



North Carolina Department of Health and Human Services
Division of Aging and Adult Services

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS
Dennis Streets
Division Director

September 30, 2013

DEAR COUNTY DIRECTOR OF SOCIAL SERVICES

ATTENTION: Adult Services and Special Assistance Supervisors and Managers

SUBJECT: Tiered Rate Pilot for State/County Special Assistance Program

This letter is to request your county's participation to design and implement a tiered rate pilot for the State/County Special Assistance Program (SA). SL 2013-360 directs the NC Department of Health and Human Services, Division of Aging and Adult Services (DAAS) to establish an SA pilot program. The special provision for the pilot program is **Attachment 1** for your reference.

The pilot has two primary components. First, it must implement a tiered rate structure within the SA program for individuals residing in group homes, adult care homes, and in-home living arrangements. The pilot is to test the feasibility and effectiveness of a tiered rate structure that addresses program participants' intensity of need, including medication management. The individual's SA tier payment will be determined by an independent assessment of the individual's need for room, board and assistance with activities of daily living (ADLs), including medication management.

Second, the pilot is to determine the best way to implement a block grant for the SA program statewide. A block grant would mean a capped budget to operate the SA program. Currently, the cost of the SA program is borne equally between state funds (50%) and county government funds (50%). The SA facility-based program operates as an entitlement without a capped budget.

SL 2013-360 requires the pilot to be implemented this state fiscal year in four to six counties (at least two urban and two rural); operate for at least twelve months; and comply with all Federal and State requirements governing the existing SA program. DAAS has submitted a letter to the Social Security Administration to determine if the SA pilot will be in compliance with the Federal regulations that govern Optional State Supplement (OSS) programs. The OSS regulations are the basis under which North Carolina operates the SA program in residential settings. All SA beneficiaries in the pilot counties living in residential facilities and in private living would be subject to the tiered payment rates established for the pilot.

www.ncdhhs.gov • www.ncdhhs.gov/aging
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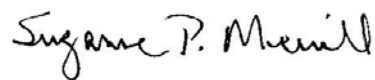
The pilot counties will assist DAAS in the design of the processes, procedures, tools and forms necessary to implement the pilot program. Those same counties will then implement what has been developed. No additional funding was appropriated for the pilot for DAAS or the participating counties.

SL 2013-360 states that the selected counties shall receive a State General Fund allocation as a block grant to be equally matched with county general funds. The General Fund allocation to each pilot county is calculated based upon the average annual SA expenditures for that county during the 2011-2013 biennium and adjusted for the amount of projected annual growth in the number of SA recipients in that county during the 2013-2015 biennium. These funds are to be used to pay for room, board and personal care services, including medication management, for individuals eligible to receive SA. The funds cannot be used to replace Medicaid reimbursement for services. DAAS has calculated the projected pilot budget for all one hundred counties based upon the legislative provisions. The calculation document is entitled **State/County Special Assistance Pilot for Tiered Rate Block Grant** and is **Attachment 2** for your reference in determining your interest in participating in the pilot.

Please complete and the DSS director will sign **Attachment 3--County Response Form for Participation in the SA Pilot Program** indicating whether your county is interested or not in participating in the pilot program. We are requesting a response from all one hundred counties by **October 18, 2013** regardless of your decision. DAAS will then make a determination regarding the counties to participate in the pilot. The form can be e-mailed to Suzanne.Merrill@dhhs.nc.gov or faxed to 919-715-0023.

If you have questions about the SA pilot, please contact me at the e-mail address above or by phone at 919-855-3460 or Chris Urso at Chris.Urso@dhhs.nc.gov or by phone 919-855-3461. We appreciate your attention to this request and look forward to hearing from you about your decision to participate.

Sincerely,



Suzanne P. Merrill, Chief
Adult Services Section

/spm

AFS-12-2013

Attachments (3)

Attachment 1

SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES

TIERED STATE-COUNTY SPECIAL ASSISTANCE PILOT

SECTION 12D.2.(a) As used in this section, the term "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

SECTION 12D.2.(b) It is the intent of the General Assembly to create a State-County Special Assistance program that allows counties greater flexibility in serving individual needs within their communities and greater control over how county funds are used to support this program in light of the fact that counties are required to pay for fifty percent (50%) of the costs of this program. To that end, the General Assembly directs the Department of Health and Human Services to establish a pilot program in accordance with subsection (c) of this section.

SECTION 12D.2.(c) The Department of Health and Human Services, Division of Aging and Adult Services (Department), shall establish a pilot program to implement a tiered rate structure within the State-County Special Assistance program for individuals residing in group homes, in-home living arrangements, and assisted living residences as defined in G.S. 131D-2.1. The purposes of the pilot program are to (i) determine the best way to implement a block grant for this program statewide and (ii) test the feasibility and effectiveness of implementing a tiered rate structure to address program participants' intensity of need, including medication management. The Department shall select a minimum of four and a maximum of six counties to participate in the pilot program, at least two of which shall be rural counties and at least two of which shall be urban counties. The pilot program shall (i) be implemented during the 2013-2014 fiscal year, (ii) operate for at least a 12-month period, and (iii) comply with any agreements in effect between the State of North Carolina and the United States government.

SECTION 12D.2.(d) The Department shall implement the pilot program in collaboration with the local departments of social services in the counties selected for participation. As part of the pilot program, the selected counties shall receive a State General Fund allocation as a block grant to be equally matched with county general funds. The General Fund allocation provided to each county participating in the pilot program shall be calculated based upon the average annual Special Assistance expenditures for that county during the 2011-2013 fiscal biennium, adjusted for the amount of projected annual growth in the number of Special Assistance recipients in that county during the 2013-2015 fiscal biennium. These funds may be used to pay for room, board, and personal care services, including medication management, for individuals eligible to receive State-County Special Assistance, subject to the following limitations and requirements:

- (1) These funds shall not be used to cover any portion of the cost of providing services for which an individual receives Medicaid coverage.
- (2) The pilot program shall comply with all federal and State requirements governing the existing State-County Special Assistance program, except that Section 12D.3 does not apply to the pilot program.
- (3) The tiered rate structure shall be based upon intensity of need, and an individual's placement within a tier shall be based upon an independent assessment of the individual's need for room, board, and assistance with activities of daily living, including medication management.

SECTION 12D.2.(e) By February 1, 2014, the Department shall submit a progress report on the implementation and operation of the pilot program, including any obstacles to implementation; and by February 1, 2015, the Department shall submit a final report on the results of the pilot program, along with any recommendations based on these results, to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The report due by February 1, 2015, shall include information from all participating counties on at least all of the following:

- (1) The amount of the tiered rates implemented as part of the pilot program.
- (2) The cost methodology for determining these tiered rates.
- (3) The number of individuals participating in the pilot program while residing in a group home.
- (4) The number of individuals participating in the pilot program while residing in an in-home living arrangement.

Attachment 1

- (5) The number of individuals participating in the pilot program while residing in an assisted living residence as defined by G.S. 131D-2.1, broken down by facility type.
- (6) A comparison of the number of recipients of State-County Special Assistance prior to and during the pilot program, broken down by county and living arrangement.
- (7) Any other information the Department deems relevant for determining the best way to implement a block grant statewide for the State-County Special Assistance program.

Attachment 2-State/County Special Assistance Pilot for Tiered Rate Block Grant				
		Annual Expenditures for 2011-2013 Biennium	Projected Annual Growth (Decrease)	Maximum Allocation
1	Alamance	1,292,692	3,923	1,296,615
2	Alexander	274,144	3,538	277,682
3	Alleghany	57,466	3,117	60,583
4	Anson	234,400	(18,617)	215,783
5	Ashe	309,996	23,116	333,112
6	Avery	116,879	674	117,553
7	Beaufort	575,937	17,869	593,806
8	Bertie	354,948	16,553	371,501
9	Bladen	450,838	3,142	453,980
10	Brunswick	454,373	(6,366)	448,007
11	Buncombe	1,866,168	(40,442)	1,825,726
12	Burke	632,020	(25,075)	606,945
13	Cabarrus	1,128,971	(23,521)	1,105,450
14	Caldwell	690,767	21,837	712,604
15	Camden	55,205	3,489	58,694
16	Carteret	406,009	18,809	424,818
17	Caswell	276,737	1,508	278,245
18	Catawba	1,226,296	(7,721)	1,218,575
19	Chatham	445,947	(17,792)	428,155
20	Cherokee	249,858	9,213	259,071
21	Chowan	201,190	5,289	206,479
22	Clay	98,314	(3,407)	94,907
23	Cleveland	1,192,463	(3,832)	1,188,631
24	Columbus	554,390	(11,678)	542,712
25	Craven	647,158	(29,556)	617,602
26	Cumberland	2,126,913	(4,319)	2,122,594
27	Currituck	131,371	4,904	136,275
28	Dare	221,155	6,789	227,944
29	Davidson	1,101,241	(2,511)	1,098,730
30	Davie	299,853	(6,343)	293,510
31	Duplin	612,843	(15,492)	597,351
32	Durham	2,257,386	(11,635)	2,245,751
33	Edgecombe	745,263	(2,872)	742,391
34	Forsyth	2,627,001	(54,711)	2,572,290
35	Franklin	498,149	(13,155)	484,994
36	Gaston	1,888,667	(39,556)	1,849,111
37	Gates	85,119	6,347	91,466
38	Graham	112,397	(9,156)	103,241
39	Granville	408,617	(2,272)	406,345
40	Greene	250,127	(3,432)	246,695
41	Guilford	2,835,693	(81,785)	2,753,908
42	Halifax	816,444	(19,737)	796,707

Attachment 2-State/County Special Assistance Pilot for Tiered Rate Block Grant				
		Annual Expenditures for 2011-2013 Biennium	Projected Annual Growth (Decrease)	Maximum Allocation
43	Harnett	932,752	(18,908)	913,844
44	Haywood	508,588	18,856	527,444
45	Henderson	1,022,378	8,567	1,030,945
46	Hertford	437,901	8,079	445,980
47	Hoke	293,862	12,270	306,132
48	Hyde	40,509	2,466	42,975
49	Iredell	978,331	14,696	993,027
50	Jackson	177,460	2,752	180,212
51	Johnston	1,295,762	11,586	1,307,348
52	Jones	88,127	(7,110)	81,017
53	Lee	413,456	(9,986)	403,470
54	Lenoir	783,691	(16,290)	767,401
55	Lincoln	506,056	(7,283)	498,773
56	Macon	194,837	9,086	203,923
57	Madison	163,697	(6,086)	157,611
58	Martin	356,723	(18,520)	338,203
59	McDowell	458,080	(16,951)	441,129
60	Mecklenburg	3,171,764	(95,194)	3,076,570
61	Mitchell	122,767	2,824	125,591
62	Montgomery	363,240	(22,120)	341,120
63	Moore	709,241	(27,121)	682,120
64	Nash	854,062	(14,514)	839,548
65	New Hanover	1,293,222	(12,955)	1,280,267
66	Northampton	435,971	4,765	440,736
67	Onslow	703,766	22,791	726,557
68	Orange	740,191	(9,164)	731,027
69	Pamlico	91,080	(4,569)	86,511
70	Pasquotank	574,652	(9,547)	565,105
71	Pender	316,100	4,664	320,764
72	Perquimans	173,367	13,432	186,799
73	Person	521,337	(643)	520,694
74	Pitt	1,229,647	29,651	1,259,298
75	Polk	191,527	2,078	193,605
76	Randolph	1,005,091	(42,366)	962,725
77	Richmond	422,567	(12,704)	409,863
78	Robeson	1,606,224	(729)	1,605,495
79	Rockingham	999,689	2,053	1,001,742
80	Rowan	979,499	(45,553)	933,946
81	Rutherford	761,568	(41,711)	719,857

Attachment 2-State/County Special Assistance Pilot for Tiered Rate Block Grant				
		Annual Expenditures for 2011-2013 Biennium	Projected Annual Growth (Decrease)	Maximum Allocation
82	Sampson	631,550	(10,654)	620,896
83	Scotland	419,249	(7,645)	411,604
84	Stanly	539,939	(1,911)	538,028
85	Stokes	539,397	34,202	573,599
86	Surry	723,778	(10,647)	713,131
87	Swain	83,643	3,760	87,403
88	Transylvania	235,769	(7,914)	227,855
89	Tyrrell	36,564	-	36,564
90	Union	771,015	(26,278)	744,737
91	Vance	551,082	16,976	568,058
92	Wake	3,905,770	12,512	3,918,282
93	Warren	294,257	(5,082)	289,175
94	Washington	143,693	(4,962)	138,731
95	Watauga	275,988	(1,350)	274,638
96	Wayne	1,205,227	(24,252)	1,180,975
97	Wilkes	486,216	(4,666)	481,550
98	Wilson	978,104	(5,703)	972,401
99	Yadkin	273,282	2,007	275,289
100	Yancey	128,811	680	129,491
	Prepared by Helen Tack, DAAS Budget Officer 9-26-13			

ATTACHMENT 3

**County Response Form for Participation
in SA Pilot Program**

Yes, _____ County DSS is interested in participating in the SA Pilot Program.

No, _____ County DSS is not interested in participating in the SA Pilot Program.

DSS Director Signature

Date

Please e-mail or fax this form to Suzanne.Merrill@dhhs.nc.gov
or 919-715-0023 (fax) by October 18, 2013.