with visits to the community, opportunities to regain skills, explore new interests, get help with their accessibility needs, and have access to adequate health and personal care.

For most individuals, 90 days is a long time between visits, especially if individuals want to consider a broad range of choices and decisions but do not have the opportunity to ask more questions and fully grasp opportunities. When asked during reviews, individuals have not always been able to remember who visited them or when. Individuals do not always receive accurate information about community benefits, services, and supports, which makes the decision to move more difficult.

Staff and one reviewer reported continuing challenges with access to ACHs and FCHs. Some guardians reportedly are continuing to tell staff and reviewers not to discuss any potential for community living for individuals living in ACHs. A new issue emerged this year with public guardian turnover in at least two counties in the eastern part of the state. One individual had six public and agency guardians in seven years and another five guardians in six years. This resulted in guardians indicating to LME/MCO staff and one reviewer they could not discuss anything about the individual as they were just assigned to the individual.

19. As referenced in earlier reports, the State developed a new informed decision-making tool in September 2020 and took two additional steps to improve the process in late FY 2023. This demonstrates that the LME/MCOs and the State are giving careful consideration of individuals’ choice about moving to the community. The four LME/MCOs submitted approximately 25 reviews monthly during the last quarter of FY 2024. It appears that approximately half that number are approved monthly. The ACH In-

Review underway in the fall of 2024, referenced above, will likely result in the pace of submissions and review increasing substantially.

20. The State has added an incentive for LME/MCOs who meet their target for transitioning individuals from ACHs to the community and supported housing. Each of the LME/MCOs had different target numbers based on their overall and ACH In-reach population. While the results show the LME/MCOs transitioned 203 individuals, the net gain of individuals exiting ACHs to live in supported housing was only 43. Below is a chart depicting the incentive expectation and results by LME/MCO. See the results in Figure 21 below.

Figure 21: Results of Incentive Funding Expectations for Transitioning Individuals from ACHs

LME/MCO	Alliance	Eastpointe ³⁴	Partners	Sandhills ¹⁴	Trillium	Vaya	Total
Expectation ³⁵	76	34	48	43	48	52	301
Result	34	13	54	6	38	66	208

21. One hundred and twenty-four (124) individuals living in housing moved to skilled nursing or died in FY 2024. While data is not available to determine the exact number of individuals of the 203 transitioned from ACHs, experience indicates a significant portion did.

22. There are interconnected requirements in **Section III. (E)(4-8)**. The State is still not fully meeting **III. (E)(4)** transition team requirements and **III. (E)(5)** requirements for the transition coordinator taking responsibility as the lead contact or administering the required process as defined in the SA for SPH and ACH discharges and transition to supported housing. More detail on the transition coordinator responsibilities is listed in #23 below.

23. The State is continuing to make progress with transition teams becoming more responsible for the discharge planning process requirements in **III. (E)(7-8)**. Three of the LME/MCOs scores from the FY 2024 reviews are clustered between 1.7 and 2 on the 3-point mean scale as referenced in Figure 18 above and illustrated in findings below. The most frequent problems found included gaps in timeframes of contacts delaying transitions and staff not having the information and expertise to reduce or eliminate barriers, or to understand and effectively intervene to serve individuals with trauma history, substance use, and/or functional and decision-making challenges as the result of years of, or repeated, institutionalization. This also includes not identifying and taking action when ACH and FCH staff, public guardians, individuals posing as guardians, and providers mislead transition coordinators, interfere, or do not allow individuals to

³⁴ The State set Eastpointe and Sandhills expectations for a full year but both went out of business in February 2024.

³⁵ Annual expectation for number of individuals transitioned from ACHs and FCHs to supported housing.

consider or participate in transition planning. This means individuals are not always given the opportunity to participate as fully as possible in his or her treatment and discharge planning **III. (E)(5)**.

24. The State allocated funds in 2022 to LME/MCOs to improve “assertive engagement.” This funding became part of the LME/MCOs’ budgets going forward following this initial allocation. Assertive engagement refers to steps providers will take to begin engaging with individuals and providing supports while the individual gets enrolled in services. This means ACT, CST, Peer Support, or TMS teams cannot bill for time they spend seeking to engage individuals to assist with discharge planning and to assist individuals who are ambivalent about engaging in services and/or for making discharge arrangements. The State created a service definition for this approach in FY 2023. However, the percentage of individuals receiving assertive engagement while in “transition” remained low in FY 2024.

Assertive engagement is effective, essential, and critical for the State to be successful in meeting Settlement Agreement requirements and, more importantly, to assist individuals in their recovery process. However, it is best implemented when staff who will be providing ongoing services post discharge or diversion provide the service, not just assigning one agency to do assertive engagement.

Peer Support Specialists are particularly effective in engaging with individuals who are contemplating change. The research and data on effectiveness of certified peer bridgers is positive and also cost effective. Peer support is key when individuals have lived in ACHs for a lengthy period of time, are afraid of living in the community, and have questions about a change. Peers are uniquely skilled and suited in building trust and speaking from their own experience at taking new steps in their recovery process. The State increased the availability of Peer Bridgers and Community Inclusion specialists in FY 2024.

The State is meeting the **III.E(9)** requirement following the creation of a state-level Barriers Committee in FY 2019. The team tracks progress on eliminating barriers until they resolve the issues, often after prompting policy makers to make changes in processes and policies and to ensure local changes as well. The committee maintains a reviews log and updates a barriers log on a continuous basis. The team now includes one individual with lived experience.

25. The State is not meeting **(E)(10)** which requires the DHHS team (Barriers Committee) to ensure there is adequate training for transition teams, including training on PCPs. There is also a requirement for the DHHS team to oversee transition teams to ensure that they effectively inform individuals of community opportunities and assist local teams to identify barriers and agree on a plan to overcome those barriers. The State is providing consultation to and mentoring local teams. This includes ensuring a path to the State’s

Barrier Committee for issues the local committee cannot resolve. The State established a system to identify trends and monitor progress on reducing and/or eliminating barriers at the local level.

26. However, this assistance has not resulted in a number of barriers being reported or staff recognizing barriers. The State established requirements for local barriers membership, both standing and ad-hoc, including Regional Ombudsmen (monitoring ACHs) as standing members along with cross-functional LME/MCO staff. Ad-hoc members include providers, guardians, DSS, housing authorities, Centers for Independent Living (CILs), DHHS staff including VR, NAMI, and others. There are other states that include peers as part of this process.

27. There is a close connection between **Section III. (E)(11)** and **(E)(12)** requirements. They also closely match the **III (F)(3)** requirement. The State is not meeting the **III (E)(11)** and **(12)** requirements. The **(E)(11)** requirement is for the individual's transition team to identify barriers to placement in a more integrated setting, to describe steps to address the barriers, and attempt to address those barriers for individuals who choose to remain in an ACH or another segregated setting. The State must document those barriers and regularly educate the individual about the options open to the individual as described in **(E)(2)**. Findings from the FY 2024 review and State data reveal the State is not meeting **(E)(11)**. The reasons vary widely but fall into two broad categories.

The first reason is that transition teams are not addressing and when necessary reporting barriers to individuals getting access to assessments, services and supports they need. Reviewers identified 54 barriers not adequately addressed and or reported.

The second is an issue referenced in this report previously. In-reach staff and Transition Coordinators are still not meeting with individuals frequently enough to effectively address concerns. In FY 2024, the individual review process included an assessment of 51 individuals' discharge and transition processes. This included a review of 18 individuals who had moved recently so their interviews and documents included enough information to assess this process. Of the 51 individuals, 1 individual had 5 different in-reach specialists in 11 months. There were three individuals previously assigned to Cardinal for in-reach and transition, not seen frequently enough to make plans to transition to supported housing. Barriers remain for four of the five individuals described in #13 above. One individual had only four visits in two years.

28. The State has committed to an Informed Decision Making (IDM) process. The process requires LME/MCO In-reach staff to meet with individuals and their guardians when applicable to indicate when, after being informed of community options, not to move from an ACH. This helps confirm who could move, what barriers to placement have been

identified, and how they have been addressed. This is also a requirement in the Pre-Screening and Diversion Process (F)(3). LME/MCOs had submitted 326 IDM tools by the end of June 2024 and the State had approved 141 by July 23, 2024. The State provided four trainings for LME/MCO staff, including how to work with guardians and ACH staff that sometimes present obstacles to the IDM process, in late FY 2023.

29. III (E)(12) is the requirement for individuals remaining in an ACH or an SPH to get a re-assessment on a quarterly basis, or more frequently, upon request. The State is not meeting this requirement for 1,098 individuals living in ACHs or discharged from SPHs and still on In-reach status. There was an increase to 62.4% of face-to-face In-reach encounters with individuals in the final quarter of FY 2024, up from 38.9% in the first quarter of FY 2023. The State is giving priority to and closely monitoring the frequency of ACH visits. This includes follow up calls with LME/MCO staff on a regular basis.
30. A review of **III (E)(13a-b.)** is not necessary. These requirements relate to tasks that were associated with initiating in-reach and transition at the outset of the State's implementation of the Settlement Agreement.
31. **(E)(13.c):** The State is not meeting the requirement to complete transition and discharge planning within 90 days of assignment to a transition team for individuals residing in ACHs or diverted from an ACH. It was more difficult this year to determine the number of individuals assigned to a transition team who had completed the transition in 90 days because of the number of individuals who have separated from housing and who were in the process of transitioning again. However, as reported in Section III. (B) Supported Housing, the preliminary statewide average number of days from approval of a housing slot was 183 days but the time from beginning the LME/MCO's actual transition process averaged 111.8 days³⁶³⁷.

Alliance's time from issuance of a housing slot to an individual filling a unit was 263.3 days while their actual transition time after a Transition coordinator was named was 81.6 days. The other LMEs had more narrow gaps between individuals getting a housing slot to actual transition times; Partners 111.8 to 95.7 days, Trillium 196.5 to 119.5 days, and Vaya 199.5 to 147.7 days.

It is sometimes important to continue the transition process past the 90 day mark for a number of reasons. One, individuals may be waiting on a new or rehabilitated housing complex to be "placed in service" in an area where the individual wants to move. More time may be needed for individuals not yet discharged from a treatment center or hospital for substance use, medical, or psychiatric treatment. Likewise it may take

³⁶ This information will change when the State is able to fully capture the FY 2024 4th quarter data.

³⁷ Start date is at admission: ACH and Diversion start date is determined by DHHS policy but no later than when an individual first indicates they are choosing to move to the community in the case of ACH transition and date an individual chooses to be diverted from an ACH

weeks to complete a reasonable accommodation request and get a response to the request. On a positive note, the State's QA/PI team is tracking this data to measure and analyze performance trends and the LME/MCOs are taking steps to narrow these gaps.

32. LME/MCO staff have made progress identifying and reporting potential violations of the ACH Residents Bill of Rights requirement with reporting potential violations (**Section III E)(14)**. This requirement only pertains to staff reporting alleged violations. Reviews revealed only three potential violations involving individuals reviewed in their attempts to exercise choice, make complaints, or receive information on options. This is down from 11 the previous year. Given the progress staff have made reporting violations, the State has met its obligation with this requirement.

Investigative findings by the Division of Health Service Regulation (DHSR) often come back unsubstantiated, which LME/MCO staff report as concerning given their personal knowledge of the alleged violation(s). It is imperative that the State continue to monitor reports of potential violations of this requirement given the history of ACH Residents Bill of Rights violations.

The LME/MCOs are sometimes obstructed from meeting individuals in ACHs and LME/MCO staff again reported delays in obtaining FL2 forms from ACHs to verify ACH residents' TCL eligibility and delays in getting other documents. These issues are not covered by the ACH Resident Bill of Rights but lack of access to records and meetings with TCL recipients impede In-reach staff from carrying out their responsibilities.

(C) Recommendations

1. The State made substantial progress with Discharge and Transition Process requirements in FY 2024. The State should continue to follow their plan with targets, action steps, and performance improvement processes to assist individuals to transition to the community from ACHs and SPHs. This includes transition coordinators effectively administering the transition team process. It includes addressing objections and barriers for individuals who are either prevented from moving by guardians or cannot move with additional assistance and supports. This includes ensuring training is effective to ensure barriers are reported and resolve including ensuring individuals can get their needed health care to ensure this transition is safe and successful.
2. The LME/MCOs are very supportive of the accelerated review to ensure individuals living in ACHs have informed choice about moving to the community or remaining in an ACH. Once this process commences, the LMEs/MCOs and the State should take immediate action to remove transition barriers for the individuals who are exercising choice and moving to the community. To be successful, transition and community support systems will need to be strengthened with more timely access to housing.

V. PRE-ADMISSION SCREENING AND DIVERSION

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>1. Section III. (F)(1) The State will refine and implement tools and training to ensure that when any individual is considered for admission to an Adult Care Home (ACH) the State shall arrange for a determination, by an independent screener, of whether the individual has SMI or not.</p>	<p>1. The State has developed tools and training directly and through the LME/MCOs to evaluate individuals for admission to an ACH for Serious Mental Illness (SMI).</p> <p>2. The State makes this determination when considering the individual for admission, not after they move into an ACH.</p>	<p>The State met this requirement previously and continues to meet this requirement.</p>
<p>2. Section III. (F)(2) The State shall screen and connect any individual with SMI to the appropriate LME/MCO for a prompt determination of eligibility for mental health services.</p>	<p>The State screens and connects eligible individuals to an LME/MCO. The LME/MCO responds promptly to requests for determination of eligibility for mental health services required prior to admission of an individual to an ACH.</p>	<p>The State again met this part of Section III. (F)(2) in FY 2024. DHHS and the LME/MCOs continued the trend set in FY 2019 to reduce the volume of requests for individuals not eligible for TCL. The number of referrals “in process” was 376 in FY 2024, which was higher than those “in process” (273) in FY 2023. Since this metric is a point-in-time count that number may fluctuate widely over time based on the pace of referrals. The number of individuals diverted increased by 27% (192) in FY 2024 and only 56 individuals were not diverted in FY 2024.</p>
<p>3. Section III. (F)(2) Once determined eligible for mental health services the State and/or the LME/MCO will work with the individual to develop and implement a community integration plan. The individual shall get the opportunity to participate in this process.</p>	<p>1. Once eligibility for mental health services is determined, individuals considered for an ACH admission get assistance to develop and implement a community integration plan.</p> <p>2. The individual fully participates in the process.</p>	<p>The State continues to meet this sub-requirement. There were 30 individuals reviewed from the diversion category during FY 2024. Of the 30, 23 or 76% had or are receiving assistance to implement their community integration plan. This percentage is an accomplishment given that it is not always possible to locate individuals and develop a plan after they are referred. The DHHS conducts post-referral case reviews and conducts follow-up on individuals who do not get a prompt determination, do not get assistance with a community integration plan, nor are provided a choice between an ACH or community living with housing and support.</p>

Major Categories	Standards	Progress Toward Meeting the Requirements
<p>4. Section III. (F)(2) The development and implementation of the community integration plan shall be consistent with the discharge planning provisions in Section III (E) of this Agreement.</p>	<p>The development and implementation of the community integration plan is consistent with provisions in Section III (E) of this Agreement.</p>	<p>The State is meeting requirements in the sub-section of Section III. (F)(2). The planning process is consistent with the discharge planning provisions in Section III. (E).</p> <p>See the review of Section III. (E) for a review of the State’s performance meeting the discharge and transition process requirements.</p>
<p>5. Section III (F)(3) The State will set forth and implement individualized strategies to address concerns and objections to placement in an integrated setting, will monitor individuals choosing to reside in an adult care home, and continue to provide in-reach and transition planning.</p>	<p>1. The State has developed and implemented strategies for each individual who objects to placement in an integrated setting to address concerns and objections to such a placement.</p> <p>2. The State is monitoring each individual choosing to reside in an ACH and continues to provide In-reach and transition planning.</p>	<p>The State is meeting requirements for Section III. (F)(3). The State monitors individuals choosing to reside in an ACH from both Priority Groups d. and e. identified in Section II.(B). The State conducts periodic reviews of LME/MCO In-reach for individuals in Priority Group e. (Cat 5) following RSVP referrals.</p> <p>The State began providing the details and circumstances for each person’s SPH discharge in FY 2024 and has begun following up with each individual and their guardian (as applicable) to address In-reach concerns and objections to placement in an integrated setting and develop individualized strategies to address those concerns when possible.</p>

(A) Background

The State has continued to make substantial progress improving Pre-Admission Screening and Diversion, **Section III. (F)(1-3)**, that began with a new process initiated over the past four and a half years. In November 2018, the State initiated a new online Pre-Admission Screening process, titled the Referral Screening Verification Process (RSVP), connecting individuals at risk of ACH admission to the appropriate LME/MCO for a TCL eligibility determination. This is an online system wherein a referring entity (health or behavioral health state or private hospital discharge planner, departments of social services, guardians, healthcare and mental health service provider, homeless services provider or other community agencies, family member, or individuals themselves) can make a request that goes straight to an LME/MCO. The LME/MCO determines eligibility, often having to request additional information, including a clinical assessment. If additional information is necessary for eligibility determination, staff flag the request as pending. The LME/MCO tracks the time an application is pending and in process.

The State had previously contracted this responsibility to an independent organization whose contractors were not as knowledgeable about the living options, supported housing, and community-based services necessary to offer individuals a choice. The process was lengthy and fraught with technical and design challenges and flaws.

The LME/MCO, having completed the RSVP process, refers the individual to the appropriate staff person for in-reach and transition planning. After staff apprise the individual of their options, if the individual chooses to move to an ACH, the State must show this was an informed decision, as required by **Section III. (F)(3)**. This requirement also obliges the State to provide in-reach and implement individualized strategies to address concerns and objections to living in an integrated setting. If the individual changes their mind and wants to move back to the community, the LME/MCO arranges for that to happen.

Since initiating RSVP, the State and the LME/MCOs have better defined the process, taking action to correct problems, and providing guidance to organizations that routinely refer individuals for Pre-Admission Screening. LME/MCOs took much needed action collaborating with providers, stakeholders, and referring organizations. As a result, the process continues to improve and the State is continuing to make systems improvements, analyzing data and troubleshooting problems as they occur rather than months after the fact.

The FY 2021 Annual Report first discussed the TCL eligibility determination problem of individuals referred through RSVP despite not appearing to be at risk of ACH placement. This continues to be true but to a more limited extent and in each instance the individual had a serious legal situation, was living in unstable housing, or was recovering from a serious injury or illness. Referring organizations and LME/MCOs now consider supported housing as the most appropriate community living setting for each of the diverted individuals. Of the nine individuals reviewed in the FY 2024 spring review cycle, two were not likely at immediate risk of an ACH placement. Both were at risk of re-hospitalization and/or homelessness and two are now in jail. There were 29 individuals in the total FY 2024 review sample who became eligible for TCL through diversion.

The most significant change the State has made since entering into the Settlement Agreement is the shift from the number of individuals “not diverted” to a greater number of individuals “diverted” and the significant reduction in requests for ACH placements (reviewed in the findings below). This is a true indicator the State is making a shift from an institution-based system for adults with a serious mental illness to a community-based system.

(B) Findings

1. As shown in Figure 22 below, the State reported there were 39,218³⁸ individual referrals to LME/MCOs for an adult care home placement eligibility determination between November 1, 2018, and June 30, 2024. According to DHHS, after November 1, 2018, there were 5,062 individuals found eligible and added to the Transitions to Community Living Database (TCLD)³⁹.

To demonstrate the stark contrast in performance switching to RSVP, there were 6,087 individuals not diverted between November 2013 and November 2018, only 2,775 individuals not diverted from July 2019 and June 2024, and only 183 individuals not diverted over the last three years. This includes individuals not diverted from ACH placement who were living in the community or other facility. These numbers do not include those not diverted upon discharge from an SPH. Those individuals fall into Category 4. Figure 22 also displays the number of eligibility determinations, those in process of determination, and disposition. The high number of individuals found ineligible reflects the demand for safe, affordable housing for individuals with low incomes and mental health challenges or other issues, but it also includes duplicates and individuals already in the TCLD database.

Figure 22: RSVP Referrals and Progress in Processing (November 2018-June 30, 2024)

	11/2018-6/30/24 RSVP Referrals	11/1/18-7/1/24 Individuals Determined TCL Eligible	FY 2024 Total Diversion Attempts	In Process 6/30/21	In Process 6/30/22	In Process 6/30/23	In Process 6/30/24
Alliance	7594	1565	65	88	212	42	127
Cardinal	4042	---	---	101	---	---	---
Eastpointe	2100	---	46	11	9	18	---
Partners	6597	857	128	9	65	69	74
Sandhills	2971		60	36	30	38	---
Trillium	8351	1605	66	38	73	37	94
Vaya ⁴⁰	7563	1660	141	137	94	70	81
Total	39218	5707	192	420	483	274	376

2. In Process determination numbers have declined since FY 2021, demonstrating the LME/MCOs’ increased capacity to manage diversion as well as providing education and consultation on requirements with referring organizations. It also reflects the State’s actions to “clean-up” duplicates, count, and code. This number increased in FY 2024 by 28% but remained lower than FY 2021 and FY 2022. At the same time, referrals increased by 25%, indicating the LME/MCOs continue to manage referrals effectively.

³⁸ Some referrals may be duplicates. SPH referrals not included as Category 4 referrals.

³⁹ This is the database that includes names and key information regarding the target population.

⁴⁰ Vaya’s Care Coordination manages the pre-screening process.

Figure 23: LME/MCO Diversions FY 2019-FY 2024

	Admissions ⁴¹ to ACHs in FY 2019	Diversions FY 2019	Not Diverted FY 2020	Diverted FY 2020	Not Diverted FY 2021	Diverted FY 2021	Not Diverted FY 22	Diverted FY 2022	Not Diverted FY 2023	Diverted FY 2023	Not Diverted FY 2024	Diverted FY 2024
Alliance	50	36	50	5	21	10	8	34	14	4	10	22
Cardinal	198	27	196	17	51	45	---	---	---	---	---	---
Eastpointe	75	44	28	46	4	35	0	25	1	27	---	---
Partners	155	17	52	14	15	16	13	12	18	39	20	70
Sandhills	57	58	65	15	9	58	5	23	3	14	---	---
Trillium	118	88	92	48	11	7	7	30	9	20	13	13
Vaya ⁴²	199	84	128	57	12	40	18	42	23	36	13	13
Total	852	354	611	202	123	211	45	166	68	140	56	192

- There was a shift in guardians supporting an individual moving to supported housing with services and supports during the spring review. Of the 19 individuals with guardians in the FY 2024 review, 10 had guardians supporting their move.

Most of the guardians who agreed with the move were fully engaged in this process. Two guardians recently shifted their thinking on this issue when In-reach and transition staff began providing more information and supports. Two family guardians who objected were justifiably concerned given the individual’s serious health issues and the risk to their safety. On the other hand, one public guardian insisted an individual get his medication (an injection) before allowing him to get his weekly spending money even while he was living in a family care home. The DHHS Division of Social Services staff continues to respond to objections when it appears public guardians are not agreeing to LME/MCO staff access to speak with individuals or to allow the staff to discuss TCL services and supports.

- There were 29 individuals diverted and selected for a review in the FY 2024 random pull. Many did not appear to be at immediate risk of ACH placement but would have likely remained in unstable housing, remained homeless, or either remained or were at risk for life threatening medical conditions. This included seven individuals under the age of 40. Drug and ETOH use was both very high and very serious. Twenty-three (23) individuals had significant substance use issues.

⁴¹ Sometimes referenced as “not diverted.”

⁴² Vaya’s Care Coordination team manages the pre-screening process.

5. Nine (9) individuals were living in unstable housing at the time of the review. One individual was living in a cramped room in a motel in an unsafe location, with his wheelchair and oxygen equipment and had lived there for 14 years. Three individuals were living in an unlicensed group home. Two individuals were living in tents. Two individuals were living in a shelter. One individual was living in an unlicensed trailer where he had been living with his mother. She passed away but he wanted to continue to live there and, with support from LME/MCO including improvements to the trailer, the trailer passed inspection after the review. Seven individuals were living or had lived in bridge housing. Two individuals were told they did not qualify for bridge housing. There were two individuals convicted of crimes and sentenced to prison.
6. **Section III (F)(3)** includes two requirements. One, the State shows the decision an individual makes to move to an ACH is an informed one. Two, the State has set forth strategies to address concerns and objectives to placement in an integrated setting and will monitor individuals choosing to reside in an ACH and continue to provide in-reach and transition planning.

As stated above, the State tested out a new Individualized Decision Making process in the fall of FY 2020 and LME/MCOs began using it before the FY 2021 reviews began. Unfortunately, there was an indication early in the review process that there were challenges with the implementation of the policy and implementation of the IDM. The State suspended the implementation of the tool and followed this decision with additional technical assistance. The State issued further guidance and began re-using the tool in March 2023. The State and LME/MCOs are now using this process more methodically to help confirm fully the individual's decision to move to an ACH at the point they are making a diversion decision. LME/MCOs had only submitted 319 completed tools and 129 approved through the July 10, 2024, report.

The State utilizes an effective process to identify barriers to an individual moving to a more integrated setting, but this process does not identify barriers not reported to the local Barriers Committee. Information from the FY 2023 review revealed that 41 individuals identified a wide range of barriers and objections, including provider, ACH and family interference, guardian refusal, individuals posing as guardians refusing, need for support not offered, and challenges with safety and health care. The review team identified 53 barriers to individuals moving to an integrated setting with services and supports. Staff reported making Adult Protection Services, Ombudsman, and/or barriers committee referrals for at least six of the individuals reviewed. It is possible that staff made referrals that were not reported to a reviewer. Reviewers strongly recommended staff refer barriers if they had not already done so to the local barriers committee.

(C) Recommendations

The following recommendations focus on the sustainability of the gains the State has made meeting the **Section III (F)(1-3) Pre-Screening and Diversion** requirements:

- a. Continue to improve the timeliness of the diversion process.
 - b. Continue to focus on removing obstacles and barriers to individuals moving to community settings before or after moving to an ACH, if that is their choice.
 - c. Continue to make gains in making supported housing accessible and available, including bridge housing, and enhanced bridge housing.
 - d. Maximize assertive engagement and the individual's immediate access to effective services and supports, and/or other issues that were the reasons why an individual chose to move to and remain in an ACH.
 - e. Ensure that the individual and guardian received adequate education and information about these services and supports.
2. Continue progress made with RSVP, including conducting periodic quality reviews of Pre-Admission Screening approvals as well as providing education to RSVP staff making eligibility determinations and to referring organizations on the eligibility criteria.
 3. Continue to monitor and provide consultation to fully implement the informed decision-making process. This includes ensuring staff have demonstrated competencies in this process, conducted consistently with established recovery principles, and staff have engaged the individual sufficiently to make informed choices. This includes ensuring providers and other key staff refer barriers to local barriers committees to resolve objections and concerns and, when necessary, the local committee should refer systemic barriers to the State Barriers Committee.
 4. The State should continue to ensure public and agency guardians accept and assume their responsibility to participate in the informed decision-making process, to stop the unjustifiable objections to an individual choosing to live in the community with supports, and to consider community options when LME/MCO and/or State staff have effectively addressed their concerns.

The State has made significant progress in diverting individuals who chose community living with TCL resources rather than moving to an ACH. The State took additional steps in FY 2024 to set forth strategies to an individual's placement in the community and address objections and concerns to such a placement. This continues to be a positive sign that the State is shifting from an institutional based to a community based mental health service system for adults with serious mental illness. The State has met the Settlement Agreement obligations for **Section III.(F)(1-3) Pre-admission Screening and Diversion**.

VI. QUALITY ASSURANCE AND PERFORMANCE IMPROVEMENT

Major Categories	Summary of Standards	Progress Towards Meeting the Requirements
<p>Section III. (G)(1)(3)(4) The State will develop and implement a Quality Assurance and Performance Improvement (QA/PI) monitoring system to ensure community-based placements and services are made in accordance with this Agreement. As part of the quality assurance system, the State shall complete an annual PHIP and/or LME EQR process by which an External Quality Review (EQR) Organization will review policies and processes for the State’s mental health service system.</p>	<p>This requirement specifies that the State develop and implement a QA/PI system. The system’s goal is to ensure that all the State’s services are of good quality and sufficient to help individuals to achieve increased independence, gain greater integration into the community, obtain and maintain stable housing, avoid harms, and decrease the incidence of hospital contacts and institutionalization. The requirement specifies the State collect, aggregate, and analyze data on seven items and seven sub-items in III (G)(3) (g) related to in-reach, person-centered discharge, and community placement, including identifying barriers to placement. This requirement includes the State reviewing this information on a semi-annual basis to develop and implement measures to overcome barriers. The External Quality Review (EQR) includes a review of internal TCL policies and practices.</p>	<p>The State is meeting Section III. (G)(1)(3) and (4). The state is identifying priority measures, setting quality flags, and making quality improvement recommendations to meet this requirement. While the State has identified measures, there are remaining challenges the State must address to meet the terms of the Settlement related to the services being recovery oriented and of good quality, provided with the intensity and frequency needed for individuals to sustain their life in the community. In addition, it is important to focus on steps to assist individuals achieve integration and greater independence, and gain access to supported employment. The QA/PI falls short of identifying and analyzing actionable information on these items. The State is advised to broaden its focus and reach out to reliable sources inside and outside state offices to provide information key to the State meeting unmet major obligations in the Settlement Agreement.</p>
<p>Section III. (G)(2) A Transition Oversight Committee will be created at DHHS to monitor monthly progress of implementation of this Agreement. This includes the LME/MCOs for reporting monthly progress on discharge related measures as listed in the Settlement Agreement.</p>	<p>The Transition Oversight Committee chair is the DHHS designee (Deputy Secretary). Membership includes three divisions, the state hospital CEOs, the state hospital team lead, the Money Follows the Person Program, and LME/MCOs. The SA requires the committee to report on implementation progress. This includes the LME/MCOs for reporting monthly progress on discharge related measures.</p>	<p>The State is meeting Section III. (G)(2). The committee’s charge is to review progress and challenges on critical issues and get direct feedback from the LME/MCOs on specific measures.</p> <p>The Committee’s minutes reveal that staff with oversight responsibilities do not often attend the TOC meetings; rather, some key leaders attend a TCL Steering Committee meeting. The LME/MCOs do not provide information on specific measures as required in the SA.</p>

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>Section III. (G)(5) The State will implement three quality of life surveys to be completed by individuals with SMI who are transitioning out of an adult care home or a state psychiatric hospital. The survey is voluntary.</p>	<p>The State implements three quality of life surveys at specific intervals: (1) prior to an individual transitioning out of a facility; (2) 11 months after transitioning; and (3) 24 months after transitioning.</p>	<p>The State is meeting Section III. (G)(5). The State has made a commitment to more recently developed and reliable methods of measuring quality of life. It is important the State use methods to get feedback and gain a better picture of the quality of life issues reflected in individuals' records and their report to the Reviewers team.</p>
<p>Section III. (G)(6) The State shall complete an annual LME/MCO External Quality Review (EQR) process.</p>	<p>The State meets specific EQR requirements in 10 areas. An external EQR organization completes this review annually.</p>	<p>The State is meeting Section III. (G)(6) and is making changes in this process going forward.</p>
<p>Section III. (G)(7) Each year the State will aggregate and analyze the data collected by the State, LME/MCOs, and the EQR organization on the outcomes of this Agreement. If data collected shows the Agreement's intended outcomes of increased integration, stable integrated housing, and decreased hospitalization and institutionalization are not occurring, the State will evaluate why the goals are not being met and assess whether action is needed to better meet those goals.</p>	<p>The State aggregates and analyzes data collected by the State, LME/MCOs, and the EQR organization on the outcomes of this Agreement. If this data shows that the intended outcomes of increased integration, stable integrated housing, and decreased institutionalization/hospitalization are not occurring, the Agreement specifies that the State evaluate why they are not meeting their goals and if there is a need for additional action to better meet those goals.</p>	<p>The State is meeting Section III. (G)(7). The State is providing usable information for most of the outcomes listed in this agreement. The State collects, aggregates, and analyzes data but not on all the outcomes listed in this section of the Agreement. The State aggregates and tracks data on the number of individuals accessing integrated supported housing by the housing priority categories in the Agreement and by measuring stability for individuals living in the community.</p>

Major Categories	Standards	Progress Towards Meeting the Requirements
<p>Section III. (G)(8) the State will publish, on the DHHS website, an annual report identifying the number of people served in each type of setting and service described in this Agreement. The State will detail the quality of services and supports provided by the State and community providers using data collected through quality assurance and performance improvement system, the contracting process, the EQRs, and outcome data.</p>	<p>The DHHS publishes an annual report of the number of individuals served by type of setting and services described in this Agreement. The annual report includes details on the quality of services and supports provided by the State, LME/MCOs, and providers collected through the QA/PI system, the contracting process, the EQRs, and the outcome data described above in the QA/PI requirements.</p>	<p>The State is meeting Section III. (G)(8) The State published its FY 2023 Annual report on its website. The State has improved the content and presentation of this report over the past two years. Due to the timing of data submission, the report is submitted to the Reviewer for review after the Reviewer’s Annual Report is submitted.</p>

(A) Background

QA/PI requirements reference quality assurance and performance improvement system tasks, action steps, and processes essential to ensure the development of community-based placements in accordance with this Agreement. This provision includes reporting on progress towards establishing goals for individuals to achieve greater independence, live a life more integrated in their community, obtain and maintain stable housing, avoid harm, and decrease institutional use. The Settlement Agreement requires the State measure and monitor the State’s performance and individuals’ outcomes on meeting these goals.

To be in full compliance with **Section III.G(1)**, which is the overarching obligation to create a QA/PI system, the State must identify accountability performance improvement requirements and hold itself (DHHS Divisions, the SPHs, and the NC HFA) and the LMEs/MCOs accountable for all the specific requirements in the Settlement Agreement. The Agreement contemplates that QA/PI is a system, not just a disparate set of ad hoc charts and reports. It is a system with a coherent set of action steps, thresholds for requiring corrective actions, and, more importantly, a well-developed decision loop built in to reduce barriers and improve performance.

The DHHS has primary responsibility for developing this system with input and support from DHHS Divisions, the NC HFA, and LME/MCOs. Beginning in early 2019, the Reviewer requested the State submit a Quality Assurance Plan for review and continuously requested a time to review the plan. At the time, State staff reported challenges with reporting “output”

data and that metrics used to measure performance were not sufficient nor accurate to make the required improvements. The State has moved well beyond this problem.

Shortly after the end of FY 2020, the State's Senior Advisor to the Secretary on the ADA and *Olmstead* proposed securing assistance from Mathematica, a well-respected research and consulting organization with expertise in the provision of information collection and analysis. Their team includes experts in disability, mental health, and long-term care policy.

The State retained Mathematica in early 2021. The Mathematica team began soliciting stakeholder input for a broad QA/PI plan and providing technical support to the State to meet its obligations in this agreement and on *Olmstead* planning more broadly. Their scope of work included: (1) conducting performance measurement planning; (2) initial data management and analysis; (3) creating and using data dashboards; (4) overall quality assurance and performance improvement development and implementation; and (5) project management and reporting to create a useable prototype for reporting metrics.

State staff are now taking responsibility, with support and expert consultation from Mathematica, to develop processes and tools foundational to TCL quality assurance and performance improvement.

In FY 2022, Mathematica, DHHS, and NC HFA staff completed major tasks in three areas: performance measurement planning, data management analysis, and developing a system to develop more timely data as a precursor to drafting a new QA/PI plan. Mathematica completed a number of performance measuring tasks, including synthesizing information regarding current monitoring efforts, and has solicited stakeholder input, gained insight from subject matter experts, and scanned the current quality measure landscape. The team, with State staff input, has identified measurement needs and gaps and drafted an initial performance measurement plan.

The team has built processes for characterizing data completeness, validating values, duplicates, and referential integrity. The team faced a number of data quality issues essential for the State to meet the Settlement requirements and to manage this system going forward. The team completed business rules and specifications for calculating TCL performance measures.

Based on demonstration of the TCL data analytics platform, it appears the team has successfully identified the key data sources, data marts, and member monthly analytics files to produce a functional data dashboard. The team can now specify and calculate

additional measures, is continuing to refine the platform⁴³, and complete data quarterly refreshers.

In FY 2024, the State and Mathematica continued to take important steps to finalize their QA/PI Plan. The first step frames and pursues three types of TCL monitoring and improvement:

1. Contract monitoring, reporting, and creating quality (and outcome) measures
2. Monitoring ad hoc issues and barriers analysis
3. Measuring TCL compliance through recipient outcomes and performance improvement.

The second step was to identify subject matter experts across all six TCL domains, and to establish and convene a TCL Quality Assurance Committee (QAC) that will “own” the TCL QA/PI system.

As referenced in earlier Annual Reports, QA/PI is both a transformational (changes associated with changing a system) and transactional (organizational performance toward meeting compliance or a goal) review and decision-making process. The focus of Quality Assurance is on compliance and performance improvement. It is a proactive process focused on continuous improvement. The State’s approach, with Mathematica’s assistance, meets the test for both.

A challenge cited in the FY 2023 report was that the State needed to remedy the problem of the QA/PI processes being the responsibility of six separate DHHS divisions, the HFA, LME/MCOs, and service providers. It appeared then that staff see these interactions, transitions, and decisions as being separate and, at times, divisions do not establish requirements within their purview, assuming it is another division’s responsibility. The State continued to attempt to remedy this problem with their Implementation Plan. In retrospect, the Implementation Plan action steps were sometimes more burdensome than helpful. Reporting has taken up more time than focusing on staff becoming aware of major challenges and the ability to make headway on yet to be resolved issues.

This issue is, in part, directly related to the QAC members in their operational responsibilities, confusing the need for LME/MCOs to report information with the LME/MCOs and providers taking action to improve performance. This hampered progress when the State was presented with challenges to meet its community based mental health services and supported employment obligations. While these challenges hamper progress, the State can focus attention on remedying any problems inadvertently created as a result

⁴³ A data platform is where data from various data sources is compiled, accessed, controlled, and delivered to users or data applications for user purposes.

adding reporting requirements and shifting focus to refining requirements to achieve needed results.

The State has consistently employed more effective performance improvement approaches for discharge, transition, pre-screening and diversion, and housing access and stability. Recently, the CST coaches submitted recommendations for improving CST (and by extension other services). This report could be useful to review for its potential QA/PI focus for improving tenancy support, services, and supported employment.

In FY 2022, the State's TCL team, with assistance from DMH Quality Management, created an LME/MCO-specific TCL Incentive Plan (TIP). There are references to the potential for the TIP to help meet requirements as referenced in other sections of this report, but it is too early to measure the early results of the plan or the long-term impact of these investments and requirements. The State TCL team asked each LME/MCO to submit a baseline request outlining their response to DHHS to meet start-up requirements on or before April 1, 2022. Based on DHHS approval, the LME/MCOs submitted a start-up budget. The State gave LME/MCOs the opportunity to pilot performance measures before beginning the quarterly performance period, which has extended over time and will again be a focus of attention in FY 2025.

The TIP has two components aimed at assisting LME/MCOs in accomplishing performance measures/goals in accordance with defined outcomes to meet specific SA requirements: (1) one-time startup funds to meet initial requirements and (2) subsequent quarterly payments if the LME/MCO meets quarterly performance measures and goals. The State will incorporate these measures and processes into the overall TCL QA/PI Plan and System.

The measures range from system requirements including improving data integrity, LMEs establishing local barriers committees, tracking and resolving or referring systemic barriers, progress on meeting with individuals in adult care homes to definitely determine whether the individual's choice is to remain in the home or transition to the community, and to ascertain what objections and concerns individuals have about returning to community life.

(B) Findings

1. The State has met the required quality assurance and performance monitoring system requirements as referenced in **(G)(1)** and concomitant requirements in **(G3), (G4), and (G7)**.
2. The State is meeting the Transition Oversight Committee requirements in **(G)(2)** in FY 2024, with two caveats. There is still a need for the TOC to focus on the TOC SA requirements and the TOC to include the required members, including LME/MCO staff, reporting on progress as referenced in the SA. Most of the staff attending the meetings

tend to be the State's identified subject matter experts (SMEs) so in some situations the oversight is being conducted by staff with day-to-day responsibilities. However, the State has convened a Steering Committee that appears to be taking an oversight role.

3. According to the FY 2022 TCL Annual Report, the State met the **(G)(5)** requirement for the Quality of Life (QOL) Surveys in FY 2022.
4. The above-referenced findings for **(G)(1) (G)(3-4) and (G)(7)** and information provided in other sections of this report on Incentive Plans illustrate the State's commitment to measure the LME/MCOs' performance meeting goals (established outcomes of increased integration, stable integrated housing, and decreased hospitalization and institutionalization). This requirement also refers to the State assessing whether there is action needed to better these goals. The State is assessing and taking action on outcomes related to stable integrated housing, decreased hospitalization (from SPHs), and institutionalization and ACH admissions. The State still needs to assess community integration and take decisive action when needed.
5. The State is collecting some of this information through NC TOPPs and through Community Inclusion pilots but has not conducted a more reliable individual review to determine to what extent integration is occurring beyond individuals moving into a rental unit. The spring FY 2024 individual reviews revealed the pattern reported on earlier, that there is a systemwide lack of support of individuals' choices and for individuals' integration into the community. This did not change significantly during the FY 2024 review as referenced in the services section of this report.
6. The State is still not reporting the intensity and frequency of service interventions. This means the State cannot report on the relationship between the array, intensity, and frequency of services and the impact of frequency and intensity of services has on housing stability and access to housing.
7. The State published an Annual Report for FY 2023 on the DHHS website as required in **(G)(8)** after the Reviewer issued her draft Annual Report to the parties. She completes the Annual Report as soon after the end of a fiscal year as possible to provide the Parties with information to make decisions and for the State to consider what additional steps they need to take to come into substantial compliance with this agreement. The State has challenges producing its report with service data and other information that is not available until after the end of the fiscal year. This occurs after year end service claims adjudication and approval. This results in the Reviewer only being able to report on the completeness and quality of the State's Annual Report for the previous fiscal year. The State's Annual Report has improved over time and is available on the State's website.

8. The State has improved its Annual Report both in its detail and data collection to provide a clearer picture of systems improvement and challenges. The report references personal outcomes related to participant health, safety and welfare, independence, community integration, housing stability, harm avoidance, and reduced incidence of hospital contacts and institutionalization. The report captures most of the State's improvements but does not fully reflect the lack of community integration, individuals' expressions of fear and loneliness, ineffectiveness of services and recovery-based planning for individuals, especially for individuals with significant trauma histories, chronic medical conditions, and/or co-occurring conditions. These are critical issues for the State to report to ensure it captures the challenges it faces in meeting the terms of the Settlement.

(C) Recommendations

1. Develop the capacity to manage the system at the state level within the *Olmstead* Planning Office with essential collaborators from DHHS Divisions and the NC HFA. This includes evaluating, implementing, sustaining, and reporting the Settlement Agreement QA/PI requirements and requirements necessary for sustaining compliance with *Olmstead*.
2. The Settlement Agreement references that the Transition Oversight Committee's role is to monitor monthly progress of the implementation of the Settlement Agreement. The Agreement also spells out membership and LME/MCOs reporting on a number of measures. The current Transition Oversight Committee has a different membership than stated in the SA. This warrants a review; however, the State's TCL Steering Committee functions in an oversight role and, with some adjustments, can meet the SA requirements. The Committee reportedly reviews current, relevant measures listed in the Agreement and additional measures that have become relevant since the start of the Settlement Agreement period.
3. While the State is meeting the requirement for conducting Quality of Life surveys, it would be useful to add interviews with individuals receiving services to CCME tasks and add peer-to-peer interviews to get a qualitative perspective on individuals' life experiences.

In summary, the State is meeting its obligations for **Section III (F) Quality Assurance/Performance Improvement** requirements.

SUMMARY

The State has made progress meeting major requirements agreed upon in the 2012 Settlement Agreement and extended through multiple modifications with still more challenges to meeting obligations ahead. The Parties entered into their Fifth Modification in March 2023, extending the Agreement to July 1, 2025. This Modification also added housing slot requirement due dates and a requirement that the State develop a detailed Implementation Plan in consultation with the US DOJ and the Reviewer.

The State has met the obligations for Pre-Screening and Diversion and Quality Assurance and Performance Improvement. The State's processes are designed to sustain the Pre-Screening and Diversion requirements. The State could make additional and sustained progress on key requirements not being met, as referenced above, with a greater performance improvement focus on key metrics and practices.

The State continued to make progress filling housing slots, filling an additional 302 slots, or 8%, by the end of FY 2024. Progress in meeting major housing requirements for 2,000 individuals living in ACHs to exit and occupy supported housing slots was again negligible. The State only had a net gain of 43, or 4%, for individuals exiting ACHs filling housing slots at the end of FY 2024.

The State began to show progress in FY 2021, ensuring individuals getting permanent housing with tenancy rights, in a location they choose and ensuring individuals get a choice in their daily living activities. However not all individuals get access to housing affording them their rights in a location with access to community activities and enabling the opportunity to interact with individuals without disabilities. The State needs to make progress on meeting tenancy support and access to housing to meet Supported Housing obligations. The State is continuing their incentive plan and expanding their efforts to identify and reduce barriers, expand their Complex Care Initiative, expand bridge housing programs and adding funds for additional staff for the Tailored Plans.

The State met the requirement that 2,500 individuals in or at risk of ACH placement or individuals exiting ACHs or discharged from SPHs receive IPS-SE but the rate of individuals receiving IPS-SE each of the last two fiscal years has decreased. This presents sustainability challenges for providers. The State made progress with their payment model and milestone payment increase and with adding new dedicated LME/MCO Supported Employment staff. Nonetheless, obstacles remain, including the challenges providers have meeting fidelity requirements and the current referral structure impeding the State's ability to meet fidelity requirements. Even with gains in FY 2024, these new issues are detracting the State from meeting the SA Supported Employment obligations in FY 2025.

The State did not make progress meeting Community-Based Mental Health Services and is not on track to meet these requirements in FY 2025. The State's Senior Advisor on *Olmstead*, DMHDDSAS leadership, and LME/MCO TCL leadership recognize the challenges that remain to transform the services system to a recovery-based services system and are committed to changes needed to accomplish this.

The State developed a new Implementation Plan in early FY 2024 but the level of system transformation this SA requires to make progress remains incomplete, adding to the possibility the State cannot make the necessary progress to meet all of the key requirements by July 1, 2025. In the FY 2023 Annual Report, the reviewer made reference to the State needing to avoid the trap of establishing new processes and practices to improve systems on the existing culture, beliefs, and structures rather than creating a new recovery-oriented system. Unfortunately, the State seems to have followed the old track with community mental health services and, to some degree, with supported housing requirements.

Many dedicated individuals across state agencies, state psychiatric hospitals, LME/MCOs, and service provider staff worked tirelessly again this year to break down barriers and assist individuals to move to and continue to live in their own home, even considering workforce issues and staff turnover. Perhaps the most encouraging work has occurred with LME/MCO, now Tailored Plan, staff and leaders among individuals with lived experience. Their voices, creativity, and commitment are key to the State meeting its obligations in the Settlement Agreement and the promise of a recovery focused community-based system for individuals in the future.

APPENDIX

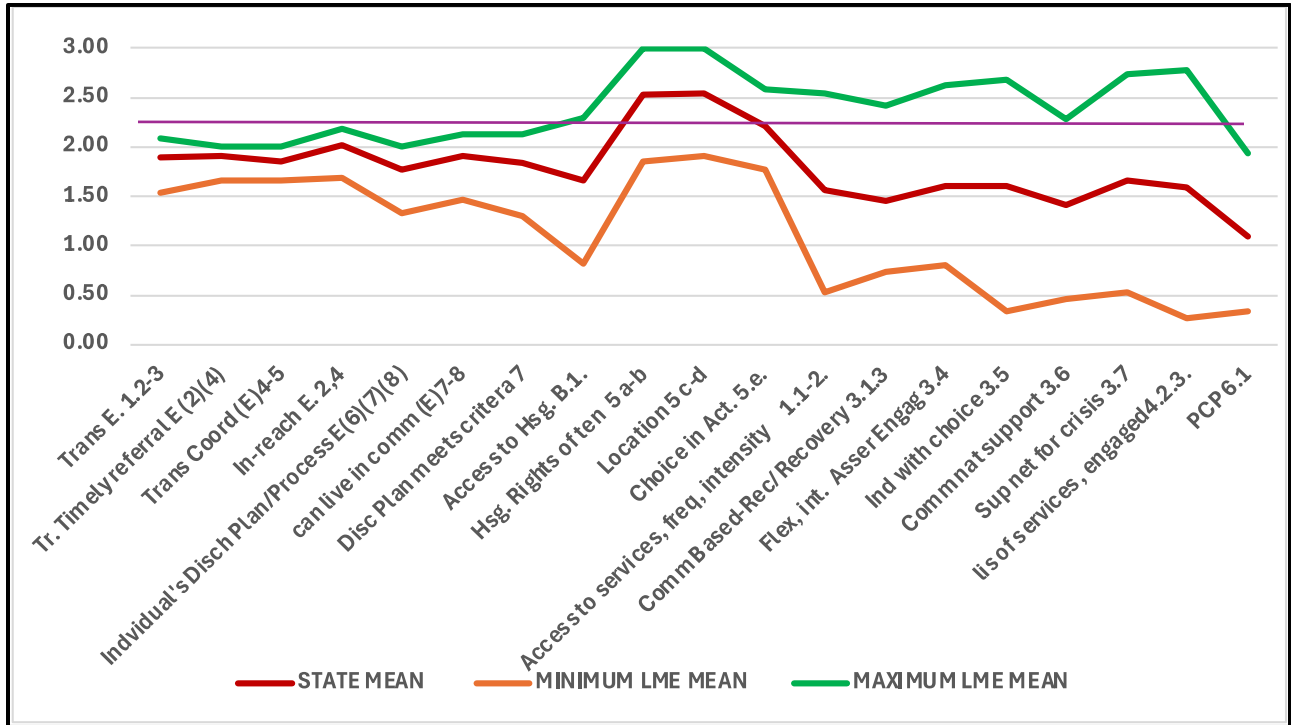
**STATE AND LME/MCO MEAN SCORES
AND RANGE OF SCORES
ON FORTY-THREE SETTLEMENT AGREEMENT REQUIREMENTS AND
STANDARDS IN:**

**SUPPORTED HOUSING, COMMUNITY-BASED MENTAL HEALTH SERVICES,
DISCHARGE AND TRANSITION PROCESS AND PRE-SCREENING AND
DIVERSION**

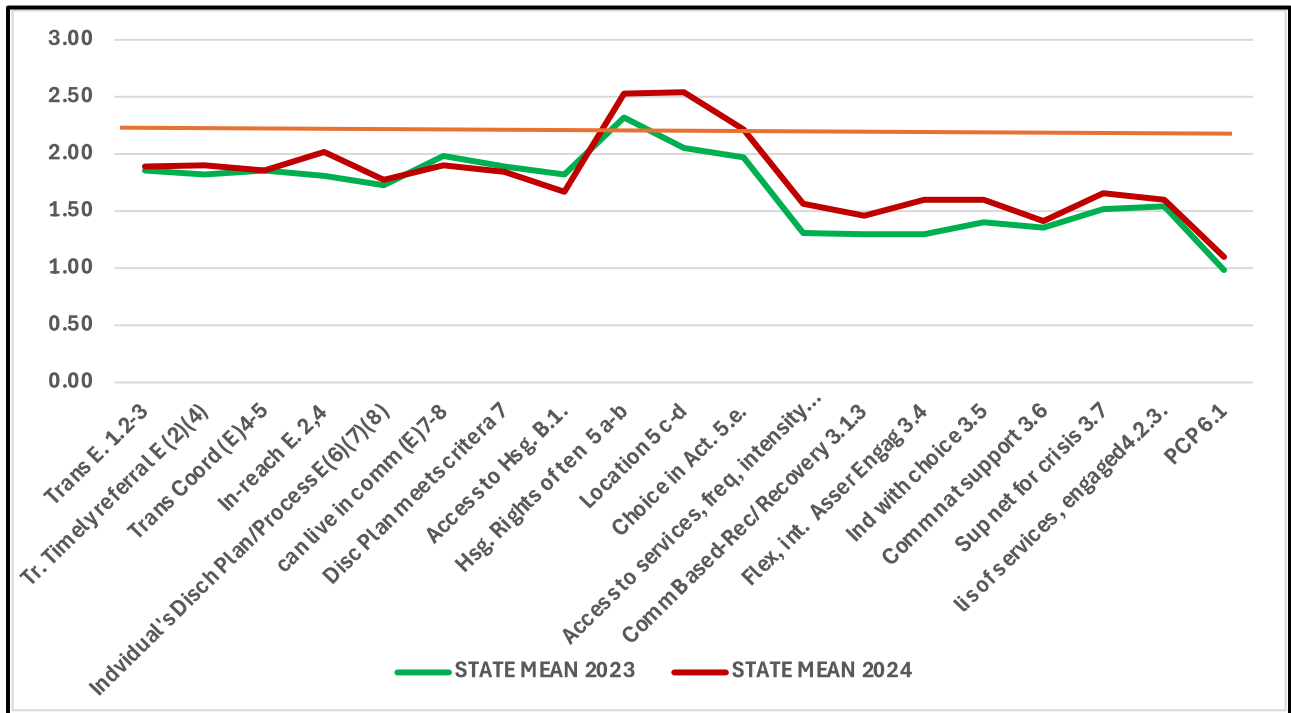
TABLE 1: STATE SCORES BY SETTLEMENT REQUIREMENT CATEGORY AND STANDARDS

	STATE MEAN	MINIMUM LME MEAN	MAXIMUM LME MEAN
Trans E. 1.2-3	1.89	1.54	2.09
Tr. Timely referral E (2)(4)	1.91	1.67	2.00
Trans Coord (E)4-5	1.85	1.67	2.00
In-reach E. 2,4	2.02	1.69	2.19
Individual’s Disch Plan/Process E(6)(7)(8)	1.77	1.33	2.00
Can live in comm (E)7-8	1.90	1.46	2.13
Disc Plan meets criteria E(7)	1.84	1.31	2.13
Access to Hsg. B.1.	1.67	0.82	2.30
Hsg. Rights of ten 5 a-b	2.53	1.86	3.00
Location 5 c-d	2.54	1.91	3.00
Choice in Act. 5.e.	2.16	1.74	2.58
Access to services, frequency, intensity 1.1-2.	1.50	0.53	2.55
Comm Based-Rec/Recovery 3.1.3	1.45	0.73	2.42
Flex, int. Asser Engagement 3.4	1.50	0.80	2.63
Individualized with choice 3.5	1.50	0.33	2.68
Comm natural support 3.6	1.41	0.47	2.28
Sup net for crisis 3.7	1.51	0.53	2.74
list of services, engaged 4.2.3.	1.50	0.27	2.78
PCP 6.1	1.10	0.33	1.94

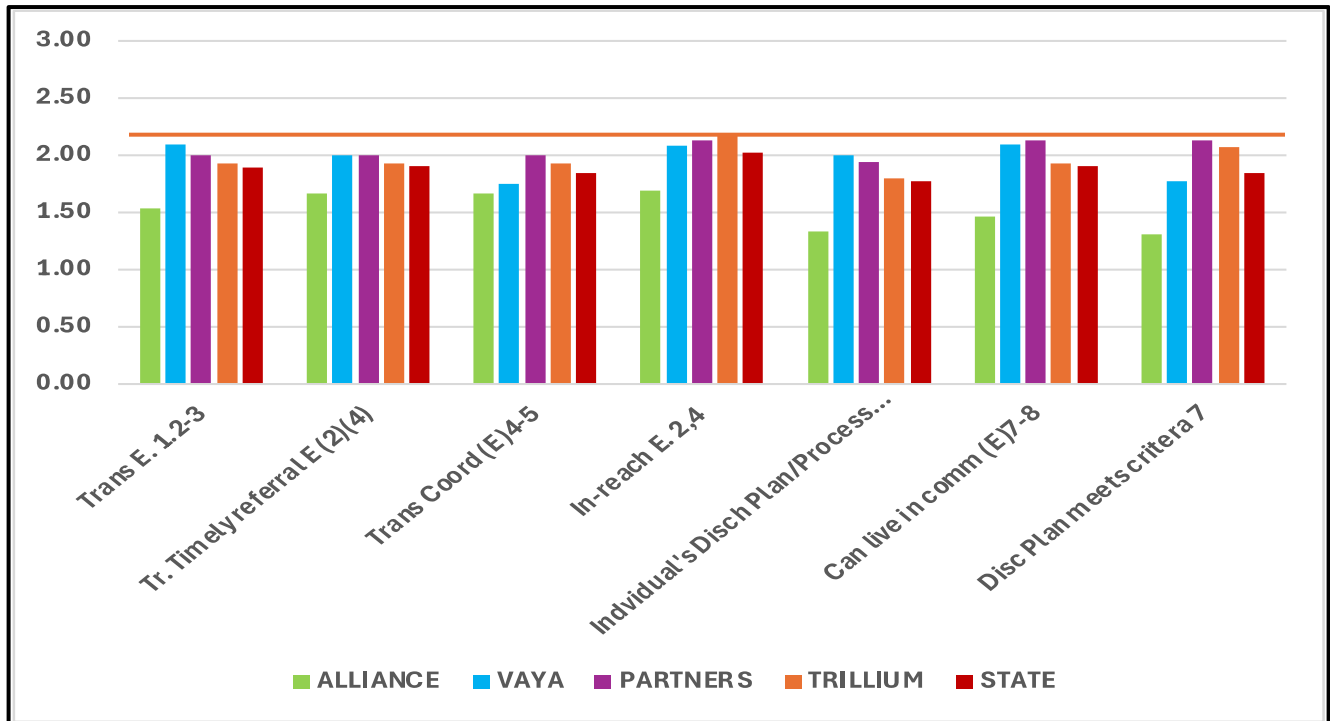
GRAPH 1: STATE MAXIMUM-MEAN-MINIMUM COMPARISON SCORES



**GRAPH 2: STATE SCORES FOR FY 2023 and FY 2024
BY SETTLEMENT REQUIREMENT/ STANDARDS CATEGORIES**



**GRAPH 3: STATE AND LME/MCO
DISCHARGE AND TRANSITION PROCESS SCORES**



**GRAPH 4: STATE AND LME/MCO
COMMUNITY BASED MENTAL SERVICES SCORES**

