

Senate Committee on Appropriations/Base Budget Report on the  
Base, Expansion, and Capital Budgets for Proposed  
Committee Substitute for Senate Bill 257 (5/10/17)  
(Key Aging Related Provisions)

**Health and Human Services**

	<u>FY 17-18</u>	<u>FY 18-19</u>
<p><b>U.S. DOJ Settlement/Transition to Community Living</b> Provides funds pursuant to the U.S. Department of Justice settlement agreement to continue to develop and implement housing, support, and other services for people with mental illness. Two positions are provided to support efforts to enroll more individuals into the home and community-based services required under the settlement agreement. The revised net appropriation for Fund 1910 from all actions in this report is \$37.5 million in FY 2017-18 and \$48.2 million in FY 2018-19.</p>	\$8,889,875 R	\$17,036,022 R
<p><b>NC Medication Assistance Program</b> Provides funds for additional prescription assistance services for indigent and uninsured persons. The revised net appropriation for Fund 1374 is \$2.1 million in each year of the biennium.</p>	\$200,000 NR	\$200,000 NR
<p><b>DHHS Competitive Block Grant</b> Adjusts the budget to reflect additional federal SSBG receipts, \$306,254 in FY 2017-18 and \$274,120 in FY 2018-19, for DHHS competitive block grants. The revised total SSBG allocation for DHHS Competitive Block Grants from all actions in this report is \$4,508,754 in FY 2017-18 and \$4,476,620 in FY 2018-19.</p>		
<p><b>Social Services Block Grant (SSBG)</b> Budgets SSBG federal receipts in the amount of \$236,278 in each year of the biennium. The revised SSBG federal receipts for the Division are \$4.9 million in FY 2017-18 and \$4.8 million in FY 2018-19.</p>		
<p><b>Low Income Energy Assistance Program (LIEAP)</b> Reduces LIEAP federal receipts in the amount of \$3,381,159 in each year of the biennium. The revised LIEAP federal receipts for the Division are \$2.5 million in FY 2017-18 and \$5.2 million in FY 2018-19.</p>		
<p><b>Home and Community Care Block Grant</b> Provides additional funding for the Home and Community Care Block Grant. The revised net appropriation is \$30.4 million in each year of the biennium.</p>	\$969,549 NR	\$969,549 NR
<p><b>Guardianship Contract</b> Provides federal Social Services Block Grant funding of \$771,871 to serve additional individuals in the state level guardianship contract and provide for an increase to the rate paid to providers</p>		

of corporate guardianship services. Total requirements for the guardianship contract are \$3.9 million. The revised net appropriation for Fund 1510, remains \$520,649 in each year of the biennium.

**FY 17-18**

**FY 18-19**

**Temporary Assistance for Facilities that Serve Special Assistance Recipient**

\$5,000,000 NR    \$5,000,000 NR

Provides funding on a temporary basis for facilities that serve recipients of State County Special Assistance. Total funding is \$10 million with a 50% match provided by the appropriate county. The revised net appropriation for temporary assistance for facilities that serve Special Assistance recipients is \$5 million.

**Medicaid Non-Emergency Medical Transportation**

(\$1,274,430) R    (\$1,274,430) R

Realigns funding provided by county departments of social services for Medicaid non-emergency medical transportation to the Division of Medical Assistance. Funding for Medicaid nonemergency medical transportation is eliminated in the Division of Social Services budget. The revised net appropriation in Fund 1376, Medicaid Eligibility is \$356,326 in each year of the biennium.

**Social Services Block Grant Funds for Counties**

(\$2,755,915) R    (\$2,755,915) R

Replaces State General Fund appropriation for Social Services Block Grant (SSBG) services with Social Services Block Grant funds. State funds had been provided to counties when the SSBG block grant was reduced several years ago. This action eliminates General Fund appropriation and provides SSBG funding instead. The revised net appropriation for State SSBG services is \$0 in both years of the biennium.

**Social Services Block Grant (SSBG)**

Budgets SSBG federal receipts in the amount of \$5,587,401 in FY 2017-18 and \$5,619,535 in FY 2018-19. The revised SSBG federal receipts for the Division are \$35 million in each year of the biennium.

**Low Income Energy Assistance Program (LIEAP) Block Grant**

Reduces LIEAP block grant federal receipts in the amount of \$1,989,501 in FY 2017-18 and \$4,597,583 in FY 2018-19. The revised LIEAP block grant federal receipts for the Division are \$96.6 million in FY 2017-18 and \$94 million in FY 2018-19.

**Adult and Acute Care Inspections**

\$372,380 R    \$729,667 R  
\$10,180 NR    \$10,180 NR

Provides funding to increase staff in the Acute and Home Care Section and the Adult Care Section to improve timeliness of inspections of various facilities, including hospitals, hospices, home care agencies, Ambulatory Surgical Centers, End Stage Renal Disease facilities and adult and family care homes. The additional positions will assist in meeting the Center for Medicare and Medicaid Services requirements for inspecting certain facilities. The revised net appropriation for Fund 1151, Acute and Home Care Licensure and Certification, is \$434,664 in FY 2017-18 and \$619,367 in FY 2018-19 and for Fund 1152, Nursing

**FY 17-18**

**FY 18-19**

Home and Adult Care Licensure and Certification is \$5.2 million in FY 2017-18 and \$5.3 million in FY 2018-19.

The following positions are established:

**FY 2017-18 (7)**

- 1 Nurse Consultant J \$70,000
- 1 Nurse Consultant C \$60,000
- 1 Processing Assistant IV \$33,619
- 1 Facility Survey Consultant I \$56,000
- 1 Nurse Consultant J \$64,000
- 1 Nurse Consultant C \$60,000
- 1 Facility Branch Manager \$72,000

**FY 2018-19 (7)**

- 4 Nurse Consultant C \$60,000
- 1 Facility Survey Consultant I \$56,000
- 2 Nurse Consultant C \$60,000

**Medicaid Rebase**

\$66,152,086 R \$174,982,753 R  
(\$62,390,752) NR (\$62,390,752) NR

Provides funding for changes in utilization, enrollment, enrollment mix and prices in the Medicaid base budget. The revised net appropriation for the Division of Medical Assistance from all actions in this report is \$3,687,736,133 in FY 2017-18 and \$3,802,403,956 in FY 2018-19.

**Personal Care Services Rate**

\$2,650,768 R \$5,511,971 R

Increases personal care services rate to an effective hourly rate of \$15.76 from an effective rate of \$15.52 per hour for services occurring after December 31, 2017. The revised net appropriation for the Division of Medical Assistance Fund 1310 from all actions in this report is \$4,101,323,100 in FY 2017-18 and \$4,238,810,804 in FY 2018-19.

**General Government/Information Technology**

**Medicaid Administrative Law Judge**

Provides funding for an upgrade of an Attorney II position to a newly designated Medicaid Administrative Law Judge position. The total increase in costs for the upgrade is \$3,618. The revised amount to be transferred from the Department of Health and Human Services is \$136,201 in support of this position. The revised net appropriation from all changes for the Office of Administrative Hearings is \$5.9 million in FY 2017-18 and \$6.0 million in FY 2018-19.

**Workforce Housing Loan Program**

Provides \$16,050,841 in funds received by the State from the Settlement Agreement dated January 13, 2017, and entered into with Moody's Corporation, Moody's Investors Service, Inc., and Moody's Analytics, Inc., to the Workforce Housing Loan Program (WHLP) to assist with the development of low-income housing

**FY 17-18**

**FY 18-19**

units across the State. The revised total requirements for the WHLP are \$16.1 million in FY 2017-18 only and the revised net appropriation is \$0, as the funding is receipt supported from the settlement.

**Community Living Housing Fund (Requirements)**  
Provides funds to the Community Living Housing Fund (CLHF) to increase access to permanent, community-based integrated housing for individuals with disabilities in support of the Olmstead Settlement. The revised appropriation for the CLHF is \$4.2 million in FY 2017-18 only.

\$4,221,055 NR

\$0 NR

**Community Living Housing Fund (Receipts)**  
Adjusts the fund to reflect receipts transferred from the Department of Health and Human Services.

\$4,221,055 NR

\$0 NR

## **Transportation**

### **Medical Review Program**

Converts 5 temporary Nurse Consultant positions and 1 Administrative Assistant IV position to permanent positions. Eliminates funding for 5 temporary Nurse Consultant positions and provides funding for 1 additional temporary Administrative Assistant IV position, expiring on June 30, 2018. The revised net appropriation for DMV Processing Services is \$12,272,206 in FY 2017-18 and \$9,540,885 in FY 2018-19.

(\$519,623) R

(\$800,944) R

### **Public Transportation- Regional Consolidation and Regional Coordination**

Establishes a new Regional Consolidation and Regional Coordination Program to encourage regional consolidation and regional coordination of public transit systems. The revised net appropriation for Public Transportation is \$92,093,069 in each year of the biennium.

\$250,000 NR

\$250,000 NR

## **Proposed Committee Substitute for Senate Bill 257, Appropriations Act of 2017, to be considered in the Senate Appropriations/Base Budget Committee on 5/10/2017 (Key Aging Related Provisions)**

**SENIOR CITIZENS MAY AUDIT COURSES AT UNC AND COMMUNITY COLLEGES**  
**SECTION 10.12.(a)** Chapter 115B of the General Statutes is amended by adding a new section to read:

"§ 115B-2B. Senior citizens may audit classes.

Any person who is at least 65 years old may audit courses offered at the constituent institutions of The University of North Carolina and the Community Colleges as defined in G.S. 115D-2(2) without payment of any required registration or enrollment fee for the audit provided the audit is approved by the instructor of the class and there is no cost to the State. A person shall be allowed to audit a class under this section only on a space available basis. Persons auditing classes under this section shall not be counted in the computation of enrollment for funding purposes."

### **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

**SECTION 11A.14.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of ten million six hundred fifty-three thousand nine hundred eleven dollars (\$10,653,911) for each year of the 2017-2019 fiscal biennium, the sum of four million five hundred eight thousand seven hundred fifty-four dollars (\$4,508,754) for the 2017-2018 fiscal year and the sum of four million four hundred seventy-six thousand six hundred twenty dollars (\$4,476,620) for the 2018-2019 fiscal year appropriated in Section 11L.1(p) of this act in Social Services Block Grant funds, and the sum of one million six hundred thousand dollars (\$1,600,000) for each year of 2017-2019 fiscal biennium in Section 11L.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds shall be used to allocate funds for nonprofit organizations. **Sections 11A.12 (b) through (f)** specify details related to the awarding of grants.

### **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS**

**SECTION 11C.8.(a)** The Department of Health and Human Services, Division of Social Services (Division), shall continue implementing an evidence-based pilot program to increase access to public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated experience in assisting with these types of services and the partnership shall accomplish each of the following:

- (1) Identify, through data sharing, dual eligible seniors aged 65 and older who qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are not currently enrolled.
- (2) Conduct an outreach program toward those seniors for the purpose of enrolling them into SNAP.
- (3) Provide comprehensive application assistance through outreach specialists to complete public benefits application processes.
- (4) Evaluate project effectiveness and explore how data can be utilized to achieve optimal outcomes.
- (5) Make recommendations regarding policy options available to the State to streamline access to benefits.

**SECTION 11C.8.(b)** The Division shall report to the Office of the Governor and the Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot program by February 1 following each year the pilot program is in place. The report shall, at a minimum, include the following:

- (1) The number of seniors age 65 and older who are dual eligibles but are not enrolled in SNAP.
- (2) The number of those identified that would be included in the sample population.
- (3) Methods of outreach toward those seniors in the sample population.
- (4) Number of to date enrollments in SNAP as a direct result of outreach during the pilot program.
- (5) Participation rate to date in SNAP of those seniors in the sample population.
- (6) Any other findings the Division deems relevant.

**SECTION 11C.8.(c)** Any nonrecurring funds remaining in the 2016-2017 fiscal year from implementation of the pilot program under this section shall not revert, but shall remain available for continued implementation of the pilot program, along with any private or nonprofit funding provided to the Division for use in the pilot program. If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

**REGIONAL SOCIAL SERVICES DEPARTMENTS; WORKING GROUP**

**SECTION 11C.12.(a)** Transition to Regional Social Services Departments. – The Department of Health and Human Services (Department) shall develop a plan for regional organization, administration, and governance of the social services system in North Carolina. The plan shall recommend a system of public authorities that includes no more than 30 regions and is operational no later than January 1, 2022. The plan will have the effect of transforming North Carolina's State-supervised, county-administered system into a State-supervised, regionally administered system. It is essential that the plan reflect the interests of all stakeholders involved with the current system. The Department shall develop a preliminary plan and a final plan as follows:

(1) Preliminary plan. – The Department shall prepare a preliminary plan that incorporates recommendations submitted to the Department by the Social Services Regionalization Working

Group created under subsection (b) of this section. In developing the preliminary plan, the Department shall implement a process for soliciting stakeholder input on the plan. The Department shall submit the preliminary plan to the Joint Legislative Oversight Committee on Health and Human Services by January 15, 2019.

(2) Final plan. – The Department shall revise the preliminary plan to incorporate changes based on information it receives from stakeholders. The Department's plan shall include a proposed time line for completing the transition to a regional social services system by January 1, 2022. The Department shall submit the Department's plan for consideration to the Joint Legislative Oversight Committee on Health and Human Services (Committee) by March 31, 2019. However, the Department shall not implement the final plan without an act by the General Assembly.

**SECTION 11C.12.(b)** Social Services Regionalization Working Group. – The School of Government at the University of North Carolina at Chapel Hill (SOG) shall convene a Social Services Regionalization Working Group (Working Group) to make recommendations to the Department regarding the preliminary plan for regionalization.

This provision goes on to spell out in **11C.12.(c)** the composition of the Working Group, in **11C.12.(d)** the establishment of ad hoc sub-committees, in **11C.12.(e)** duties/recommendations of the Working Group, in **11C.12.(f)** the interim and final report from the Working Group, and in **11C.12.(g)** the role of the School of Government at UNC Chapel Hill in assisting the Working Group. Section **11C.12.(h)** directs \$48,400 for the 2017-2018 fiscal year and the \$25,700 for the 2018-2019 fiscal year to the School of Government at UNC Chapel Hill for its role in assisting in developing the regionalization plan under this section. Section **11C.12.(i)** directs \$38,039 for the 2017-2018 fiscal year and \$16,303 for the 2018-2019 fiscal year for reimbursement costs associated with duties of the Working Group. **(note: This whole provision essentially makes no reference to older adults and adult services and the recognition that County Departments of Social Services have a major role in service delivery to this population. The only acknowledgement related to aging is AARP North Carolina is listed as a stakeholder organization that may be a potential resource to the ad hoc subcommittees).**

#### **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT STATE-COUNTY SPECIAL ASSISTANCE**

**SECTION 11C.13.(a)** The following definitions apply in this section:

(1) Facility licensed to accept State-County Special Assistance payments or facility. – Any residential care facility that is (i) licensed by the Department of Health and Human Services and (ii) authorized to accept State-County Special Assistance payments from its residents.

(2) State-County Special Assistance. – The program authorized by 45 G.S. 108A-40.

**SECTION 11C.13.(b)** Nonrecurring funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (DSS), for each year of the 2017-2019 fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall be used to provide temporary financial assistance in the form of a monthly payment to these facilities on behalf of each resident who is a recipient of State-County Special Assistance. The counties shall pay to the State

fifty percent (50%) of the cost of providing these monthly payments to these facilities. The monthly payments provided by DSS to these facilities shall be subject to all of the following requirements and limitations:

(1) The amount of the monthly payments authorized by this section is equal to thirty-four dollars (\$34.00) per month for each resident of the facility as of the first day of the month who is a recipient of State-County Special Assistance.

(2) A facility that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than to offset the cost of serving residents who are recipients of State-County Special Assistance.

(3) The DSS shall make monthly payments authorized by this section to a facility on behalf of a resident only for the period commencing July 1, 2017, and ending June 30, 2019.

(4) The DSS shall make monthly payments authorized by this section only to the extent sufficient State and county funds allocated to the DSS for each year of the 2017-2019 fiscal biennium are available for this purpose.

(5) The DSS shall not make monthly payments authorized by this section to a facility on behalf of a resident whose eligibility determination for State-County Special Assistance is pending.

(6) The DSS shall terminate all monthly payments pursuant to this section on the earlier of the following:

a. June 30, 2019.

b. Upon depletion of the State and county funds allocated to the DSS for each year of the 2017-2019 fiscal year for this purpose.

**SECTION 11C.13.(c)** Notwithstanding any provision of this act or any other provision of law to the contrary, the DSS shall not be required to provide any temporary financial assistance to facilities beyond June 30, 2019, or upon depletion of the State and county funds allocated to the DSS for each year of the 2017-2019 fiscal biennium for this purpose, whichever is earlier.

**SECTION 11C.13.(d)** If possible, the DSS shall use an existing mechanism to administer these funds in the least restrictive manner that ensures compliance with this section and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use any portion of the State and county funds allocated to the DSS for each year of the 2017-2019 fiscal biennium for the purpose of this section for any other purpose.

**SECTION 11C.13.(e)** Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section, or as an entitlement by any facility, resident of a facility, or other person to receive temporary financial assistance under this section.

**SECTION 11C.13.(f)** Of the funds appropriated in this act to the DSS for each year of the 2017-2019 fiscal biennium for facilities licensed to accept State-County Special Assistance payments, the DSS shall not use more than two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for each year of the 2017-2019 fiscal biennium for administrative purposes.

**SECTION 11C.13.(g)** This section expires on June 30, 2019.

#### **STATE-COUNTY SPECIAL ASSISTANCE**

**SECTION 11D.1.(a)** For each year of the 2017-2019 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident.

**SECTION 11D.1.(b)** For each year of the 2017-2019 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars (\$1,515) per month per resident.

#### **ALIGNMENT OF STATE & FEDERAL AGING PLAN REPORTING DEADLINES**



**SECTION 11D.2.** G.S. 143B-181.1A reads as rewritten:

"§ 143B-181.1A. **Plan for serving older adults; inventory of existing data; cooperation by State agencies.**

(a) The Division of ~~Aging~~ Aging and Adult Services of the Department of Health and Human Services shall submit a regularly updated plan to the General Assembly by ~~March 1~~ July 1 of every other odd-numbered year, beginning March 1, 1995. This plan shall include:

(1) A detailed analysis of the needs of older adults in North Carolina, based on existing available data, including demographic, geographic, health, social, ~~economic~~ economic, and other pertinent indicators; indicators.

(2) A clear statement of the goals of the State's long-term public policy on ~~aging~~ aging.

(3) An analysis of services currently provided and an analysis of additional services ~~needed~~ and needed.

(4) Specific implementation recommendations on expansion and funding of current and additional services and ~~services~~ service levels.

(b) The Division of ~~Aging~~ Aging and Adult Services of the Department of Health and Human ~~Services~~ Services shall maintain an inventory of existing data sets regarding the elderly in North Carolina, in order to ensure that adequate demographic, geographic, health, social, economic, and other pertinent indicators are available to generate its regularly updated Plan for Serving Older Adults.

Upon request, the Division of Aging and Adult Services shall make information on these data sets available within a reasonable time.

All State agencies and entities that possess data relating to the elderly, including the Department of ~~Health and Human Services' Division of Health Services, the Division of~~ Administration and the Divisions of Public Health, Health Service Regulation, and the Division of Social Services, and the Department of Administration, Social Services of the Department of Health and Human Services, shall cooperate, upon request, with the Division of Aging and Adult Services in implementing this subsection."

## **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

**SECTION 11G.3.(a)** For the period beginning July 1, 2017, and ending June 30, 2019, the Department of Health and Human Services, Division of Health Service Regulation, shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This prohibition shall not restrict the Department of Health and Human Services from doing any of the following:

(1) Issuing a license to a facility that is acquiring an existing special care unit.

(2) Issuing a license for a special care unit in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to this type of care is necessary in that area during the moratorium imposed by this section.

(3) Processing all completed applications for special care unit licenses received by the Division of Health Service Regulation along with the applicable license fee prior to June 1, 2013.

(4) Issuing a license to a facility that was in possession of a certificate of need as of July 31, 2013, that included authorization to operate special care unit beds.

**SECTION 11G.3.(b)** The Department of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by March 1, 2019, containing at least the following information:

(1) The number of licensed special care units in the State.

(2) The capacity of the currently licensed special care units to serve people in need of their services.

- (3) The anticipated growth in the number of people who will need the services of a licensed special care unit.
- (4) The number of applications received from special care units seeking licensure as permitted by this section and the number of those applications that were not approved.

**SECTION 11G.3.(c)** This section becomes effective July 1, 2017.

#### **CERTIFICATE OF NEED EXEMPTIONS**

**SECTION 11G.4.(a)** G.S. 131E-175 is amended by adding new subdivisions to read:

"(13) That ophthalmologists providing ocular surgical procedures in unlicensed settings should be given an opportunity to obtain a license to provide those services to ensure the safety of patients and the provision of quality care.

(14) That demand for ocular surgical procedures is increasing due to the growth of the elderly population and scientific and technological advancements that have increased the safety and efficacy of these procedures."

**SECTION 11G.4.(b) through SECTION 11G.4.(d) and SECTION 11G.5.(a) through SECTION 11G.5.(l) all pertain to changes to the state's Certificate of Need. See the Bill for details.**

#### **PROVIDER APPLICATION AND RECREDENTIALING FEE**

**SECTION 11H.3.** Chapter 108C of the General Statutes is amended by adding a new section to read:

**"§ 108C-2.1. Provider application and recredentialing fee.**

(a) Each provider that submits an application to enroll in the Medicaid program shall submit an application fee. The application fee shall be the sum of the amount federally required and one hundred dollars (\$100.00).

(b) The fee required under subsection (a) of this section shall be charged to all providers at recredentialing every five years."

#### **INCREASE PERSONAL CARE SERVICES RATE**

**SECTION 11H.12.** Beginning January 1, 2018, the Department of Health and Human Services, Division of Medical Assistance, shall increase to three dollars and ninety-four cents (\$3.94) the rate paid per 15-minute billing unit for personal care services provided pursuant to Clinical Coverage Policy 3L.

#### **MEDICAID ELIGIBILITY MONITORING**

**SECTION 11H.20.(a)** Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

**"§ 108A-55.5. Eligibility monitoring for medical assistance.**

(a) On at least a quarterly basis, the Department shall review information concerning changes in circumstances that may affect medical assistance beneficiaries' eligibility to receive medical assistance benefits. The Department shall share the information directly with, or make the information available to, the county department of social services that determined the beneficiary's eligibility. (See Bill for more specifics on this).

#### **MEDICAID ELIGIBILITY DETERMINATION TIMELINESS REPORTING**

**SECTION 11H.21.** Part 10 of Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

**"§ 108A-70.43. Reporting.**

No later than March 1 of each year, the Department shall submit a report for the prior calendar year to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division containing the following information: (See Bill for more specifics on this).

**SUPPORT IMPROVEMENT IN THE ACCURACY OF MEDICAID ELIGIBILITY DETERMINATIONS**

**SECTION 11H.22.(a)** G.S. 108A-25(b) reads as rewritten:

"(b) The program of medical assistance is established as a program of public assistance and shall be administered by the Department of Health and Human Services in accordance with G.S. 108A-54. Medicaid eligibility administration may be delegated to the county departments of social services under rules adopted by the Department of Health and Human Services."

**SECTION 11H.22.(b)** No later than November 1, 2017, the Department of Health and Human Services (Department) shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on progress made regarding the accuracy of county Medicaid eligibility determinations in response to the State Auditor's January 2017 Performance Audit entitled "North Carolina Medicaid Program Recipient Eligibility Determination." The Department's report shall include the following information: (See Bill for more specifics on this).

**MEDICAID SUBROGATION RIGHTS CONFORMING CHANGES** (This pertains to recovery of Medicaid payments when third parties pay).

**SECTION 11H.23.** If Section 202(b) of the Bipartisan Budget Act of 2013, P.L. 113-67, takes effect on October 1, 2017, as provided in Section 202(c) of that act, as amended by Section 211 of the Protecting Access to Medicare Act of 2014, P.L. 113-93, and Section 220 of the Medicare Access and CHIP Reauthorization Act of 2015, P.L. 114-10, then G.S. 108A-57 reads as rewritten: (See Bill for more specifics on this).

**DHHS Block Grants** (programs are only listed that have some relevance to older adults)

**SOCIAL SERVICES BLOCK GRANT**

**Local Program Expenditures**

<b>Divisions of Social Services and Aging and Adult Services</b>	<b><u>FY 17-18</u></b>	<b><u>FY 18-19</u></b>
01. County Departments of Social Services (Transfer From TANF \$7,500,000)	\$32,971,498	\$33,003,632
04. State In-Home Services Fund	1,943,950	1,943,950
05. Adult Protective Services	1,245,363	1,245,363
06. State Adult Day Care Fund	1,994,084	1,994,084
11. Home and Community Care Block Grant (HCCBG)	1,696,888	1,696,888
13. Guardianship – Division of Social Services	815,362	815,362

	<u>FY 17-18</u>	<u>FY 18-19</u>
<b>Division of Central Management and Support</b>		
15. DHHS Competitive Block Grants for Nonprofits	4,508,754	4,476,620
<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
16. Mental Health Services – Adult and Child/Developmental Disabilities Program Substance Abuse Services – Adult	4,030,730	4,030,730
<b>DHHS Program Expenditures</b>		
<b>Division of Services for the Blind</b>		
17. Independent Living Program	3,361,323	3,361,323
<b>Division of Health Service Regulation</b>		
18. Adult Care Licensure Program	381,087	381,087
19. Mental Health Licensure and Certification Program	190,284	190,284
<b>Division of Aging and Adult Services</b>		
20. Guardianship	3,992,213	3,992,213
<b>DHHS Administration</b>		
21. Division of Aging and Adult Services	577,745	577,745
27. Division of Health Service Regulation	118,946	118,946
<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$69,521,667</b>	<b>\$69,521,667</b>
<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
<b>Local Program Expenditures</b>		
<b>Division of Social Services</b>		
01. Low-Income Energy Assistance Program (LIEAP)	\$36,402,610	\$35,419,272

	<u><b>FY 17-18</b></u>	<u><b>FY 18-19</b></u>
02. Crisis Intervention Program (CIP)	36,402,610	35,419,272
<b>Local Administration</b>		
<b>Division of Social Services</b>		
03. County DSS Administration	5,978,512	5,817,014
<b>Transfers to Other State Agencies</b>		
<b>Department of Environmental Quality</b>		
09. Weatherization Program	10,716,043	10,426,573
10. Heating Air Repair and Replacement Program (HARRP)	5,701,752	5,547,732
11. Local Residential Energy Efficiency Service Providers –	439,982	428,097
12. Local Residential Energy Efficiency Service Providers – HARRP	234,105	227,781
13. DENR – Weatherization Administration	439,982	428,097
14. DENR – HARRP Administration	234,105	227,781
<b>Department of Administration</b>		
15. N.C. Commission on Indian Affairs	87,736	87,736
<b>TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>	<b>\$99,194,110</b>	<b>\$99,194,110</b>

**MILITARY AFFAIRS COMMISSION/MILITARY PRESENCE STABILIZATION FUND**

**SECTION 19.1.(a)** Section 24.1(a) of S.L. 2015-241 reads as rewritten:

"**SECTION 24.1.(a)** The Department of Military and Veterans Affairs is established as a new executive department. All functions, powers, duties, and obligations vested in the following agencies are transferred to, vested in, and consolidated within the Department of Military and Veterans Affairs by a Type I transfer, as defined in G.S. 143A-6:

(1) The following components of the Department of Administration:

- a. The Veterans' Affairs Commission.
- b. The Governor's Jobs for Veterans Committee.
- c. The Division of Veterans Affairs.

~~(2) The North Carolina Military Affairs Commission in the Office of the Governor."~~

**SECTION 19.1.(b)** G.S. 143B-1310 reads as rewritten:

**"§ 143B-1310. Commission established; purpose; transaction of business.**

(a) Establishment. – There is established the North Carolina Military Affairs Commission. The Commission shall be ~~established within~~ assigned to the Department of Military and Veterans Affairs. Affairs solely for purposes of G.S. 143B-14(a). As authorized by G.S. 143B-14(b), the Commission shall exercise all its powers, duties, and functions independently. Notwithstanding G.S. 143B-14(d), the Secretary of Military and Veterans Affairs shall not perform any of the Commission's management functions. Consistent with G.S. 143B-14(a), the Department of Military and Veterans Affairs shall provide the following administrative services to the Commission:

- (1) Noticing and providing space for meetings of the Commission and its committees.
- (2) Taking minutes of the Commission's meetings.
- (3) Reimbursing per diem, subsistence, and travel expenses pursuant to G.S. 143B-1311(h).
- (4) Serving as a liaison among the committees of the Commission.
- (5) Any other administrative services requested by the Commission.

(b) Purpose. – The Commission shall provide advice, counsel, and recommendations to the General Assembly, the Secretary of Military and Veterans Affairs, and other State agencies on initiatives, programs, and legislation that will continue and increase the role that North Carolina's military installations, the National Guard, and Reserves play in America's defense strategy and the economic health and vitality of the State. The Commission is authorized to do all of the ~~following, as delegated by the Secretary of Military and Veterans Affairs:~~ following:

...."

**SECTION 19.1.(c)** G.S. 143B-1211 reads as rewritten:

**"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

It shall be the duty of the Department of Military and Veterans Affairs to do all of the following:

...

12) Provide administrative, organizational, and funding support to the ~~NC Military Affairs Commission and the~~ Governor's Working Group for Veterans.

(12a) Provide administrative services to the North Carolina Military Affairs Commission pursuant to G.S. 143B-1310(a).

**Housing Finance Agency/WORKFORCE HOUSING LOAN PROGRAM ESTABLISHED**

**SECTION 28.1.** Chapter 122A of the General Statutes is amended by adding a new section to read as follows:

**"§ 122A-5.15. Workforce Housing Loan Program.**

(a) The North Carolina Housing Finance Agency shall establish and administer the Workforce Housing Loan Program for the purpose of making loans for qualified low-income housing development in the State. Funds appropriated to the North Carolina Housing Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as provided in this section.

(b) The following definitions apply in this section:

(1) Code. – As defined in G.S. 105-228.90.

(2) Qualified North Carolina low-income housing development. – A qualified low-income project or building that is allocated a federal tax credit under section 42(h)(1) of the Code.

(3) Qualified residential unit. – A housing unit that meets the requirements of section 42 of the Code.

(c) A taxpayer allocated a federal low-income housing tax credit under section 42 of the Code to construct or substantially rehabilitate a qualified North Carolina low-income housing development is eligible for a loan under the Workforce Housing Loan Program if the taxpayer satisfies the loan criteria established by the Agency. The loan criteria shall support the financing of similar types of developments as provided in G.S. 105-129.42 and shall be developed in partnership with developers

of low-income housing in the State who receive a federal low-income housing tax credit under section 42 of the Code. The Agency shall take into consideration all eligible sources of funding for each development project, including whether there are other eligible sources of funding available for the development project. Loans may be made for multiple development projects in a county, but the total loan amount shall not exceed five hundred thousand dollars (\$500,000) per county in each fiscal year.

(d) By February 1 of each year, the Agency shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the number of loans made under this section, the amount of each loan, and whether the low-income housing development is located in a low-, moderate-, or high-income county, as designated by the Agency."

## **ACCOUNT FOR THE IMPACT OF FUTURE BENEFITS ON TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**

**SECTION 35.20.(a)** G.S. 135-8 is amended by adding a new subsection to read:

"(h1) Present Value of Future Benefits. – Notwithstanding subsections (d) and (g) of this section, the contributions to the Pension Accumulation Fund shall include a rate per centum of the total annual compensation of all members equal to the additional present value of future benefits related to any pension benefit enhancement or special annual leave bonus granted in the current fiscal year divided by expected current fiscal year compensation. This additional present value of future benefits shall be calculated using an interest assumption rate equal to the interest assumption rate adopted under G.S. 135-6(o) minus two percent (2%)."

**SECTION 35.20.(b)** It is the intent of the General Assembly to create a reserve upon the initial increase in contributions pursuant to subsection (a) of this section. It is the intent of the General Assembly to appropriate funds to that reserve each time a pension benefit enhancement is made or special bonus leave is granted. The reserve shall be utilized to fund the additional liability accrued by the Teachers' and State Employees' Retirement System based upon the present value of future benefits related to the pension benefit enhancement or the special annual bonus leave granted. This additional present value of future benefits shall be calculated using an interest assumption rate equal to the interest assumption rate adopted under G.S. 135-6(o) minus two percent (2%).

## **ELIMINATE RETIREE MEDICAL FOR NEW HIRES**

**SECTION 35.21.(a)** G.S. 135-48.1(18) reads as rewritten:

"(18) Retired employee (retiree). – Retired teachers, State employees, and members of the General Assembly who (i) are receiving monthly retirement benefits from ~~any retirement system supported in whole or in part by contributions of the State of North Carolina~~, the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System, or the Optional Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4 and (ii) earned contributory retirement service in one of these retirement systems prior to July 1, 2018, and did not withdraw that service, so long as the retiree is enrolled."

## **STATE TREASURER AUTHORITY OVER STATE HEALTH PLAN EMPLOYEES**

**SECTION 35.22.** G.S. 135-48.23 reads as rewritten:

**"§ 135-48.23. Executive Administrator.** (Provision changes the role of the State Treasurer over the State Health Plan staff. See the Bill for details).

## **LOWER PERSONAL INCOME TAX RATE**

**SECTION 38.1.(a)** G.S. 105-153.7(a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and four hundred~~

~~ninety-nine thousandths percent (5.499%)~~ five and thirty-five hundredths percent (5.35%) of the taxpayer's North Carolina taxable income."

**SECTION 38.1.(b)** This section is effective for taxable years beginning on or after January 1, 2018.

### **INCREASE STANDARD DEDUCTION**

**SECTION 38.2.(a)** G.S. 105-153.5(a)(1) reads as rewritten:

"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

#### **Filing Status Standard Deduction**

Married, filing jointly/surviving spouse ~~\$17,500~~\$20,000

Head of Household ~~14,000~~15,000

Single ~~8,750~~10,000

Married, filing separately ~~8,750~~10,000."

**SECTION 38.2.(b)** This section is effective for taxable years beginning on or after January 1, 2018.

### **MODIFY MORTGAGE DEDUCTION**

**SECTION 38.3.(a)** G.S. 105-153.5(a)(2) reads as rewritten:

"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

...

(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

...

b. Mortgage Expense and Property Tax. – The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount allowed as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. ~~For taxable years 2014, 2015, and 2016, the amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence shall not include the amount for mortgage insurance premiums treated as qualified residence interest.~~ The amount allowed under this subdivision may not exceed ~~twenty thousand dollars (\$20,000).~~ ~~For spouses filing as married filing separately or married filing jointly, the total mortgage interest and real estate taxes claimed by both spouses combined may not exceed twenty thousand dollars (\$20,000).~~ ~~For spouses filing as married filing separately with a joint obligation for mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of the mortgage interest and real estate taxes paid by both spouses exceeds twenty thousand dollars (\$20,000), these deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid~~



~~from joint accounts, the proration is based on the income reported by each spouse for that taxable year.~~ the amount listed in the table below based on the taxpayer's filing status:

**Filing Status Cap Amount**

Married, filing jointly/surviving spouse \$22,000

Head of Household 16,500

Single 11,000

Married, filing separately 11,000.

...."

**SECTION 38.3.(b)** This section is effective for taxable years beginning on or after January 1, 2018.