



Bulletin #07-12

Thursday, April 12, 2007

## FOOD FOR THOUGHT

*The latest figures from the state show that the projected county share of Medicaid for this fiscal year is now going to be at least \$15-20 million more than the \$27.4 million set aside by the state to provide a temporary cap at 2005-06 levels.*

### MEDICAID RELIEF BILL GETS OVERWHELMING BIPARTISAN SUPPORT IN HOUSE

Almost every member of the House of Representatives has signed on to [H1424](#), which would permanently cap county Medicaid costs at 2005-06 levels and provide additional, targeted relief each year to counties with the highest percentage of Medicaid-eligible citizens. The bill was filed Wednesday, April 11, and was sponsored by Reps. Bill Owens (Pasquotank), Mickey Michaux (Durham), Paul Stam (Wake) and Doug Yongue (Scotland). The bill calls for \$100 million for 2007-08 and \$154 million for 2008-09.

"This is the most significant piece of Medicaid relief legislation ever introduced due to the amount of relief involved and the overwhelming and bipartisan support of the legislators who have signed onto this proposal," said NCACC Executive Director David F. Thompson. "By making the temporary cap that was enacted this year permanent, it provides substantial relief from the escalating Medicaid costs for all 100 counties. The proposal also provides some much-needed additional assistance for counties where the Medicaid burden is particularly crippling."

Rep. Owens is a former Pasquotank County commissioner and NCACC president and is chair of the House Rules Committee. Reps. Michaux and Yongue are co-chairs of the House Committee on Appropriations, and Rep. Stam is the House minority leader. Owens, Yongue, House Minority Whip Bill McGee (Forsyth) and Rep. Wil Neumann (Gaston) spoke at a press conference Thursday, April 12, to tout the bipartisan nature of the bill.

"H1424 would permanently cap county Medicaid costs at last year's levels and would provide additional relief for counties who are hardest hit by Medicaid," said Rep. Owens. "This is a bipartisan effort. Very seldom do you see 119 members sign a bill. We had every person in the House to sign the bill, other than the speaker, who doesn't sign bills. We only had one person out of 119 who was even reluctant to sign."

The bill was read on the House floor Thursday morning and referred to the Appropriations Committee. NCACC President Terry Garrison of Vance County was invited to participate in the press conference and thanked the legislators for their support.

"Relieving counties of the Medicaid mandate has been the No. 1 legislative goal for all 100 counties for the past several years," Garrison said. "This bill would provide relief for all 100 counties by permanently capping county Medicaid costs. On behalf of all 100 counties, we are grateful for the overwhelming support this proposal has received in the House, and I assure the representatives here today that county commissioners across this state will work diligently to see that this becomes reality."

### LEGISLATURE HEARS ABOUT CUTS IN COMMUNITY SUPPORT SERVICES TO THE MENTALLY ILL

Yet another trauma to progress in mental health reform was revealed this week to the House Appropriations Subcommittee on Health and Human Services. The secretary of the Department of Health and Human Services (DHHS) and staff of the divisions of Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SAS) and Medical Assistance addressed the reasoning behind a sudden reduction in the reimbursement rates to some 1,000 providers of community support services (CSS).

This action is causing widespread unrest in the mental health provider community. Secretary Carmen Hooker Odom made it clear that the move is a necessary attempt to control unsustainable growth in Medicaid expenditures. Since early March it has been evident that Medicaid expenditures are much higher than anticipated. These over-expenditures are of grave concern to the Legislature and to counties. The amount of funds appropriated last year to cap the counties Medicaid costs is not going to be sufficient to cover the full county share of costs for this year. According to the secretary, CSS is one of the primary drivers of the over-expenditures.

CSS in the mental health system provide services to adults and children that range from clinical interventions to case management and life-skills training. It is a widely defined service, intended to capture the full range of services provided to the mentally ill from the time a patient seeks crisis stabilization to the time he or she has a fully developed person-centered plan for treatment. Because it is widely defined, it is provided by a disparate range of staff – some are qualified clinical professionals, some are para-professionals, and some are lower-skilled management support. This is a new service this year, approved by the Centers for Medicaid and Medicare (CMS) only a year ago as part of the state's mental health reform service definitions.

Late last week, DHHS informed the local mental health programs that the reimbursement rate for CSS would be retroactively reduced from \$60 per hour to \$41 per hour, effective with all claims received on or after April 1. State officials relented somewhat Wednesday and announced that the cuts would be only for services offered after April 1 so that claims for services before April 1 would still be paid the full amount, regardless of when the claim is actually received. The purpose of the sudden intervention is to contain the "unsustainable growth trajectory" of Medicaid expenditures for this service. Many providers claim they can not absorb a one-third reduction in their revenue streams and remain in business.

The Legislature has asked for additional information on the effect of the rate reduction on providers and consumers.

### **DOT LOOKING FOR A FEW GOOD VOLUNTEERS**

Faced with a \$65 billion funding shortfall, the state Department of Transportation is seeking creative ways to help fund some road projects. S1513, County Financing/Highway and Bridge Projects, would make it permissible for counties to participate "in the cost of rights-of-way, construction, reconstruction, improvement, or maintenance of a road on the State highway system under agreement with the Department of Transportation." Counties could also purchase land for roads.

### **BILLS OF INTEREST**

The Association has created a section on its Web site to track bills of interest to county officials. Visit [www.ncacc.org/legislation/about.html](http://www.ncacc.org/legislation/about.html) for updates on key legislation, including the bills listed below.

**Bill:** [H1376](#)  
**Sponsors:** England (D112); Faison (D50); Tarleton (D93); Cotham (D100)  
**Title:** FUNDS FOR SCHOOL NURSES  
**Status:** 04/10/2007 – House Committee On Appropriations  
**Position:** Support  
**Priority:** Medium  
**Category:** Legislative Goal  
**Comments:** This bill would provide recurring funds to the Department of Health and Human Services, Division of Public Health, of \$4 million for 2007-08 and 2008-09 to add 80 school nurses. The funds will be allocated to the areas in the "greatest need for school nurses with the greatest inability to pay for these nurses. Other criteria to be considered shall include (i) the current nurse-to-student ratio; (ii) the economic status of the community; and (iii) the health needs of area children."

**Bill:** [H1391](#)  
**Sponsors:** McLawhorn (D9); Glazier (D45); Rapp (D118)  
**Title:** LEG. STUDY OF EDUCATION FUNDING FORMULAS  
**Status:** 04/11/2007 – House Committee On Rules, Calendar, and Operations of the House  
**Comments:** This bill would establish a study commission to examine the various state funding formulas used to determine funding for Children with Disabilities; Limited English Proficiency; At-Risk Student Services/Alternative Schools; Improving Student Accountability; Disadvantaged Students Supplemental; Low-Wealth Counties Supplemental Funding; Small County Supplemental Funding; and Transportation of Pupils. The committee would consist of six House members and six Senators and would be tasked to file its report during the 2008 short session.

**– NCACC Legislative Team**