FY 2022 FINAL 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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EXECUTIVE SUMMARY

This is the Executive Summary of the FY 2022 Final Annual Report[1] 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 submits an annual report each year of this Agreement.

The report documents North Carolina's (the State's) progress in meeting fiscal year (FY) 2022 requirements. The report also documents the State's overall progress in meeting all the Settlement Agreement (SA) obligations as referenced in the Fourth Modification of the Settlement Agreement. The Parties filed their fourth motion to modify the Settlement Agreement with the Court on March 26, 2021. The Fourth Modification extended most of the Settlement Agreement obligations until July 1, 2023.

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, and get access to and assistance with 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 in accordance with this Agreement.

The State reached a major milestone required by this Agreement in FY 2022. In September 2021, the State reported that 3,000 individuals in the Agreement's target population were living in supported housing, as the Agreement requires. That number increased to 3,088 by the end of FY 2022. The State also made considerable progress diverting individuals from ACHs, enabling eligible individuals to remain in the community with the benefit of added supports and services and, if qualified, a rental subsidy with move-in resources. The State also took positive steps toward meeting the Quality Assurance and Performance Improvement requirements.

The State is not making measurable progress to meet three major requirements in FY 2023. The first is the requirement that 2,000 individuals move from an ACH and are now living in Supported Housing (SH). The State also did not make measurable progress to meet the Community Based Mental Health Services and Supported Employment requirements. The State made slight progress toward meeting four Discharge and Transition Process requirements but needs to take further action to meet all the Discharge and Transition Processes. These are complex processes,

[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.

which makes predicting when the State will meet these requirements more difficult.

Based on the FY 2022 individual reviews, interviews with staff in the field, reports from a range of State and local sources, it is clear the Settlement Agreement requirements are achievable, notwithstanding four challenges the State faced in FY 2022. One, a Local Management Entity-Managed Care Organization (LME/MCO) In-reach staff did not make "frequent" in-person visits to individuals living in ACHs even though the COVID outbreak was waning, and staff could take precautions when visiting an individual living in an ACH. This is important because in-person visits are key to individuals successfully transitioning to the community. All the other LME/MCOs had either not stopped in-person visits or returned to in-person ACH visits by January 2022, unless a particular home had a COVID outbreak for a period of time. Unfortunately, even when LME/MCOs returned to in-person visits, the State's data reflects staff made more phone calls and letters than in-person visits.

Two, there were unprecedented rental rate increases in FY 2022. This is a widespread nationwide problem, and low income renters feel its impacted more acutely. Property owners are also choosing to not renew leases but instead rent their units to individuals who could pay higher rents, well above the Housing Choice Voucher (Section 8) payment standard and the corresponding state subsidized rent payment standard. This means when a lease is up for renewal the owner is not renewing an individual's lease but instead is finding new renters who can pay more than those with Section 8 or the state's rental subsidy. LME/MCO staff scramble to help individuals find another unit to rent but this slowed down LME/MCO assisting new individuals transitioning to the community.

Three, the regional LME/MCO system underwent a momentous change with 20 counties disengaging from Cardinal Innovations, the state's largest LME/MCO. Eleven (11) counties chose to join 4 other LME/MCOs and 9 of Cardinal's remaining counties agreed to a merger, becoming part of the Vaya Health LME/MCO. These re-alignments occurred between September 1, 2021, and February 2022. The Vaya merger enabled Cardinal staff to continue working for Vaya. However, staff working in counties absorbed by other LME/MCOs had to apply for a position with the new LME/MCO. This was a time consuming process and a distraction from meeting Settlement requirements.

This change impacted TCL recipients in four ways: 1) Cardinal was the subsidy payor and rental manager for at least 1,257 rental agreements and each of the new LME/MCOs had to change those rental agreements; 2) the LME/MCOs absorbing beneficiaries from the Cardinal catchment area had to build relationships and work with new ACHs, SPHs, guardians, county officials, including local departments of Social Services (DSS), and others, including families, Division of Vocational Rehabilitation (DVR) offices, and staff who process benefits; 3) LME/MCOs had to enter into new contracts with providers in the Cardinal catchment area. Simultaneously, providers in that catchment area had to begin working with staff in the new LME/MCOs, whose

processes differed from Cardinal's processes, including utilization management review staff, Pre-Admission Screening and diversion staff, care coordinators, TCL staff, and housing coordinators, among others; and 4) Cardinal staff failed to transmit all of their records and contact information to the LME/MCOs that absorbed its beneficiaries. The Reviewer monitored these changes as they occurred and scheduled reviews in the most affected areas as late in the fiscal year as possible to give the three LME/MCOs most affected by this change as much time as possible to connect with their new individuals and hire staff to serve them.

The fourth challenge the State faced in FY 2022 is still a factor today. The service delivery system is facing unprecedented staff turnover, especially to find and retain frontline staff. The State will need to examine strategies to combat this problem, starting with ensuring wages are sufficient but also taking other steps to help provide opportunities for staff to choose and keep jobs.

Below are three sets of summaries of FY 2022 findings. The first set includes a summary of findings of requirements that the Fourth Modification of the Settlement Agreement anticipated the State might comply with in FY 2022. The second set references requirements the State met, as reported in the Fourth Modification. The third set includes a summary of major findings on all other requirements. The Fourth Modification obligates the State to not materially regress on the sections with which it has achieved substantial compliance.

Requirements Referenced in Fourth Modification of the Settlement Agreement

The Parties referenced in the Fourth Modification that they anticipated the State would comply with eight requirements by July 1, 2021. The State met seven of those requirements in FY 2021**, Section III. (B)4 and (B)(6), III. (E)(13)(a)(b) and (d), and (F)(1) and (2).**

The State did not meet **Section III(B)(3),** the requirement for eligible individuals to occupy 3,000 housing slots by July 1, 2021 but did meet this requirement in September 2021 and reached 3088 by June 30, 2022.

The State met two **Section III. (F)(1) and (2)** Pre-Admission Screening and Diversion requirements in FY 2021: 1) determining if individuals who are applying for admission to an ACH meet eligibility for mental health services and, if yes, providing an opportunity for the individual to choose diversion from admission with services, supports, and housing; 2) that LME/MCOs assist individuals to develop a community integration plan to access services, supports, and housing. The State and LME/MCOs continued to improve their performance further and exceeded their FY 2021 performance in FY 2022.

The Parties indicated in the Fourth Modification they would confer 90 days following the issuance of the FY 2021 Annual Report to determine if the State has substantially complied with three other sections: **Section III. (E)(9) and (10**) and **(E)(14).** The State met the **Section III. (E)(9)** requirement to create a transition team (identified as the State Barriers Committee) to assist local transition teams address and overcome barriers in FY 2021.

The State is on track to meet the **Section III.(E)(10)** requirement in FY 2023. This is the requirement that the State's transition team train local teams, including adequately training teams in person-centered planning, and that local teams will effectively inform individuals of community living opportunities. The FY 2022 individual reviews revealed that the State did not meet **Section III.(E)(14),** the Resident's Bill of Rights, and continues to have challenges meeting this requirement. This requirement, referenced in state and federal statutes, obligates the State and/or the LME/MCO to monitor ACHs to ensure each individual is free to exercise his or her rights and that exercising those rights does not adversely affect the way the LME/MCO or State agencies treat the individual. This requirement is relevant to the State meeting its obligation for 2,000 individuals exiting ACHs into Supported Housing.

The State met the requirements for **Section III. (B)(7)(c) and (d)** but did not meet the sub-requirements for **Section III. (B)(7)(a) and (f)** in FY 2021. The State fell short of meeting all the **(B)(7)** sub-requirements in FY 2022. Nonetheless, the State is close to meeting **Section III(B)(7)(c)(d) and (f)** given the efforts underway to improve tenancy rights, community-based housing locations, and assistance with daily living skills, and the State is in position to meet these requirements in FY 2023.

This report includes information from 91 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 move from ACHs to supported housing. Each of these reviews included an interview with the selected individual when possible, a review of their records, and staff interviews. The FY 2022 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 2022 the Reviewer and her review team members also met with State and LME/MCO staff, service providers, and state and local Division of Vocational Rehabilitation (DVR) staff to review implementation and performance of supported employment and services requirements, housing, and In-reach and transition requirements.

The State took a major step in FY 2022 developing a TCL Incentive Plan (TIP). The plan 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 housing, especially for individuals exiting ACHs. The State has added resources to the community inclusion projects they began funding in FY 2019.

The State recognizes that it needs to improve the accuracy of its data and is working internally and with the LME/MCOs to verify the data they are collecting, and to verify that reporting is correct. They project completing this task before the end of the 2022 calendar year.

The State is embarking on a major change in its managed care arrangements, shifting the current LME/MCO managed care arrangements to "Tailored Plans" covering enhanced Medicaid and state funded services for individuals who qualify for TCL, as well as other individuals with a mental health disorder, substance use disorder, intellectual/developmental disability (I/DD), or traumatic brain injury (TBI). Tailored Plans will include coverage for physical health services, care coordination, and care management as well as other services. The State is still ensuring the new requirements for Tailored Plans will not conflict with the Settlement requirements or inadvertently create challenges for individuals to get access to and retain housing and get required assistance with In-reach, transition and diversion and get required services and supports. The TCL requirements and the supports, services, and housing arrangements the State has already made, adopted policies for and provide enhancements are a model for strengthening the tailored plans for other populations beyond those in the TCL program.

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

Community-Based Supported Housing Slots

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 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, leverage multiple types of federal funds, and improve its decision-making tools and technical assistance. 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.

This collaboration has led to increasing affordable housing availability, although it will always remain a challenge. Developing and finding affordable housing for individuals with low incomes and other barriers is a nationwide issue. This problem has escalated in the past two years with rising rents and challenges with escalating development costs.

The State still has challenges meeting **Section III. (B)(1)**, access to community-based supported housing. This is in large measure related to the State's performance implementing discharge and transition process and services requirements as required in **Sections III. (B)(7),(C) and (E).** Ensuring access to safe affordable housing with support for daily living activities is a challenge, especially for individuals living in ACHs, with health challenges, and/or with criminal justice backgrounds.

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 1,156 to 1,206 in FY 2022. The State did not meet the requirement in the Fourth Modification of the Settlement Agreement to fill 1,660 slots by

July 1, 2022 and is not on track to meet the requirement to fill 1,830 slots by January 1, 2023, and 2,000 by July 1, 2023. This requirement is one of the main sub-requirements in this Settlement Agreement and was at the heart of the investigation leading to this Agreement. The FY 2022 review revealed at least 64%, or 20 out of 31 individuals reviewed, still living in ACHs could move into Supported Housing with adequate support and services. It is also clear that ACH residents are going to need more information from their In-reach Specialists about the supports and services available in the community, and more opportunities to meet individuals who have successfully transitioned to the community as required in **Section III. (E)(2) and (4)** to make an informed choice about where to live and receive services**.**

Community-Based Mental Health Services

The FY 2022 review revealed the State's performance in meeting **Section III. (C) Community-Based Mental Health Services** did not improve in FY 2022. 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, either in supported housing or other locations, as well as ACH residents[2]. This review included interviews with staff and review of records, other documentation, and data related to the provision of community based mental health services for 91 individuals. Over the past three years, the Reviewer and her team have interviewed over 150 and LME/MCO and provider staff and reviewed documents and data for 80 additional individuals. The results have largely been the same over this period of time. As in the FY 2021 review, the State achieved slightly higher scores on the requirement for staff to assist individuals to access natural supports and to utilize natural supports to prevent crises. Even with this higher score, the State's performance was still insufficient to meet these requirements.

The person-centered planning process scores were extremely low, with 7 individuals, or 12% of individuals, having a person-centered plan that fully meets requirements and another 23 individuals, or 40%, with plans that partially meet requirements. The plans and the planning process remain formulaic, repetitive, and not individualized. Often, new plans are the same as previous plans. The provider lists services they will provide on the plan document and submits the plan to the LME/MCO utilization management (UM) unit. The UM staff reviews and authorizes or denies payment based on established criteria. This means the DHHS has coupled service authorization, payment and person centered planning in one document, one process. This has resulted in service authorization becoming the primary purpose for person centered planning. This does not reflect current practice in recovery-based planning. Likewise, the scores

[2] Individuals living in the community but not living in supported housing may have been issued a housing slot but either chose not to use it or have left their supported housing unit and remain eligible for supported housing, services and supports.

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.

Supported Employment

The State met one of the three Supported Employment requirements in 2013, the requirement to adopt an evidence-based supported employment model, Individual Placement and Support (IPS-SE) required in **Section III. (D)(2).** But the State is not meeting the requirement in **Section III. (D)(1) Supported Employment** to develop and implement measures to provide supported employment to individuals "in or at risk of entry into" adult care homes. The State is also not meeting 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 made progress, though, having provided Supported Employment to 2,425 individuals by June 30, 2022. The State also made the needed adjustment to their verification of individuals receiving services as referenced in the FY 2021 Annual Report. Based on FY 2022 data, TCL recipients represent 5% of the total number of individuals receiving IPS-SE. This data is relevant because of the individuals to IPS-SE or assisted by an employment Provider and/or Transition staff had not referred eighty-five percent (85%) of the individuals interviewed who expressed an interest in employment or education to IPS-SE or to employment specialists on ACT teams.

The State is promoting a new financing and incentive model to increase TCL referrals and to cover expenses 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 Division of Vocational Rehabilitation (VR). The model is in a pilot phase with the Vaya LME/MCO, its provider agencies, and VR. The Vaya Health model launched in January 2020 and showed good preliminary results when COVID delayed job searches and service recipients disengaged. The FY 2022 data reveals that of those enrolled[3] in the pilot in FY 2022, the number of individuals receiving a service (Milestone 1) was down by over 200 since June of FY 2021. Only 17 individuals in TCL had at least one service (claim) in the fourth quarter of FY 2022. Vaya also reported high staff turnover among its IPS-SE providers.

The Alliance LMC/MCO began its NC CORE initiative in the last quarter of FY 2022 but data on performance of its initiative is not available yet. Nonetheless, the Alliance has made progress providing IPS-SE services to 50 TCL recipients in the last quarter of FY 2022, nearly equaling the

[3] Vaya and DVR report 245 individuals in an active Milestone status on 5/21/2021.

combined total of individuals receiving at least one unit of service in the remaining five catchment areas of the state.

Section III. (C)(1) requires the State to ensure individuals have access to services and supports they choose to receive. This includes IPS-SE and ACT Employment Specialist services. The State needs to take action to demonstrate that individuals in TCL, who are interested in employment, get the opportunity and access to supported employment and assistance preparing for, identifying, and maintaining employment. The FY 2022 reviews revealed that of the 41 individuals indicating an interest in employment and/or education, only 6 received any support to pursue this interest even though there was little progress reported of individuals getting assistance with job placement. There is limited interaction between the individual's service provider and their IPS-SE team, and there is a limited number of supported employment providers in certain areas of the state, including at least two urban areas.

The number of individuals eligible for TCL expressing an interest in employment has been and continues to be consistent with national data for individuals with this interest who have a serious mental illness. Yet the State's performance in providing meaningful assistance for TCL eligible individuals is lacking. There continues to be a widespread, 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 is an underlying and unspoken assumption on the part of many service providers responsible for making IPS-SE referrals, LME/MCO staff and leadership across the system 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. Regardless of whether this message is subtle or not subtle, it sends a powerful and clear message to individuals that they are not capable of working. Thus, it is discriminatory against individuals who have expressed a desire to seek employment and/or education and training.

Discharge and Transition Processes

The **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 diverted from admission to ACHs from non-hospital settings. The FY 2022 review included 62 individuals whose reviews included discharge and transition processes.

In FY 2022, the State only met one of the Discharge and Transition Process requirements, but scores showed staff improved their scores in 4 of the 9 categories scored following individual reviews. LME/MCO in-reach staff did not make frequent contact with most individuals who expressed interest in moving or provide them with accurate information. Some "follow-through" delays were related to COVID, as was a failure to facilitate community visits for individuals considering a move to supported housing. The review team reviewed the timelines of transitions

that occurred before and after the onset of the COVID pandemic, along with other records and progress notes. These reviews revealed a pattern of sporadic or no contact with individuals and staff not facilitating community visits that occurred at the same rate before and after COVID restrictions took effect. The State is meeting **(E)(10)** and making progress meeting **(E)(9).**

Pre-Admission Screening and Transition Process

The State met **Section III. (F)(1)** and **(F)(2)** as referenced above but still needs to make improvements to meet **(F)(3)** to fully implement individualized strategies to address concerns and objections individuals have to placement in integrated settings and monitoring individuals choosing to reside in ACHs.

Quality Assurance and Performance Improvement

The State is in the process of developing the required QA/PI monitoring system in accordance with the required quality assurance and performance improvement requirements. As referenced in the FY 2021 Annual Report, the State retained Mathematica, a well-respected research and consulting organization with expertise in the provision of information collection and analysis. Mathematica is providing technical support to the State to meet its obligations in this agreement. Its scope of work includes: (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.

Mathematica will continue leading an iterative process over the 2023 fiscal year with DHHS staff taking on more responsibility for the transition by the end of June 2023. Based on this timetable, it may be possible to review the State's ability to manage the system in the first six months of FY 2024, fulfilling requirements in **III. (G)(1-4, 7-8).**

The State, with Mathematica's assistance, is beginning to report on frequency of services provided to individuals, by service type. This is a vital indicator to determine trends in housing and services retention and engagement in IPS services. This also enables the State to assess the relationship between the array, intensity, and frequency of services with housing stability and individuals getting support to obtain and sustain employment.

The State continues to meet the Quality of Life (QOL) survey requirements in **III. (G.)(5)** and the External Quality Review (EQR) requirements in **III.(G)(6).**

Summary

The State met one additional requirement in FY 2022, exceeding the requirement to fill 3,000 housing slots by an additional 88 slots in FY 2022. However, the State's progress in meeting **Section III. (B)(3)** requirements for 2,000 individuals living in ACHs to exit and occupy supported

housing slots was negligible. The State exceeded its FY 2021 performance in meeting two Pre-Screening and Diversion requirements, **(F)(1) and (F)(2).** The State also demonstrated progress but fell short of replicating gains made in FY 2021 ensuring individuals get permanent housing with tenancy rights and ensuring individuals get a choice in their daily living activities. The State did not meet the requirements in three major sections of the agreement: **Section III (C)** Community-Based Mental Health Services, **Section III. (D)** Supported Employment, and **Section III. (E)** Discharge and Transition Processes. The State is making progress meeting Quality Assurance and Performance Improvement requirements.

Many dedicated individuals, state psychiatric hospital, LME/MCO, and service provider staff worked tirelessly this year to assist individuals to move to and continue to live in their own home even in light of the lingering COVID pandemic and challenges created with the Cardinal dissolution.

The State's efforts, already underway, to implement the aforementioned TCL Incentive Plan, to divert individuals who choose to live in the community instead of an ACH and improve access to housing for individuals exiting ACHs, has the potential to accelerate the State's progress to meet many of the Settlement Agreement requirements and partially transform its adult mental health services system. However, the changes the State is contemplating and/or attempting to make to meet the SA's requirements for community-based mental health services and supported employment falls short of changes needed to transform the services system. Without additional changes in these systems, the system transformation this SA requires will not be complete.

INTRODUCTION

This is the FY 2022 Annual Report[4] 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, which is known 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, transition, diversion, supported housing, and supported employment.

Two events impacted the State's progress in FY 2022. The first was the State's largest Local Management Entity/ Managed Care Organization (LME/MCO), Cardinal, merging with VAYA in early 2022 after eleven counties disengaged with Cardinal and became part of the Alliance, Partners, Eastpointe, Sandhills, or Trillium areas. At the time disengagement began, Cardinal had responsibility for providing in-reach, transitions, supported housing, services, supported employment, and other supports as defined in this agreement and in state contracts for thirty percent (30%) of eligible individuals.

The disengagement and merger process began on September 1, 2021 and concluded after January 1, 2022. This impacted over 2,500 individuals already deemed eligible for services, supports, and supported housing as part of the Settlement Agreement. Nine counties disengaged from Cardinal. Alliance assumed responsibility for the largest county in the Cardinal area, Mecklenburg, and assumed responsibility for Orange County, making Alliance the largest and most urban of the LME/MCOs. Partners assumed responsibility for five counties including Forsyth, the fourth largest county in the state. Eastpointe (1), Sandhills (2), and Trillium (1) assumed responsibility for smaller northern and eastern counties. Vaya agreed to a merger with Cardinal and absorbed the remaining nine Cardinal counties into the Vaya catchment area.

The worst health crisis in the United States in the past 100 years began to wane in 2022 but its In-reach staff, Transition Coordinators and service providers still experience the impact trying to resume their required responsibilities to provide services and supports. All but one LME/MCO and their provider staff made changes to continue or resume at least some of their work visiting

[4] The Settlement Agreement requirements extend through July 1, 2021.

individuals, albeit more slowly before May 2022 and the last LME/MCO agreed to return to in-person work in May 2022. However, according to State reports, only 10% of encounters (visits, phone calls, or letters) with individuals on In-reach status residing in ACHs were face-to-face in the first six months of FY 2022. Ninety percent (90%) of the encounters were either phone calls or letters. This increased to 13% in the third quarter and 29% in the fourth quarter[5]. The State issued a Joint Communication (Policy) Bulletin on May 13, 2022, requiring encounters (In-reach contacts) be face-to-face except for scheduling visits and informal conversations. The Transition and Discharge Process section of this report includes additional information on this issue.

Because of the way the LME/MCOs maintain In-reach encounter data, there is no assurance that reported telephone In-reach encounters result in an actual conversation. This is because many individuals do not have cell phones and/or they do not get phone messages or letters sent to the home. There are still ACHs that continue to resist LME/MCO efforts to assist individuals to move to the community. While the number of ACHs with COVID fluctuates and has steadily decreased until recently. In-reach staff do not have access when homes have active outbreaks.

The most reliable method to determine the State's performance in meeting most Discharge and Transition Process, Diversion, Community-Based Mental Health Services, Supported Employment requirements, and one critical Supported Housing requirement is through an individual interview accompanied by interviews with staff and key informants, including guardians. This method provides qualitative and quantitative information regarding 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 2022 annual review included 91 individual reviews. Seventy-two (72) reviews included interviews with individuals in the TCL target population, and additional interviews with LME/MCO, service providers, and, in a few instances, family members, other key informants, and guardians. Six other individuals had staff interviews only as they were not available for reviewer interviews. The reviewers conducted 13 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, 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

[5] There are three times as many phone calls made as letters sent. Letters are typically sent once each quarter.

from individual reviews for agreed upon standards for 43 requirements in 4 categories (Housing, Discharge and Transition Processes, Community-based Mental Health Services, and Supported Employment).

One additional issue surfaced while preparing this report. The State identified challenges getting accurate data. This means that that the actual numbers (e.g., filled housing slots by category, numbers of individuals on In-reach status, etc.) may be slightly different than those referenced in this report. The State is engaged in a major data verification review and will report the results by the end of the 2022 calendar year.

METHODOLOGY

Field work included interviews with individuals eligible for TCL benefits followed by a desk review for each individual. A desk review includes a review of records and transition timeframes, an interview of service provider(s), and interviews of staff of the Local Management Entities/Managed Care Organizations (LME/MCOs) for each individual selected for a review. **Figure 1** identifies the numbers of individuals by type of review:

Figure 1: Numbers of Individuals Reviewed by Type of Case Reviews in the FY 2022 Review

Review Types	Reviews
Total Reviews	91
In-Person Community Interviews	72
Desk Review[6] Only	6
SPH Desk Reviews	13

The team conducted 13 desk reviews for individuals on In-reach and Transition status hospitalized in Central Regional and Broughton state psychiatric hospitals (SPHs). There were reviews of individuals hospitalized at Cherry state psychiatric hospital in fall of 2021 and results referenced in the FY 2021 report.

This report follows the same methodology used in previous reports with in-person interviews and follow-up desk reviews with LME/MCO and provider staff. The LME/MCOs could not locate four individuals and four hospitalized for medical or psychiatric reasons. One individual died two days before their scheduled review and one individual refused 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

[6] Desk reviews included a combination of staff (LME/MCO, SPH and service providers) interviews and chart reviews.

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.

The Review Team again used questionnaires to score the State's and each LME/MCO's 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 a number of 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, 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 we were 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 7 days. The review team often asks a number of questions and reviews 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. 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. This year, the Reviewer noted lingering problems with the verification of and the number of individuals provided Supported Employment **Section III. (D)(3)**.

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 on Pre-Admission Screening, Discharge and Transition Process, Supported Housing, Community-Based Mental Health Services, Supported Employment, and Quality Assurance/Performance Improvement. Staff assigned to each of these key areas received a list of questions beforehand in order to prepare for the call. The questions were specific to Settlement Agreement requirements to enable the Reviewer to measure the State's progress, or lack thereof, and challenges meeting the recently developed standards for each of the requirements in the SA. The Reviewer had frequent contact with key staff to clarify data and information from the more formal review calls. The Reviewer also assessed progress through discussions with providers and community stakeholders, LME/MCO reviews, SPH and LME/MCO interviews, and quarterly meetings.

In addition to the site visits for individual reviews, the Reviewer and members of her team had calls and meetings with 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 Pre-Admission Screening (LME/MCOs), Supported Housing, Community-Based Mental Health Services, and Supported Employment. Several LME/MCOs requested follow-up calls on specific issues. The Reviewer and team members listened in on a number of training events (held virtually) and monthly Core Pilot calls (see the Supported Employment section of the report).

The FY 2022 LME/MCO review 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 Division of Vocational Rehabilitation staff. The Reviewer and her team's focus for these discussions was to learn more about and assess:

(1) The importance providers are giving to and steps they are taking to refer TCL eligible individuals to IPS-SE and for the importance ACT providers are giving to assisting individuals with their employment goals
(2) The degree to which staff gave importance to providing information and education regarding employment, training, education, and continuation of benefits
(3) Who provides this information and what follow-up occurs as individuals express interest and/or ambivalence about employment
(4) Challenges staff see to increasing their efforts to support individuals to identify and meet their employment goals.

Dr. Beth Gouse conducted the 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 Damie Jackson-Diop, Charlyne Boyette, Lyn Legere, Mary Lloyd, Jill Hinton and Kim Maguire. Each of the reviewers provided subject matter consultation.

INDIVIDUAL REVIEW FINDINGS

Individual reviews capture the three most important aspects of this Agreement. One, what is the individual's experience of what they are receiving, or not receiving, and how are they receiving information in helping 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? Three, 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 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 in FY 2022 to assess events, precursors to potential problems, and challenges an individual is facing for individuals previously served by the Cardinal LME/MCO.

The review team has conducted 949 individual reviews over 7 years, as part of the Individual Review process. In past years, there were also special reviews relating to critical performance issues. As referenced in the Methodology section, names drawn for this review came from the State's "Transitions to Community Living Database" of individuals who are eligible for services and housing as defined in the SA.

The State 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 Title II of the Americans with Disabilities Act of 1990 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. On two occasions, a Reviewer's team member explained to LME/MCO In-reach or Transition staff the process for reporting to State DSS and TCL staff a public guardian's opposition to a move. The two LME/MCO staff members were not aware of how to elevate and problem-solve around concerns that a guardian was unduly opposing a move or even discussing the option of a move.

This year's review revealed two family members who had obstructed LME/MCO in-reach staff from talking with individuals, by claiming they had guardianship over the individual, when in reality, they only had power of attorney rights. One family member petitioned for guardianship when he learned the individual was on the TCL list with a right to move to the community. Another family member in another area considered guardianship and filed a grievance against the LME/MCO for discussing community living options with their family member. The Reviewer called the family member and explained the available options and supports. The family member said she had not gotten information about the resources available to her brother and decided to consider the options more fully.

As referenced in Figure 2 **below**, in FY 2022, 54 or 59% of the 91 individuals in the review sample were men and 37 or 41% were women. The average age of the individuals in the individual reviews was 50. Service needs differ for individuals in different age cohorts, which has significance for what services the State needs to make available in the service array.

Figure 2: Demographic, Living Settings, Guardian, FY16-FY21 Reviews

Categories	FY16	FY17	FY18	FY19	FY20	FY21	FY 22
Average age	49	55	60	47.2	45	51	50
Female	43%	54%	52%	49%	31%	45%	41%
Male	57%	46%	47%	51%	69%	55%	59%
Living in SH	45 (43%)	33(28%)	18 (47%)	30(28%)	42(40%)	28 (37%)	31 (34%)
Living in an ACH	29(28%)	35 (30%)	13 (34%)	16(15%)	12(11%)	33(42%)	30 (33%)
Hospitalized in a SPH	9 (9%)	16(14%)	2(1%)	10(10%)	23(23%)	5 (6%)	13 (14%)
Living in another setting	29(27%)	33 (28%)	4 (10%)	49(47%)	27(26%)	12 (15%)	17(19%)
Has a guardian	37%	30%	15%	30%	22%	12%	17%

The number of individuals under the age of 50 increased by 8%, resulting in a slightly lower average age in this sample from the FY 2021 sample (Figure 3). This is partially the result of increasing the sample of individuals hospitalized in SPHs.

Figure 3: Age Distribution

	21-30	31-40	41-50	51-60	61-70	0ver 70	Total
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

Physical Disabilities and Chronic Health Conditions: Fifty-nine (59) individuals, or 78% of the ACH 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 13 individuals to determine if they had significant health conditions or physical disabilities. This is an increase from 59% of the individuals in the FY 2021 review sample. 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). Fifty-four (54) or 69% of the individuals had two or more chronic illnesses and/or physical disabilities. One individual living in the community but needing additional support had ten very serious health conditions. Eight individuals had six or more conditions.

Fifty-four (54) individuals have experienced trauma, either sexual, physical, or verbal abuse, or a combination thereof. This represents 93% of the individuals for whom information was available. There was insufficient information available for 18 individuals and reviewers could not conclusively determine if 15 individuals had experienced trauma during their lifetime. Three individuals suffered significant physical injuries as a result of an accident and one man had both feet amputated after rescuing a family member from a burning house. There were two individuals reported to have had a traumatic brain injury.

Eleven (11) individuals have major physical disabilities requiring either a wheelchair, prosthesis, or other adaptive equipment and accessibility features. This includes four individuals who have amputations. However, two individuals have not gotten needed adaptive equipment. Two individuals have serious vision and hearing loss.

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 are incomplete and not up to date and key informants 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. There were 29 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 11 individuals reported to have COPD in addition to numerous other chronic medical conditions. Three individuals had cancer. While records reveal an extremely high percentage of individuals have a history and/or are currently using drugs and/or alcohol, at least 46 individuals, or 65% of those with information available or through self-report, revealed substance use as a contributing factor to their hospitalizations, homelessness, and/or ACH placement. Five individuals have had a stroke and/or heart surgery.

Two individuals had a significant hearing loss, and one individual was blind. Only one individual had already received a diagnosis of dementia on the Alzheimer's spectrum although as was true in the last report, one individual reported to have dementia, did not have dementia upon further assessment. On both occasions, ACH staff and family members gave the individual's dementia 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 chronic medical problems. As stated in earlier reports, there is a need for nurses, home health, and personal care staff to assist with daily self-care and/or treatment needs such as taking insulin, checking blood pressure, exercising, adhering to a special diet or other personal care needs. Generally, LME/MCO staff request these services and supports be in place before an individual moves. If this gets delayed, it may have serious health consequences for individuals and become a problem for individuals to remain in housing.

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 are poorly maintained, mostly due to the age of the building, being loud and not inviting, with crowded and dimly lit hallways and rooms.

The Trillium LME/MCO had not fully resolved the problem reported in FY 2021 in Wilmington. They were using a "slumlord" as one of their major landlords. The State and the Reviewer reported the problem to the Trillium LME/MCO leadership immediately. The State took the unprecedented step of requiring Trillium re-inspect each unit controlled by this landlord. Forty-four (44) units failed the inspection. At the time of the FY 2022 spring review, Trillium had not fully resolved the problem. For some individuals, the problems were fixable, and they could remain in their units. Other units were beyond repair and individuals needed assistance in selecting other suitable places to live.

LME/MCO staff continued to report that Wilmington has a scarcity of affordable, decent private rental units in desirable neighborhoods. While this problem exists in Wilmington, it is a problem in most North Carolina communities. Housing Specialists in other LME/MCOs work closely with developers and landlords to overcome this challenge and the State has offered to assist Trillium to take more responsibility to work with their community leaders and housing organizations to increase safe, affordable housing. Trillium has identified a nonprofit housing organization to assist with identifying housing options. Nonetheless, Trillium has the responsibility to ensure housing meets housing quality standards and is not predominantly located in very high crime and drug infested areas.

In contrast, the Reviewer's team reported an unresolved safety and security issue at a large multi-family complex in Asheville to Vaya staff in June 2022. Vaya began planning and taking steps immediately to re-locate and work towards improving safety at those locations.

I. COMMUNITY BASED SUPPORTED HOUSING SLOTS

Major Categories[7]	Standards	Progress towards Meeting the Requirements
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).	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. 2. The State has implemented such measures to ensure access to SH for all five priority groups. 3. The State uses bridge housing to enhance the potential for "access" to permanent housing.	The State is not meeting the requirement to develop measures and take steps to increase access to SH. The FY 2022 individual reviews revealed that access for individuals choosing supported housing had been challenging or not accomplished for 31 of the individuals in the FY 2022 spring review, especially but not exclusively those in **(B)(a-c[8])** who expressed an interest in supported housing. This included 20 out of the 31 individuals residing in ACH and on In-reach status plus individuals living in unsafe locations, i.e., a boarding house, tent, and shelter or with family on a temporary basis because they had no place else to live and wanted to leave an ACH.
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.	Same as requirement	The State met this requirement in September 2021. The State provided housing slots to 3088 individuals who were occupying those slots on June 30, 2022.
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.	Same as requirement	The State is meeting this requirement and there will only be a review of this item to the extent necessary to determine whether the State has materially regressed and to determine if not meeting it affects other continuing obligations of the Agreement.

[7] There 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).
[8] The State refers to this as categories 1.-3.

Major Categories	Standards	Progress towards Meeting the Requirements
4. Section III. B. (5) As of January 1, 2022, the State shall provide housing slots to 1,490 of the individuals described in **Sections III(B)(2(a), (b) and (c)** of this Agreement. The State shall provide housing slots to 1,660 such individuals by July 1, 2022, to 1,830 such individuals by January 1, 2023, and 2,000 such individuals by July 1, 2023.	Same as requirement	The State did not meet the Settlement requirement to provide housing slots to 1,660 individuals by June 30, 2022. The number of individuals occupying housing slots after exiting adult care homes increased by 54 in FY 2022, from 1,152 to 1,206. The increase of individuals occupying housing slots from these categories was 79 over 2 years. This net gain is lower than the number of individuals moving into supported housing by 160 individuals due to the high number of separations from SH.
5. Section III. (B)(7) (a.-g.) The State will provide housing slots for individuals to live in settings that meet the following criteria: 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, where there are no more than 20% of the units in any development filled by the target population. f. They afford 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.	Housing slots meet the following criteria when they: 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. g. Priority is for single occupancy.	Based on reviews, including site visits, conducted during the spring of FY 2022, the State has slipped slightly in sustaining improvements to meet the requirements for **Section III. (B)(7) (c)** and **(d)** and is still close to but not meeting **(B)(7)(f).** The State is meeting the standard for tenancy rights **(B)(7)(a)** for individuals to move to and continue living in SH with access to community activities. The State continues to meet the sub-requirements for permanency, scattered site housing, and preference for single occupancy housing in **Section III (B)(6)(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. The State is partially meeting the tenancy support requirements **in Section III.(B)(7)(b).** However, tenancy support is also part of the primary service an individual receives as reviewed in **Section III. (C).** The State has not met the requirement for tenancy support.

Major Categories	Standards	Progress Toward Meeting this Requirement
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 informed of all the available options.	Same as requirement	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.

(A) Background

The Community-Based Supported Housing (SH) Slots requirements in the Settlement Agreement require a comprehensive approach to providing access to and supportive services to maintain tenancy in integrated, community-based housing for individuals in the target population. The approach to meeting supported housing requirements necessitates long term strategic planning to assure the State can meet and sustain compliance with this Settlement Agreement. It requires attention to individuals' access, including physical access to community activities and amenities, and tenancy rights when trying to lease a rental unit and when retaining housing.

The State has developed measures to provide individuals access to supported housing as required in **Section III. (B)(1)**, in a timely manner but is still working toward ensuring individuals, especially ACH residents, have access to supported housing.

The State has taken major steps to develop a comprehensive approach, including developing a long-range TCL SH strategic plan to create housing opportunities and is taking direct action to meet housing requirements. This is in large part due to the collaborative working relationship between the NC HFA, DHHS, and LME/MCOs to secure and effectively use new housing resources. These partners are utilizing and developing resources to more effectively utilize Reasonable Accommodation[9], to provide access to scarce accessible units, and to continue to modernize the housing application and approval process in CLIVe, the rental assistance operating system, and use it to make timely reports for performance improvement purposes. The DHHS and HFA have worked collaboratively to introduce risk mitigation strategies and incentivize property owners to enable individuals to access housing and avoid evictions.

These actions enabled the State to meet the **Section III. (B)(3)** requirement for 3,000 occupied supported housing slots in September 2021. The state ended FY 2022 with 3,088 individuals occupying SH slots.

[9] Reasonable accommodation is a protection under the Federal Fair Housing Act (FHA). The FHA prohibits discrimination in housing. It provides individuals with disabilities the right to request a reasonable accommodation in the rules, policies, practices, or services of a housing provider.

Previous Annual Reports included details of the challenges with safe, affordable housing availability, and the steps the State is taking to take advantage of federal funding and to create funding opportunities for rental assistance and housing development. These advances have enabled the State to utilize federal funding for rental assistance. 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 NC HFA has continued to work with the developers to add units in rental properties for individuals in the target population and other individuals with disabilities. The HFA continues to expand the Integrated Supported Housing Program (ISHP) including the Supported Housing Development Program (SHDP) to add resources to maximize available set-aside units for individuals who qualify for the NC HFA permanent supported housing program[10]. When combined, these awards resulted in 185 of these units filled with qualified applicants, including 122 individuals in TCL by June 22, 2022, an increase of 35 in FY 2022. This approach has two advantages. One, it enables the State to expand the use of its already allocated state rental assistance, funded from the State's general fund to additional households. Two, these resources, whether there was capital used to reduce rents or allocated as tenant- or project-based rental subsidies, are not subject to the State's annual budget process. The rental subsidies extend as set-asides (capital) for up to 15 years and federal housing choice vouchers with no time limits on the use of a subsidy.

At the end of June 2022, the State reported 154 Low Income Housing Tax Credit (LIHTC) and bond-financed targeted units (targeted for individuals with disabilities) were "placed in service"[11] between January and June 2022. The State projects 366 LIHTC and bond-financed targeted units will be "placed in service" between July and December 2022. Looking into the future, the State projects 501 units will be "placed in service" in CY 2023. This longer-term estimate is subject to change based on the availability of financing and access to materials.

There were fewer resources available for tax credits in FY 2022, compared to the previous three years, related to the federal allocation and other factors. Land and housing construction and financing costs are rising. Nonetheless, the NC HFA is committed to filling financing gaps to get as many affordable housing units placed in service as possible in CY 2022 and 2023 and is using every means possible with a wide range of federal and state resources.

[10] Disabled and/or chronically homeless individuals who do not qualify for TCL also qualify for permanent supported housing rental units.

[11] The certification date of the first unit in a property is suitable for occupancy according to state and federal rules.

These resources come at a time when rents are increasing in most North Carolina communities. The National Low-Income Housing Coalition's recent "Housing Gap" report[12] showed that in North Carolina there are only 45 rental units per 100 households for individuals at the same income level as TCL recipients. The numbers are lower per 100 households in Charlotte (38) and Raleigh (34). The State's focused efforts to increase resources for TCL recipients could not come at a better time.

The NC HFA reports the addition of HUD 811 funding into housing developments should occur soon. This will enable the NC HFA to create more project-based rentals as part of the LIHTC program.

The PHAs in the state have received awards for 1,397 Mainstream Vouchers since FY 2017. By June 2022, LME/MCOs assisted 454 individuals in TCL to apply for those vouchers with 107 approved by the end of FY 2022. These are tenant-based vouchers that serve households that include a non-elderly person with a disability. The challenge using these vouchers is two-fold. 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. Second, the PHA must have an agreement with a service organization. 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. The DHHS has added voucher utilization to its TCL Incentive Plan. Disabled individuals not in TCL had 130 vouchers approved by June 2022.

The NC HFA, DHHS, and LME/MCO staff and leading housing advocates have reported their concerns with HUD's fair market formula that sets the amount HUD will cover in their subsidy rental programs. HUD calculates this standard annually but the amount for 2021 and 2022 clearly did not keep pace with rapidly increasing rents. This drastically impacted the ability of the LME/MCOs to utilize federal rental subsidies and state targeting subsidies as fewer landlords will accept the lower rental subsidies.

The State has continued its commitment to assist LME/MCOs to meet their housing access obligations by providing daily updates on targeted units' availability, to utilize reasonable accommodation, offer risk mitigation assistance and to provide technical assistance on housing related challenges. For example, the State is assisting Trillium in creating more affordable housing in Wilmington because some neighborhoods where housing is affordable are not safe and housing is in poor condition.

The State is closely tracking referrals and vacancies in designated targeted units, including ISHP units which are predominantly located in LIHTC and bond property complexes.

[12] *The Gap Report:* A shortage of Affordable Homes. The National Low-Income Housing Coalition: 2022.

Despite the State's commitment, LME/MCO and service providers have been slow to fill vacancies in targeted, ISHP, and SDHP units and to increase the number of individuals accessing HUD Mainstream vouchers awarded to the local public housing targeted to individuals with disabilities and individuals who are chronically homeless.

The FY 2021 Annual Report included a description and analysis of the State's shortcomings in meeting 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 has taken steps to meet obligations in the housing settings and tenancy support requirements in **Section III. (B)(7)** The State is falling just short in all but one sub-requirement in **(B)(7**), housing slots are in permanent housing with tenancy rights **(B)(7)(a.).** These are important requirements as they include the steps the State must take for individuals to have tenancy rights 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.

(B) Findings

1. The State has not met the **Community Based Supported Housing Slots Section III. (B)(1)** requirement to develop and implement measures to provide individuals access to community housing. The State score for supported housing access was 1.5 on a 3-point scale.

   Nineteen (19) individuals, or 33% of individuals in the FY 2022 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. More individuals experienced challenges with access in FY 2022 than those reviewed in the FY 2020 and FY 2021 review, although the types of reported challenges remained essentially the same. This is a drop in timely access by over 30% from the two previous years.

   The shift of responsibility for individuals previously assigned to Cardinal to other LME/MCOs revealed that four individuals previously assigned to Cardinal had not received the assistance they needed to access supported housing in a timely manner. In one situation, one individual did not receive a visit from In-reach staff for four years, and two others for two years and six months, respectively. One individual, living in an ACH for seven years had one visit by an In-reach specialist during that entire time but there was no effort made to help her move. One individual referred to Cardinal through RSVP four times over the past two years was still living on the street. This Reviewer did not factor in Cardinal's previous slow and/or inactive In-reach and transition assistance in scoring the requirement for an individual's access to housing if

one of the receiving LME/MCOs began assisting individuals to transition to supported housing in a timely manner.

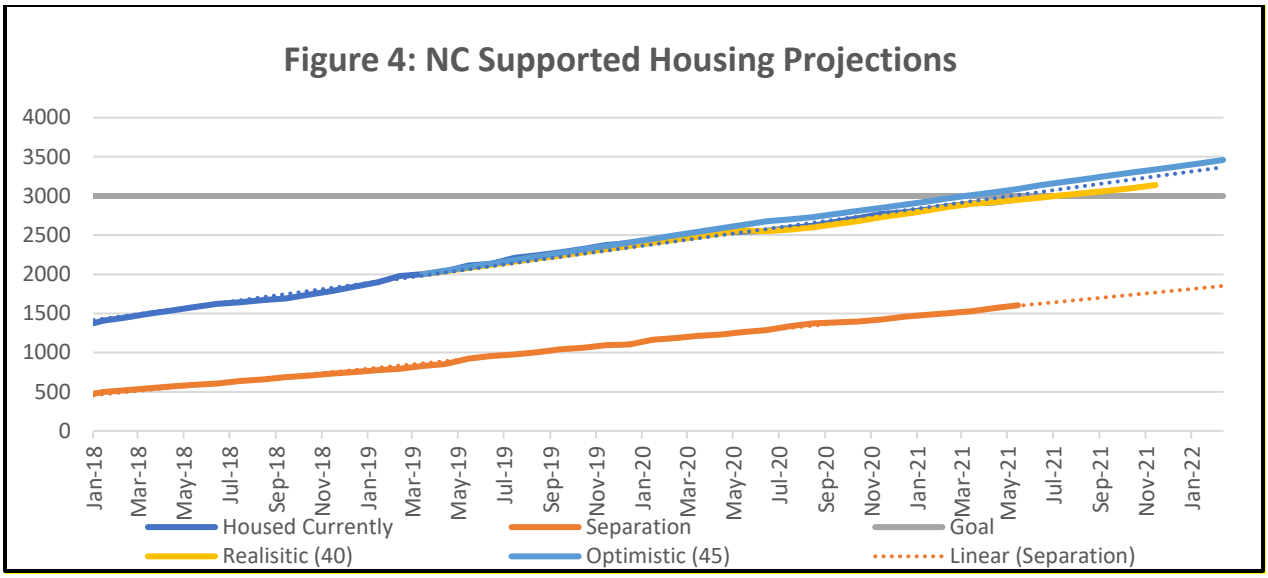
Beyond the Cardinal transfer issues, the spring reviews revealed LME/MCOs losing track of an individual's whereabouts during transition, particularly if there were not regularly scheduled contacts to assist individuals to move. There were delays and infrequent contacts by In-reach and Transition Coordinators as well as delays in transition coordinator assignments to assist individuals to move; lack of staff awareness of steps to address barriers; and guardian or family objections.

Seven individuals with access challenges have serious medical issues and would need an accessible unit, personal care, and/or other support for their accessibility needs and to manage their chronic health conditions and physical health issues, including recovering from infections and wounds. An additional eight individuals would need ongoing, likely in home, support for their complex health conditions. LME/MCO staff also reported not getting accurate, or even no, information on where individuals were living or phone numbers for individuals.

One family care home blocked a transition coordinator from meeting with a resident, yet the transition coordination staff did not report this problem to an Ombudsman or to the State Barriers Committee. One individual's delay was the result of LME/MCO transition coordination staff not being available to assist them with the move. There was one individual in the review assigned to five different In-reach staff members in 13 months. Three individuals had been living in unstable housing, a shelter, a van, and a tent for over a year after made eligible for TCL with no referral to SH. One individual had been living in a boarding house and was not getting assistance to move. According to his Transition Coordinator, it was because the transition team was short staffed.

Conversely, there were three individuals provided the opportunity to move following LME/MCO staff addressing the concerns of two public guardians and one family guardian.

2. The State met the Settlement requirement for 3,000 individuals to occupy housing slots **(Section III.[B][3])** in September 2021 and reached 3,088 filled slots by June 30, 2022. Unless separations increase at a greater rate than individuals occupying slots, the State will remain in full compliance with this requirement. See Figure 4 below.



3. The State has not maintained its FY 2019 pace of filling housing slots. There was a 33% increase of individuals returning to ACHs in FY 2022 after a slower pace in FY 2020 (18%) and FY 2021 (17%) (Figure 5 below). Four hundred and fifteen (415) individuals who moved to SH have returned to ACHs after their move since FY 2013.

Figure 5: NC DHHS Transitions to Community Living Initiative for FY 2022 and Retention Rate Life of the Program

(B)(2) Category	SH Occupied end of FY 21 to end of FY 22	Retention Rate Life of the Program	Required [per III(B)(5) and (B)(3)]
a–c: ACH residents	1152/1206	62%	2,000
d: SPH patients[13]	551/635	70%	1,000
e: Diverted	1254/1247	56%	

4. LME/MCOs ranged in their success and persistence in finding ways to assist individuals to get and keep housing in FY 2022 as depicted in Figure 6 below. The State's net gain of individuals occupying housing slots decreased from an average of 55 individuals per month to 34 individuals per month between FY 2020 and FY 2021 to 11 per month in FY 2022. This is undoubtedly partly a result of COVID restrictions and the Cardinal transfers but the variation among LME/MCOs also points to how several LME/MCOs took precautions but kept focused on assisting individuals to gain access to housing and to ensure housing availability. The LME/MCOs with the highest net gain in housing also had the overall lowest separation rates and likewise, the LME/MCOs with lower net gains had higher separation rates.

[13] Discharges of individuals in this category may have occurred before individuals moved into housing but they retain Category 4 status.

Figure 6: Gain/Loss in Occupied Housing Slots Across Priority Populations by LME/MCO in FY 2022-Shows Cardinal Transfers[14] as Gains for Other LME/MCOs

	Net gain of occupied housing slots in FY 22	# Increase of occupied housing slots in category a.-c. (ACH)	# Increase in category d. (SPH discharges)	# Increase In category e. (diversion)
Alliance	509	243	7	297
Eastpointe	22	9	5	8
Partners	217	122	4	37
Sandhills	36	1	-15	41
Trillium	53	18	9	7
Vaya	197	15	28	38
Total	**131**	**104**	**38**	**367**

5. Cardinal reported that 867 individuals were occupying housing slots on December 31, 2021. By January 31, 2022, the State was able to complete the shift in reporting occupied slots to other LME/MCOs. Thus, **Figure 6** includes additions for other LME/MCOs previously reported as Cardinal occupied slots. Since this shift occurred gradually over five months, it is difficult to make accurate gain/loss projections, particularly for the Alliance, Partners, and Vaya and to a lesser extent Sandhills, Trillium, and Eastpointe. Figure 6 reflects that Alliance needed to retain and/or hire new staff and contract with new providers to a greater extent than required of other LME/MCOs to serve a greater number of individuals occupying housing slots flowed by Partners and Vaya.

6. The State increased the number of individuals completing its Targeted Unit Transition Program (TUTP), often referred to as a "bridge" program or "temporary housing," by 94 in FY 2022. The program has demonstrated success as a gateway to permanent supported housing with 89% – down slightly from 94% – of those completing the program moving to permanent supported housing in FY 2021.

   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 chose to leave an ACH before finalizing their living arrangements. The State has prioritized the development of new bridge

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

housing resources beyond the arrangements made with hotels when the program began over five years ago.

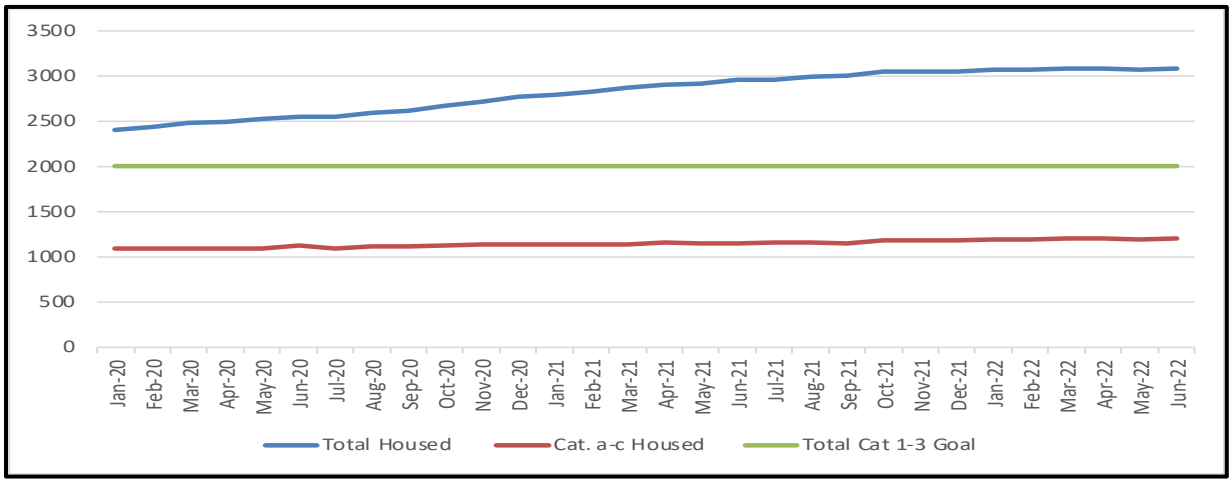
The State is also committing resources for enhanced bridge programs for two reasons. One, an individual can stay longer than 90 days if necessary to move into their permanent housing. Two, individuals get more assistance with their daily living skills, decision making, and self-care management, especially related to their health condition of physical disability, and provided more opportunities to get re-oriented to community life. The State began funding the Vaya and Alliance LME/MCOs to create enhanced bridge programs in FY 2022. Both have requested to expand their programs. The other four LME/MCOs have expressed interest in expanding their programs.

Three peer support organizations operate Peer Run Crisis Respite Centers in Charlotte, Greensboro, and Asheville. These centers could fill the void of a place for individuals to stay who may be at risk of losing their housing and are important in developing supported housing programs. Due to the limits of the support they receive, their limited capacity, and their confinement to only three communities, these centers do not fill the gap as much as they could. The Asheville program is actually a Recovery Center for individuals with SUD, as referenced in **Section III. (C)(10)** of the Settlement Agreement**.**

As depicted in Figure 6 above and Figure 7 below, 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 1-3**). The number of individuals living in supported housing after exiting ACHs at the end of FY 2022 was 1,206, a net increase of 54 from FY 2021. This followed a gain of 5 in FY 2020, a significant reduction from a net gain of 241 in FY 2019 and an average of 180 per year from FY 2014 through FY 2018.

This is in part due to improving the diversion process, creating an increased demand for transitions and access to housing for the diversion population. As stated previously, COVID restrictions and individuals re-assigned after Cardinal went out of business were factors. But even with the state granting “essential worker status” to LME/MCO staff working with individuals in ACHs in FY 2021 to facilitate a return to in-person contact, the data shows that few face-to-face visits actually took place, with one LME/MCO waiting until May 2022 to return to on-site visits.

Figure 7: Total Housed and Total # of Individuals from Cat. 1-3 Housed



7. One hundred and seventeen (117) individuals moved from ACHs to SH in FY 2022, but 74 individuals returned to ACHs. Four hundred and fifteen (415) individuals have returned to ACHs since the State began collecting this data 8 years ago. Individuals who returned have given a number of reasons. Most individuals either reported 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.

8. One LME/MCO did not make any in-reach visits in FY 2022 until the last two months of the year. Several LME/MCOs' in-reach specialists began making visits before the end of the fiscal year while other LMEs took the position, with necessary precautions, that in-reach staff and providers had discretion about whether to assist individuals to move. One LME/MCO reportedly did not have enough transition coordinators to assist all of the individuals who expressed a desire to move to or remain (diverted) in the community.

9. Sixteen (16) individuals in the FY 2022 review who transitioned to the community or diverted from ACHs got seamless support between providers and transition coordinators, resulting in timely access to quality, accessible (when necessary), housing. Several individuals got 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.

10. There were thirty-seven (37) individuals denied a lease based on their criminal or credit history. However, 16 appealed with support from transition, housing support and provider staff and were successful on their appeal. This is consistent with national data.

11. Staff report 84 individuals withdrew their request for a housing unit in FY 2022. Of those, 31 individuals withdrew their request after contact with the property manager or landlord. The

reasons for these withdrawals vary but were often related to the perception that the application process takes too long or the unit not being ready, they found another place to live, and for a range of other reasons. The State analyzed why 47 individuals withdrew their requests prior to contact with the property. They found 29 varied reasons. Some were related to units not being ready or the individual saying they were not ready to move. However, seven of those reasons are related to staff not getting the correct information from individuals about utility past-due issues, not realizing age restrictions at some properties, income restrictions, or accessibility challenges with the available units.

12. The State has developed an Incentive Plan with performance targets for increasing **(B)(5) (a-c**) housing referrals for ACH residents and assisting ACH residents to be able to live in supported housing. The plan includes active monitoring and tracking the number of individuals remaining in ACHs who are eligible for TCL and interested in moving to a more integrated setting. It also includes assistance with reluctant guardians and ACH staff and owners who may be actively resisting an individual's move. State TCL staff assigned to develop the In-reach and Transition process have already refined and improved the Informed Decision-Making Tool. The key to better outcomes using this tool will be LME/MCO staff learning to use it to engage individuals to make decisions on where they live and other life choices and as a tool to assist in-reach staff to engage individuals more consistently and effectively. The process should reinforce that decisions are joint, not forced by service providers and the LME/MCO, and not made during a single visit, but rather as part of a process of engaging the individual in making their own choices. The next review will likely provide information on whether the process involving the Informed Decision-Making Tool is achieving its aim.

13. The State did not fully meet **Section III. (B)(7)(a)(c)(d) and (f)** requirements that housing is permanent with Tenancy Rights; afford individuals access to community activities at times, frequencies, and with individuals of their choosing; and that individuals receive assistance to interact with individuals without disabilities and have a choice in daily life activities. The State met the requirements of permanent housing with Tenancy Rights (part of [7][B][a]) and access to community activities at times, frequencies, and with individuals of their choosing and assistance to interact with individuals without disabilities (7)(B)(c-d.) in FY 2021.

14. As stated in earlier annual reports, service providers sometimes undervalue the work of peer specialists and ask them to carry out duties other than peer support including but limited to delivering documents to various offices or paperwork unrelated to their function. This results in peer specialists not having the opportunity to use their skills to assist individuals to achieve success in the community.

15. The State has added creating a Peer Extender program in each catchment area, discussed further in the review of **Section III. (D) Discharge and Transition Process** of this report. If

successful, adding this initiative will improve the process for individuals to have access to and maintain Supported Housing. There is a further review of service related requirements in tenancy in **Section III. (B)(b)** as part of **Section III.(C) Community Based Mental Health Services** of this report.

The performance of 47% of providers assigned to individuals who had chosen to move to the community reflected that the providers lack clarity about their role and responsibilities, lack the necessary knowledge, skills, and experience to provide tenancy support at the level required, and/or lack willingness to provide this support. While tenancy support should not become burdensome, there is a lack of an accountability structure for the timeliness of necessary intervention, frequency of interventions and quality of supports especially those to connect individuals to informal supports. Many staff do not understand their role on mitigating the effects of trauma and substance use, or teaching daily living skills, and self-care.

FY 2022 reviews revealed provider performance meeting the SA services requirements fell in FY 2022. Fifty-nine percent (59%) of CST providers' performance did not meet expectations compared to 30% in FY 2021. Thirty-one percent (31%) of ACT providers' performance did not meet expectations compared to 29% in FY 2021. Four individuals were inappropriately only receiving Psychosocial Rehabilitation (PSR) services prior to their move. This service does not include requirements for assistance with pre or post tenancy tasks as defined in other services requirements.

Low provider performance may be in part related to the fact that LME/MCO transition coordinators and the ACT and CST provider agencies have somewhat overlapping roles in supporting individuals in learning their new obligations as tenants. Tenancy support responsibilities are new for a number of ACT and CST providers and are not part of their formal training and previous scope of work. Low provider scores may also be in part the result of the important and appropriate process by LME/MCOs to shift more responsibility for tenancy support to ACT and CST providers. Awareness of, knowledge about, and competencies in housing-related tasks are essential to delivering effective services in a recovery-based community integrated service model. It is essential that LME/MCO transition coordination staff turn over the tenancy support responsibilities to the community-based providers, so transition coordinators can focus on their role of continuing to transition more individuals to the community. There is discussion of this problem in **Section III. (C) Community Based Mental Health Services.**

(C) Recommendations

Recommendations 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 Slot requirements. These include **Section III. (B)(1), (B)(5) and (B)(7)(a.,c.-d and f.)**. Each of these requirements has implications for the State meeting other requirements. These include improvements for access to housing, housing sustainability and meeting the provision for 2,000 individuals to occupy slots from **Section III. (B)(5) Categories (2)(a.-c.)**. This list does not include reference to housing requirements met prior to or during FY 2022, including **(B)(2),** (B)(3), **(B)(4), (B)(6), (B)(7)(e. and g.),(B)(8),** and **(B)(9)**. There is also a discussion of **Section III. (B)(7)(b.)** tenancy support requirement as part of **Section III.(C)** Community Based Mental Health Services

1. Continue to increase the availability of supported housing, notwithstanding the challenges of drastically increasing private market rental unit rates and lingering COVID outbreaks. The State should also continue to incentivize LME/MCOs to assist more individuals to move into supported housing.

   The State will need to closely monitor LME/MCO utilization of LIHTC and bond-financed properties and Mainstream Vouchers, work more closely with PHAs, and work closely with local housing officials, developers, and property managers/ landlords to ensure access to available housing.

2. Continue to use every opportunity possible to utilize federal and state funds to fill gaps in targeted and bond financed properties with project-based set asides for individuals in TCL.

3. Improve timely access to supported housing. The State should analyze each LME/MCO's processes for assigning housing slots and conducting housing search. Ensure these processes are consistent across the state so providers who work across catchment areas have a clear understanding of their responsibilities. Assess timeframes and steps for securing documents, making applications and follow-up with reasonable accommodations requests when applicable. Ensure there is no delay in housing search as a result the lack of service provider or transition coordinator availability and/or confusion on essential housing access responsibilities.

4. LME/MCOs should analyze and eliminate gaps and problems with in-reach and transition coordination **Section III. (E**), continue to work collaboratively with property managers and landlords, expand the use of reasonable accommodation, and continue educating, requiring, and reimbursing providers to take greater responsibility for pre-tenancy and move-in tasks in addition to their responsibility for post-tenancy services.

5. Continue to place priority on meeting **Section III. (B)(5)** requirements. Further the implementation of the current plan to assist individuals living in ACHs to move to and occupy

Supported Housing. Continue the performance improvement initiative to analyze and increase ACH referrals to supported housing. Plan as necessary to meet targets, including expanding planned home health, nursing and occupational therapy assessments for each ACH resident in each LME/MCO area, make pre-, move-in, and post-tenancy arrangements for home health, occupational therapy, Personal Care Services, Occupational Therapy, and provider-based tenancy support.

6. Ensure LME/MCOs and providers increase staff competencies and carry out their responsibilities for pre-tenancy, move-in and post tenancy services and support at the intensity and frequency needed and in a manner that enables individual success in housing and community living.

7. Monitor the impact of the increases to LME/MCO staffing, especially staffing in the Complex Care Initiative, to determine if this approach has an impact on the number of individuals moving to and remaining stably housed in supported housing.

8. Ensure that 100% of in-reach contacts are sufficiently "frequent" , are face to face and provided in a manner to provide individuals with support and to facilitate more successful transitions of ACH residents. Transitioning the required number of ACH residents will require continued work toward improving data integrity to ensure that in-reach staff are visiting individuals who qualify for TCL.

9. Begin the process to re-evaluate HFA tenant selection policies to ensure there owners and property managers are not blindly using a category to deny a lease repeatedly without regard to individual circumstances. The HFA and DHHS staff recently raised a question about certain PHAs doing this. To be consistent, the State should apply the same principle.

10. Determine the percentage of the total number of ACH residents getting in-reach who have already shown interest and greatest potential to move to the community with adequate supports and services. Work with each LME/MCO to analyze a subset of individuals qualifying for TCL who chose to move and establish a plan for each one to move to the community, identifying and eliminating barriers to this step. Determine mental health services, including specialty services and teams, accessible features, individual supports, home health, and other supports each individual needs to move to the community. LME/MCOs should ensure that individuals who do this work have the knowledge and skills to make that determination.

II. COMMUNITY-BASED MENTAL HEALTH SERVICES

Major Categories	Standards	Progress Towards Meeting the Requirements
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.	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.	The State did not meet this requirement in FY 2022 and is not on track to meet this requirement in FY 2023. The State's approach to delivering services to enable individuals to transition to and live successfully in the community is not effective. As a result, the State has not taken the steps necessary for individuals to access and receive the array and intensity of services necessary for individuals to live in the most integrated setting appropriate.
Section III. (C)(3) The State is required to provide recovery focused and evidenced based services, flexible to meet the individualized needs of the individual, to help individuals to increase their ability to recognize and deal with situations that could result in a crisis and increase and strengthen the individual's network of community and natural supports and their use of such supports for crisis prevention/intervention.	Services and supports are to be evidence-based, recovery-focused, and community-based. Services are to be flexible, individualized, focused on building community and natural supports, and preventing crises.	The State did not meet this requirement in FY 2022 and is not on track to meet this requirement in FY 2023. Services are not sufficiently recovery-focused, community-based, flexible, individualized, focused on building community and natural supports, and preventing crises. This is also the result of the State not taking the steps necessary to develop a recovery and evidenced based system.
Section III. (C)(4) requires the State to rely on a specific set of community-based mental health services and any other services included in the State's service array as set forth in **Section III (C)(1)(2)** of the Agreement.	There are five services explicitly referenced in this section. These include ACT, Community Support Teams (CST), Peer Support, and psychosocial rehabilitation services. The State developed a Tenancy Support service[15] (referenced in **Section III. (B)(7)[b]**) in its service array and made a major change in this service in October 2019.	The State did not meet this requirement in FY 2022. The State began planning to implement and/or expand community-based services, including complex care management to serve individuals with complex health conditions, community inclusion, and assertive engagement in FY 2022. The FY 2022 reviews also revealed that service provider interventions do not adequately identify and/or address complex behavioral health issues and co-occurring challenges and conditions.

[15] DHHS refers to Tenancy Supports as Tenancy Services Management or "TSM." It is a direct service funded with State funds.

Major Categories	Standards	Progress Towards Meeting the Requirements
Section III. (6) Each individual has a person-centered plan (PCP).	The PCP is current, individualized, and includes the individual's goals and steps for housing, services, and community integration choices and decisions.	The State did not meet this requirement in FY 2022 and is not on track to meet this requirement in FY 2023. Eleven percent (11%) of the PCPs reviewed met requirements; another 41% partially met requirements but 48% of the PCPs did not meet requirements. They were formulaic, repetitive, nearly identical for multiple individuals, not recovery focused or even community-based, and sometimes out of date.
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 LME/MCOs.	These requirements identify the LME/MCO Medicaid managed care requirements generally. LME/MCOs are accountable for providing access to individuals with SMI, who are in or at risk of entry to adult care homes to transition to supported housing, and to monitor to ensure that individuals get access to services to achieve long-term success in supported housing. The State and LME/MCOs monitor service gaps and contracts to ensure the number and quality of community mental health service providers is sufficient to allow for successful transitions.	The State did not meet this requirement in FY 2022. The State requires LME/MCOs to conduct gaps analyses. Not all the State's requirements are specific nor is analysis conducted timely enough to identify gaps for individuals to gain access to community-based mental health services. Individual reviews revealed service providers have waiting lists that impede access. The State created an Incentive Plan in FY 2022 that will likely enhance the availability and access to a more effective service array. The short-term impact of this effort may become clear in the second half of FY 2023 as discussed below. The State provided funds to enable providers to create IPS-SE services during the early years of the Settlement period and is considering incentives for IPS enrollment.
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.	There are a number of requirements for LME/MCOs in this section. They range 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 the LME/MCO start-up schedule (no longer applicable) and accessibility requirements.	The State did not meet this requirement in FY 2022. Not all LME/MCO staff make information available and readily accessible to beneficiaries consistent with 42 C.F.R. § 438.10. Not all LME/MCOs make TCL information available on their website. This requirement will be important in FY 2023 as the State launches tailored plans. The State is requiring LME/MCOs to create local barriers committees, with key community stakeholder involvement providing complex care management. A major aim of both of these committees is to create better access.

Major Categories	Standards	Progress Meeting the Requirement
Section III. (C)(5)(9) The State shall provide Assertive Community Treatment (ACT) by teams using a nationally recognized fidelity model. By July 1, 2019, the State will have increased the number of individuals served by ACT teams to 50 teams serving 5,000 individuals at any one time; individuals receiving ACT will receive services from employment specialists on their team.	These provisions include requirements for the delivery of ACT, by number of teams meeting and number of individuals served. There is a requirement for the provision of ACT by teams that operate to fidelity and meet requirements of the State service definition. All the individuals receiving ACT services will receive services from employment specialists on their ACT teams. This is interpreted as all the individuals potentially interested in employment and/or education will receive services from employment specialists. (The State selected the TMACT fidelity model.)	The State is partially meeting this requirement. The State was providing ACT services to 5,654 individuals with ACT on June 30, 2022. The SA requires each individual on the team 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. Only 2 out of 17 individuals receiving ACT services who expressed interest in employment and/or education were getting or had received assistance with employment and/or education. The State suspended fidelity reviews in FY 2022 because of the pandemic; thus, this report does not include a finding on whether teams serving TCL recipients meeting fidelity.
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.	There shall be a range of crisis services interventions delivered in locations, including at the individual's residence whenever practicable, consistent with an already developed individual community-based crisis plan. Crisis services must be accessible and delivered in a timely manner.	The State did not meet this requirement in FY 2022. There is not any evidence that LME/MCO, provider staff and/or service recipients consider using the individual's crisis plan to deal with situations that may result in crises. Crisis plans are part of PCP documents and, like PCPs, are poorly written, and most individuals could not identify what is in their plan when asked during their review. There is not sufficient evidence that crisis respite, intervention and stabilization are available to prevent individuals from losing housing. The data indicates that individuals' re-admission to hospitals or emergency room usage is low after moving into supported housing.

(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 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 is partially meeting **III. (C)(9)**, the requirement that 5,000 individuals receive ACT services and that individuals receiving ACT services receive services from the team's Employment Specialist. The State did not meet any other **Section III.(C)** requirements. The State's continued failure to meet Community-Based Mental Health Services is a major obstacle to the State's meeting other requirements, including at least three requirements in Supported Employment, **Section III. (D),** one requirement and four 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 inability to meet requirements also contributes to community and social isolation, lack of personal support, and lack of assistance from natural supports to prevent crises. Individuals institutionalized for an extended period of 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.

LME/MCOs have begun to re-examine and increase their provider monitoring requirements. While many of their requirements focus on staffing and structural requirements, at least two LME/MCOs have added requirements that also focus on engagement, access, and individualizing PCPs with a focus on individuals' recovery goals.

This review includes eight recommendations. These are, with few additions, the same as recommendations in the FY 2020 and FY 2021 annual reports. The pace and level of change to a recovery-based service system is still not on track for the State to meet the Community Mental Health Services Settlement Agreement requirements by July 1, 2023.

The FY 2019-21 Annual Reports recommended the State take a focused consistent approach to meeting these requirements, starting with developing a strategic plan to meet the Settlement's service requirements. This remains a recommendation. The plan should include establishing action steps, priorities, and feedback loops, and communicating proposed changes in clear concrete terms. Sequencing the changes is essential and begins with the State recognizing its role and taking steps to better understand how to create an adequate adult mental health system for adults with serious mental illness, then taking the steps to create it. This also begins with examining the interconnected and multiple types of contracts, policies, practices, and reviews

and how they contribute to or are insufficient, are contradictory to standard practice, or create redundancies.

As with reviews in the past two years, individuals continue to need support to gain access to supported housing and live successfully in the community. Meeting these requirements requires direct services and supervisory staff to be knowledgeable of and apply recovery-based principles. Many staff have not previously worked with individuals where promoting employment and providing tenancy support was part of their responsibility. It requires staff be skilled at using those approaches and skilled and constant in assertively engaging individuals. Staff need to be aware of resources, interventions, and support that can help an individual live a more successful life, not just be compliant with treatment and rules.

The reviews revealed evidence of staff dismissing individuals' expressed needs and a lack of awareness of recognizable challenges, especially the effects of trauma, fear, loss of self-worth and self-confidence, and loss of functional and/or decision-making skills. At times staff approached their work either by either blaming individuals for their problems or accepting other people's views of the individual, including those of the ACH staff, rather than forming their own impressions.

As stated in earlier Annual Reports, it is incorrect to assume that providers achieving fidelity ensures that services are recovery oriented. Not all fidelity measures include a recovery orientation, and not all services have fidelity tools. As stated above, meeting fidelity does not assure that an individual is receiving recovery-oriented services; such assumptions might lead the State to falsely believe providers are delivering recovery-focused services. On the other hand, if a provider does not meet fidelity or has a low score, it is likely their services are not consistently recovery oriented.

Individuals with lived experience have critical knowledge that is virtually untapped, as do academic research and training programs with research experience focused on promoting best practices to deliver services and supports as well as to utilize assertive engagement and recovery based clinical interventions. Individuals with lived experience are especially skillful at advising, reviewing, teaching, and mentoring staff and are themselves valuable direct care staff. But compared to other states, they are woefully underutilized in the state of North Carolina. The State has committed resources to Peer Bridge Extenders but not all LME/MCOs are contracting with peer-led organizations to develop these services nor have all the LME/MCOs committed to contract with peer-led organizations to provide community inclusion.

Staff at one LME/MCO indicated they were concerned with a peer-led program's capacity to manage. Unfortunately, the staff do not recognize steps other states have taken to support the development of a peer-led organization. LMEs regularly support other organizations who need assistance to create a new program. For example, the State provided significant support to new

IPS-SE providers and to the LMEs to take on new responsibilities.

The Reviewer and one of the members of her review team recently reviewed other states' peer support for development of new peer services and peer led state and local organizations. This also included a review of existing peer programs in North Carolina. Peer support has an established history and a demonstrated role in the spectrum of mental health services[16] dating back over 40 years There is widely recognized and replicated research on the effectiveness of peer support. Many states have financially supported the creation of and continue assisting peer-operated and/or support programs. Likewise, it is customary practice for states to support statewide peer coalitions and to include peers in all levels of decision and policy making. Rates for billable peer support services are increasing steadily across the country. Many states are reimbursing peer support between $17 and $24 dollars per quarter hour which is well above North Carolina's current rate of $12.51 per quarter hour. Comparatively speaking, North Carolina lags behind other states in supporting peer-led and controlled organizations. The state is providing support to peer led recovery programs for individuals in substance use recovery. Nonetheless, the State's under-investment to peer-led services for individuals with mental health related issues is an obstacle to its ability to meet its obligations under Section III(C), as detailed below.

(B) Findings

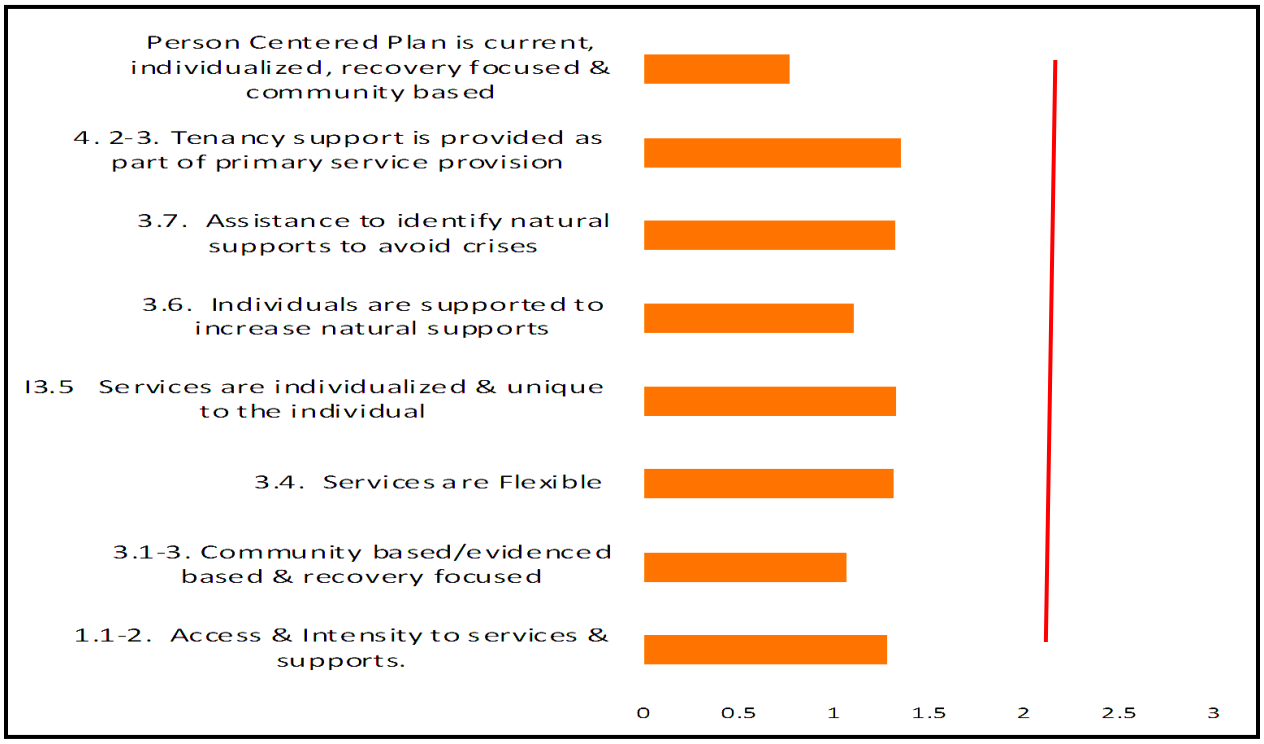
Individual interviews and desk reviews revealed the State is not meeting **Section III. (C)(1)(3)(6)(7)(8)(9) and (10)** requirements to provide access to the array and intensity of services and supports necessary for an individual to successfully transition and live in community-based settings (Figure 8).

A score of 2.2[17] is the primary indicator that the State is meeting a requirement or sub-requirement. These are mean scores of services provided by community-based mental health service providers. Figure 8 also depicts the maximum and minimum ranges in mean scores across all providers and depicts the State's services mean scores (far right scores on the chart) below 1.5 in all but one of the services items. The one item with a score above 1.5 is the requirement to increase and strengthen the individual's use of their own natural supports for crisis prevention and intervention. Often this occurs as a result of the individual's and their natural supporters' actions, rather than by the service provider. As stated above, the fact that there are teams scoring above the standard consistently demonstrates that these standards are achievable.

[16] Daniels, A., Grant, E., Filson, B., Powell, I., Fricks, L., Goodale, L. (Ed), Pillars of Peer Support: Transforming Mental Health Systems of Care Through Peer Support Services, www.pillarsofpeersupport.org; January 2010

[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%.

Figure 8: Statewide Services Mean Scores



For the State's mean scores to reach or be close to 2.2, fewer individuals' services would have to score below 1.0 and more individuals would receive services from providers that score closer to the maximum scores. In the FY 2022 review, twenty-five individuals had scores averaging below 1.0 and 10 individuals had scores averaging 2.0 or above. Eight teams' scores have been mostly above the mean over three review periods, and another relatively new provider's team scored well above the mean this review period. One team that has scored well in the past did not have anyone included in this year's random audit. This shows these standards are achievable. See Figure 9 below.

Figure 9: Range of Mean Scores

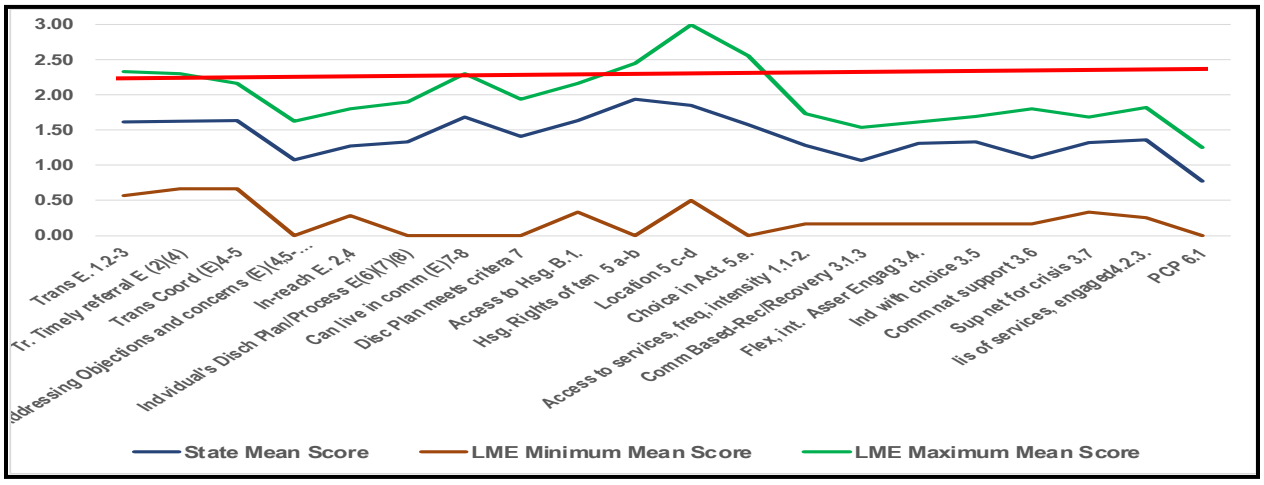
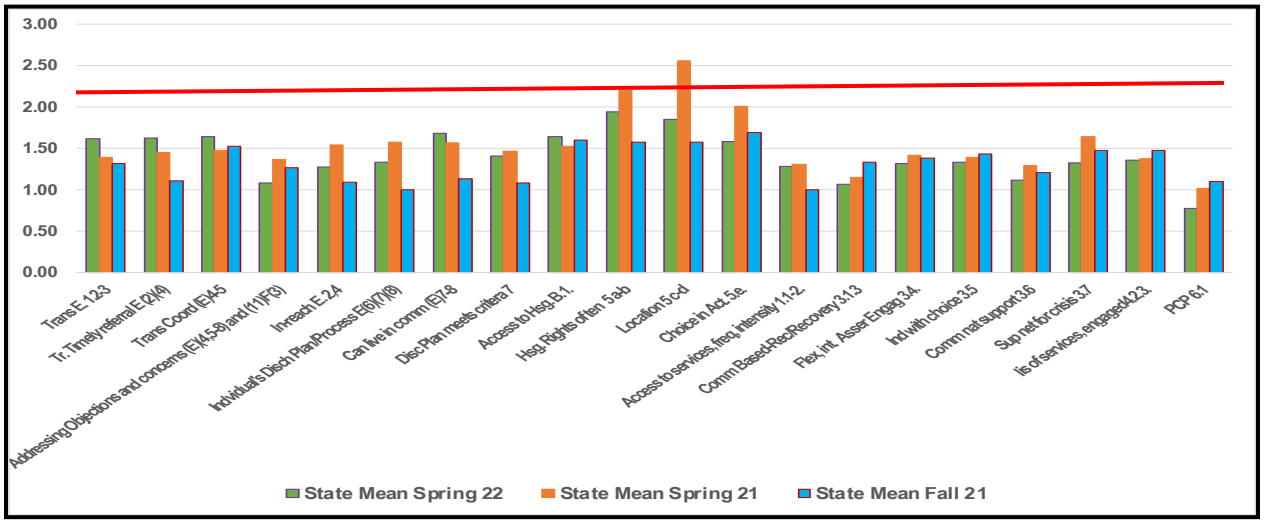


Figure 10 below depicts the difference between the State's scores across three review periods, the FY 2021 (spring) review, the supplemental review in the fall of 2022 with three LME/MCOs: Eastpointe, Trillium, and Sandhills, and the FY 2022 (spring) review. This graph illustrates that the Community Based Mental Health Services FY 2022 scores dropped below the fall 2021 and spring FY 2021 Annual Review scores.

Figure 10: Range of State Mean Scores Across Three Reporting Periods (FY 2021- FY 2022)



The State's scores improved slightly in Discharge and Transition Processes in the FY 2022 (spring) review but also dropped in the **Section III. (B)(7)** scores.

The gap between the State's current mean services scores and the minimum acceptable score of 2.2 has widened. The Cardinal transition slowed down progress somewhat, although the review team did not factor that LME's performance in scoring if the newly assigned LME/MCO took steps to engage with individuals. COVID also played a part in scores remaining low.

These findings continue to point to the degree to which the State's service system has not transformed to a recovery-based system. The system clearly needs a more complete restructuring instead of staff merely overlaying new requirements on top of existing requirements. These findings also illustrate the need for the State to develop clearer performance expectations and take actions when other actions to improve performance have not yielded better results. The gap between current scores and acceptable scores indicates there are fundamental challenges in the system that require more than training to help providers improve their scores. Closing this gap and developing clearer performance expectations begins with adopting principles of a recovery-based system, putting those principles into practice, adopting payment models to drive performance, re-examining rates and definitions, adopting a mentoring approach to practice improvement, adding competency-based requirements, and adopting a practical, timely feedback loop to improve

performance. There was not a discernable difference between scores of particular providers as much as there were differences in scores across providers, which indicates that the requirements are achievable and that it is more likely associated with LME/MCO oversight, provider culture and adoption of standard recovery based principles and practices.

The State is not meeting the requirement in **Section III. (C)(2)** for individuals, either diverted from or transitioning from an ACH or SPH who have a housing slot but are not moving into housing to receive access to services. Seven individuals living in the community did not have access to services. The reasons ranged from an individual not assigned a provider at all to having an assigned provider discontinue services without making arrangements for the individual's transfer to another provider, sometimes assuming the LME/MCO would do it. Two providers discontinued services in this review, indicating the individual was no longer eligible or appropriate for the level of care. They did not present any documentation verifying this was correct. One individual reviewed in FY 2022 originally had access to services but denied services because the provider was either not provided access to state funding or the LME/MCO did not provide state funding per the C(2) requirement. Following the individual's review, the LME/MCO corrected this mistake.

1. The lowest community-based mental health services scores are in the **III(C)(3)** requirement for services to be recovery-focused and evidenced-based (1.1 overall) and **III(C)(6)** for person-centered planning (.7) that includes the individual's goals, choices, decisions, and steps for accessing and maintaining housing and services. Low scores in these two categories correlate with low scores overall. Services and plans are formulaic, often provider-driven and based on narrow utilization criteria.

   Research on person-centered models shows that helping individuals identify their own strengths and goals is much more powerful than simply telling individuals what to do[18]. Likewise common factors theory suggests that 85% of factors identified in successful service systems and therapy come from the individual's own experience, their hope for change, and their relationship with their provider[19]. Well-performing service providers have a culture that emphasizes that "recovery is always possible." In person reviews, records and desk reviews with provider have consistently revealed that recovery is either incorporated into a service provider's culture or not and when not, staff focused more on the individual's diagnosis than their strengths and at times placed misguided contingencies on individuals. This occurs more often when staff do not have the competencies necessary to assist individuals to meet their goals and live successfully in the most integrated setting possible.

[18] Motivational Interviewing research; https://www.ncbi.nim.gov/pubmed.

[19] Duncan, B., Miller, S. Wimpled, B.& Hubble, M. M.2nd Edition (2009) The Heart and Soul of Change: What works in Therapy. Washington, D.C.: American Psychological Association.

2. The Settlement Agreement expressly requires that the State rely 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' services needs that extend beyond the services listed above. The availability or use of services and/or interventions listed below varies widely, by area of the state and by awareness of needs and thoroughness of staff involved in an individual's service planning. However relying on these services also requires staff to be knowledgeable and competent in providing these services to meet the individual's expressed needs and goals.

   Individual reviews reveal less use of Individualized Supports, Integrated Dual Disorder Treatment (IDDT) and other substance use treatment interventions, Self-Directed Care (SDC), Cognitive Based 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 living.

   The State provided funds to enable providers to create IPS-SE services during the early years of the Settlement and over time added resources for LME/MCO In-reach, Transition Coordinators, and Diversion staff. The State is incentivizing LME/MCOs to conduct nursing and occupational therapy assessments but has not added occupational therapists to provide services and consultation. The State has funded community inclusion specialists in four of the six LME/MCOs with the North Carolina Alliance of Disability Advocates (NC ADA), a Center for Independent (CIL)[20]. The primary goal of their work is to assist the individual with their choices, which can lead to their becoming more engaged in the community and more independent. NC ADA has been working with Eastpointe for two years and one year with the Alliance.

   The NC ADA reported 78 active participants in May 2022, 45 referred from Eastpointe, 27 from Alliance, and 6 from Sandhills, whose recipients they had just started to work with at the time of this report. Their work with Partners is just getting underway. They have provided 12 individuals with benefits counseling. The NC ADA recently referred 12 individuals to Supported Employment (IPS), although the NC ADA had been actively engaged with assisting individuals to find and maintain employment previously. Only five individuals that the NC ADA has worked with have returned to congregate settings, a much lower number than the State's overall separations number. The NC ADA is carefully tracking activities and outcomes through the Temple University Rehabilitation Research and Training Center community participation

[20] A Center for Independent Living (CIL) is primarily funded by the US Department of Health and Human Services. CILs are local programs that provide tools, resources, and supports for integrating people with disabilities fully into their communities to promote equal opportunities, self-determination, and respect. They typically provide these services across multiple counties but not all counties have a CIL designated to provide services in their county.

measures tracking system and receives ongoing technical assistance from the Center[21].

The State is adding Assertive Engagement as a service in FY 2023. Assertive Engagement is actually not a service but better defined as an active and persistent approach staff make with individuals to help them consider getting services. It typically occurs before or while an individual's eligibility to receive either state or Medicaid-funded services is being determined. It is contact staff make to assist with discharge planning and transition to the community for individuals in the discharge process from state psychiatric hospitals. Medicaid payment is not allowed for a community based service during that time. This would certainly help the State ensure service providers are available and engaged in SPH and ACH discharge planning. The State attempted to fund this service in FY 2022, but very few providers indicated an interest. Other states typically assign providers to assist with these transitions rather than allowing them to say no unless their caseloads are full. Assertive engagement is a term also used to define the approach ACT staff use when working with individuals who have reasons for poor engagement ranging from being something inherent to their illness (e.g., lack of insight) to a rational reaction to a service system that they have experienced negatively.

The State is also including funding for Peer Bridge Extenders as part of the Incentive Plan. The Peer Bridger model is for 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 fear about moving to the community or stress after the move when they are likely to feel alone and isolated. Typically, the peer advocates on behalf of the individual and assists them in becoming integrated in the community with activities of their choice. There are similarities between the community inclusion model as implemented by the NC ADA and similarities with assertive engagement. The State allowed the LME/MCOs to establish their model for this service. For example, the State left it to LME/MCOs to determine If this service is augmenting In-reach or is a post transition service or a combination of the two. Four of the LME/MCOs are providing this service through a contract with a peer-operated program. Two are not contracting with a peer-led organization though the State's documents required this. This is also a missed opportunity.

3. **Section III. (C)(4)** requires the State to rely on specific named services plus other services as necessary to satisfy the requirements of the Agreement. Tenancy support services to assist individuals to attain and maintain integrated housing as referenced in **III (B)(7)** have become part of the services provided by Assertive Community Treatment (ACT) teams and Community Support Teams (CST) and when provided as a standalone Tenancy Management Support

[21] The Temple University Research and Training Center is funded through the National Institute on Disability, Independent Living and rehabilitation research to conduct training, technical assistance and research on community inclusion policies and practices.

(TMS)[22] team service. The State funds TMS; ACT and CST are both State and Medicaid-funded.

The State embedded tenancy support requirements into the existing CST service to create a more robust recovery-based service in 2019. However, the difference between the expectations in the service description and contracts for providers prior to the 2019 shift and current expectations is significant and greater than the State anticipated. The previous CST service was typically short-term, not recovery-based, and often provided for individuals with fewer challenges adjusting to community living. Not all teams have adjusted their practice to meet new requirements, including the tenancy support functions. Unless and until the CST teams practice effective tenancy support, it will be difficult for the State to meet the Settlement service requirements and, more importantly, for individuals to live successfully in supported housing.

The last two review cycles revealed that CST staff do not refer most individuals in TCL expressing interest in employment to supported employment services. Additionally, they do not refer to supported employment at the same rate ACT teams provide employment support.

Evidence from reviews suggest that two, or 11%, of the CST teams meet services standards. LME/MCO staff report concerns with performance of CST and TMS teams but for two separate reasons. First, the new Community Support Team requirements include tenancy support as part of their responsibilities. This change could have enabled staff to intervene to reduce separations from housing and to improve how they help individuals manage their own symptoms and their crises, and to further develop or restore their community and daily living skills. But teams need to be willing to embrace these responsibilities and the LME/MCOs and the DHHS need to ensure individuals have the benefit of interventions that could enable them to live successfully in the community. This requires the State to take another look at providers' staffing requirements to ensure the teams can adequately meet their responsibilities and ensure they have the requisite skills and knowledge to match individuals' needs and requests. Teams must meet basic training requirements. This is important but not sufficient for teams to change their practice. Practice change does not occur with training alone. Setting clear expectations, monitoring, coaching, and mentoring are essential.

TMS teams have a different challenge. The TMS teams appear more recovery-focused than the CST teams, but the TMS service definition does not permit them to provide clinical interventions, including crisis intervention. Staff report concerns that teams need support with assessing clinical needs and could benefit from additional clinical support.

Figure 11 below references the service provided at the time of the review. Of those listed as

[22] Previously referenced as Tenancy Support Services (TSS) and Tenancy Support Management (TSM)

"other," records showed that five individuals were or had been engaged in Psychosocial Rehabilitation Services (a day program) and others reported not attending but enrolled in the service. Two others reported getting therapy and medication management only and two reported not enrolled in services. These breakdowns are consistent with previous years' reviews.

Figure 11: Primary Services Provided to Individuals in the 2022 Review[23]

Primary Service/ FY 2022 Review	
Assertive Community Treatment (ACT)	30
Community Support Team (CST)	18
Tenancy Management Service (TMS)	6
Peer Support	4
Psychosocial Rehabilitation	4
None	4
Individualized Placement Services-Supported Employment (IP-SE)[24] only	1

The State is working closely with its contractor, Mathematica, to assist with developing and implementing a Quality Assurance/Performance Improvement Plan (QA/PI) (see **Section III. (G)** below). Over the coming year this work will yield data useful for the State to meet Community-Based Mental Health Services requirements in addition to QA/PI and other requirements in the Settlement Agreement. In late July 2022, the State provided preliminary data on Quarterly Service Rates. This included TCL Participants in Progress (Diversion, In-Reach and Transition and Rehousing Planning). The numbers in this category are approximately the same as the total of these three groups in June 2022. Individuals on In-reach represent 88% of this group.

This preliminary review confirms that a higher percentage of individuals eligible for TCL are receiving ACT, services for substance use disorders, tenancy management support, peer support, mobile crisis and facility based crisis service, IPS-SE, evaluation and monitoring, psychological testing, psychosocial rehabilitation, and psychotherapy while on in-reach, transition planning, diversion and rehousing status than while living in supported housing. The widest gaps are in ACT, CST, psychotherapy and psychosocial rehabilitation.

ACT is a bundled service meaning it includes services rendered by psychiatrist nurses, other qualified mental health professionals, substance abuse counselors, and housing and employments specialists and peer support specialists. Adult Care Homes either employ directly or contract with qualified mental health professionals and staff providing daily living activities. According to FY 2020 data, 1,289 individuals received ACT services while on In-

[23] Does not include individuals hospitalized at an SPH or individuals on In-reach only not assigned to a team.
[24] IPS-SE was the primary service provided for one individual referred by his IPS team just before his review.

reach status and FY 2021 data revealed 1,683 individuals received ACT while on In-reach, transition, diversion, and rehousing status. When applying the percentage of individuals on In-reach status in this broader category, it is likely approximately 1,480 individuals were receiving ACT while on In-reach status. It is possible a small number of individuals were in the other categories, but this was not evident in the random review.

FY 2020 data showed more than twice as many Adult Care Home residents than individuals living in supported housing receive psychotherapy, psychosocial rehabilitation, crisis services evaluation, and management, and three times as many Adult Care Home residents than those in supported housing received diagnostic services and testing. The State presented the FY 2021 data differently, adding individuals in the In-reach, transition and diversion categories together . The State also complied quarterly services rates for FY 2021 and the first two quarters of FY 2022 at the end of FY 2022[25]. The State is just beginning to report this data, but this early report shows the same trends found during the FY 2022 random review, namely services utilized varying across LME/MCOs and few individuals receiving IPS-SE, Peer Support, substance use services (SUD), and both mobile and facility based crisis services.

4. Assertive Community Treatment is a community-based service. Long-term receipt of ACT in an institutional setting does not match the required service description for this service. Each of the LME/MCO utilization management staff approved this service repeatedly for individuals living in ACHs for an extended period of time disregarding the service definition or purpose of this service. The ACT service definition includes multiple references to the service being community- and recovery-based and focuses mainly on an individual's community-based service needs. The ACT service definition includes nursing and medication management, which are duplicative of services ACHs purportedly provide. The ACT service definition also includes assistance obtaining safe, affordable housing, vocational services, and community- and recovery-based services. ACHs are institutions the State reimburses to provide institutional care.

5. Four individuals in the review were receiving ACT while living in an adult care home from two years to nine years but only one was getting assistance at the time of the review. This service began just prior to the review. The others were not getting any assistance moving to the community. It is not clear if this was based on the insistence of the LME staff based on the fact that ACT is a community based not a long term service for individuals residing in an institution or the fact the reviewer pointed this out. ACT is an appropriate service to assist individuals to transition to the community, generally for up to six months prior to their move. Sometimes if an individual is waiting on a housing slot in their preferred location, the team is

[25] Only two quarters of data was available at the end of FY 2022 related to the "timely filing limits" for these services.

making arrangements for reasonable accommodation or required documents taking more time to make decisions, it may take longer. Other services such as medication management and assistance with daily living skills are available for an individual living in and ACH who will not be moving to the community.

6. The State has selected the TMACT fidelity model for Assertive Community Treatment (ACT) services, complying with **Section III. (C)(5)**. The State exceeded the 2021 annual requirement to provide ACT to 5,000 individuals at any one time, serving 5,654 individuals as required in **Section III. (C)(9).**

7. Individuals living in the community do not get SUD services at a rate commensurate with their needs, nor did the reviews indicate interventions for SUD issues were effective.

8. This year's sample and the samples from the two previous years indicated that over 80% of the individuals did not get services that meet transition, services, and supported employment requirements in the Settlement Agreement. Previous annual reports have cited the need for a much more in-depth approach to ensuring staff meet basic service and support competencies, and that providers understand and provide the service as required.

9. Of the 18 individuals receiving CST in the FY 2022 review sample, only two individuals' scores were above the standards set for Community-Based Mental Health Services. One was close to meeting the standard and 15 others scored at 1.0 or below. Of the six individuals receiving TMS, four scored below 1.0 and two scored right above this number due to their having developed a natural support system to prevent or assist them in crisis. One provider assigned four individuals to TMS arbitrarily after six months of receiving CST. This was an accepted practice under a previous CST definition but redefined in 2019 to promote a recovery based service that likely needed over a longer period of time. For example, each of the four had challenges that would have required a higher level of care and two individuals had trusting relationships with their CST provider at a time when continuing these relationships would have been beneficial to their recovery.

    - One man found a job, having accessed benefits counseling on his own while living in a boarding house. The owner of this house takes the individual's entire paycheck each month. The individual reports he does not have housing because he has a felony charge on his record. Yet the CST team has not discussed the option of requesting a reasonable accommodation to potentially overcome the problem of landlord discrimination.

    - One woman living in an ACH and just referred to a CST team is slated to move to supported housing a month following the reviewer's visit. The team listed her first goal as for her to address her alcohol addiction and attend all AA meetings. But the ACH has not permitted the woman to leave the ACH for

meetings. The PCP focuses on treatment compliance requirements and the recommended intervention for addiction is psychotherapy once she moves. There was no reference to assisting her with her transition. There was no reference to providing assistance for her multiple medical and mobility issues.

- Another woman is living in bridge housing after living in a shelter for over a year. Her CST team assigned while she was in a shelter has not started her housing search, partly because they have completely turned over (staff) since the start of the year. It took her CST team six months to get her SSI application started. She also mentioned firing her IPS team because they did not help her.

10. Of the 30 individuals receiving ACT, eight individuals' scores were at or above the standards set for Community Based Mental Health Services. Seven individuals' scores were below standards but above 1.0 and 15 individuals scored below 1.0 on the 3-point scale. 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, lack of support and follow through for individual's choices including supported employment, peer support staff doing med checks only, and lack of assistance for challenging housing situations.

11. Conversely, there were two individuals with significant impairments provided consistent and trauma-informed support. One individual got support to get repairs done at her home, one individual proudly reported his one year sobriety and spoke positively of support from his team. Another individual living in bridge housing team visited almost daily and getting assistance in his housing search, and two individuals were getting significant support maintaining employment.

12. The LME/MCOs and the State began inviting ACT teams to tenancy support training in FY 2020 and the State is now requiring all ACT teams providing tenancy support to attend tenancy support training. This is a request ACT teams had made previously. As noted previously, LME/MCOs have embedded tenancy support into ACT teams' responsibilities.

13. The UNC Institute for Best Practice 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. Based on reviews and feedback from LME/MCOs, CST providers will need more coaching and mentoring to successfully transition to their new responsibilities.

14. Housing stability is a reliable indicator of the effectiveness of services and supports. There was a 5% increase in the rate of individuals returning to ACHs in FY 2022 over the increase between FY 2020 and FY 2021. Seventy-four (74) individuals returned to ACHs in FY 2022 and only 58 returned in FY 2021. There was a 22% decrease of the percentage of individuals who

died after transitioning to the community, down from 99 in FY 2021 to 78 in FY 2022. The overall increase of individuals occupying housing slots in FY 2022 was 131, lower than the increase of 407 in FY 2021. But there was little or no change in percentages of where individuals moved when they left supported housing in the other categories reported by the State.

15. Thirty-two (32) individuals in the FY 2022 review sample, out of the 80 individuals with information available to make this determination, had lost housing one or more times. This includes individuals who moved before losing their housing but does not include individuals who moved who were not at risk of losing housing.

16. The standard for **(C)(6)** requires an individual's person-centered plan (PCP) reflect requirements in Section III.**(C)(1), (C)(3)(a-d)**, as well as **(C)(6),** and be based on the individual's expressed needs and choices. The PCP must be current, as an individual's living setting, goals, and service needs change over time. Each review included questions derived from the standards for these requirements.

17. The PCPs remain formulaic, not reflecting individuals' expressed needs, not recovery focused, and written primarily for utilization management purposes. Reviewers found seven out of 59 PCPs, or 12%, met the Settlement Agreement standard. This is 6% lower than the previous year. The Settlement Agreement requires that each individual have a Person-Centered Plan. This plan is critical for the State to meet the requirement that services be recovery-focused, evidenced, and community-based. One of the fundamental purposes of the Person-Centered Plan 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 individuals 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.

    The State continues to use the Person-Centered Plan for another purpose. First, for service providers to seek authorization for providing a level and type of service based on documentation of clinical symptoms, functional impairments, and potential risk concerns; and second, for evidence that the individual is showing signs of deterioration and an inability to return to their optimal level of functioning. Providers under contract to most LME/MCOs do not understand the State is not meeting the SA requirement for Person-Centered Planning. Their focus is on meeting authorization requirements for medically necessary services rather than assisting an individual to create a person-centered recovery plan. Most staff who are responsible for utilization management view medical necessity in a narrow illness-focused lens rather than a broader recovery and rehabilitation lens which is standard in most states today. With the exception of plans from one LME/MCO, plans are redundant, formulaic, not

individualized and display a disregard of or minimizing individual's goals. LME/MCO staff approve plans when written in this manner, so the message to providers is that the plans meet requirements.

Creating a tool can help separate the service authorization process from the intended purpose of a person-centered planning process. The purpose of the person-centered plan is to provide an individual the opportunity to improve their health and wellness, achieve their goals, and for many, particularly younger individuals, reach their full potential in their recovery planning process. The service definitions for ACT, CST, TMS, IPS-SE, peer support, and other therapies, such as occupational therapy, include recovery-based requirements, thus service authorizations can more appropriately cover these functions, while freeing the PCP to focus on the individual's own recovery plan. The State could shift this process to a standard one-to-two-page authorization used by many states to achieve the LME/MCO authorization requirements. The State plans to provide training and introduce changes in this process in FY 2023.

18. 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.

    The State largely delegates service contract arrangements, performance monitoring, and identification of and reduction of service gaps to the LME/MCOs in both the Medicaid (Division of Health Benefits) contract and Mental Health (Division of Mental Health, Developmental Disabilities and Substance Abuse) contracts, as well as the three-way contract for state institutional services, including transitional planning.

    NC Medicaid will transition beneficiaries, including individuals made eligible for TCL, to Behavioral Health and Intellectual/Developmental Disabilities (I/DD) Tailored Plans beginning April 1, 2023, with a shift to provider based care management on December 1, 2022. Tailored Plans will manage all Medicaid services for their members, including physical health services. Tailored Plans will include new care management requirements and will include enhanced services not offered through the Medicaid standard plan arrangement for non-disabled individuals. North Carolina currently covers a subset of behavioral health services under its federal Medicaid 1915(b)(3) waiver through Medicaid savings. IPS-SE is one of those services. Upon federal approval, 1915 b(3) services will sunset and replaced by a 1915(i) service along with other (b)(3) services in place currently.

    The Tailored Plan requirements are significantly different than the previous pre-paid

capitation plan and state funding requirements. Based on a review of Tailored Plan draft contract requirements, it will be difficult for the LME/MCOs to make this transition without adding new burdens to the LME/MCOs to meet Settlement requirements. The preliminary review revealed potential time-consuming redundancies, misstatements regarding Settlement requirements, and, in particular, a lack of understanding of the benefits using TCL transition processes rather than requiring new staff to meet these requirements. The State is revising expectations through a proposed addendum to the proposed Tailored Plans, but this revision is not yet available for review.

19. **Section III. (C)(8)** is primarily 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 about the crisis hotline, services, and availability of information, although stakeholders often report that the plans are too general. 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. This became a significant issue when the State and LME/MCOs initiated new pre-screening arrangements in 2018 and 2019. The State and LME/MCOs responded quickly and continue to provide consultation and education on the RSVP process. The State's progress in meeting its pre-screening and diversion requirements in **Section III.(F)** is a reflection of the State's and LME/MCOs' efforts to provide consultation and education on this arrangement.

20. The Reviewer will review community-based mental health services in FY 2023 following the State's shift to tailored plans. As referenced above, this shift presents new challenges, some that will potentially impact the State's ability to meet Settlement requirements. **Section III. (C)(10)(a-c)** includes requirements for an LME/MCO to develop a crisis service system, for the State to monitor gaps in crisis systems, and provide crisis services in the least restrictive setting consistent with their individualized crisis plan. Crisis systems are in place and monitored through the "gaps analysis." One gap, though, stands out: the lack of peer operated programs, including crisis peer respite, local peer drop-in centers and/or other peer operated programs. Only two LME/MCOs have a mental health peer operated crisis residence. In North Carolina, there are two peer respite centers funded locally, not with state funds. Cardinal did assist with the initial funding of both centers. The efficacy for this model is widely known. Nearly half of the states in our country fund centers, many with multiple centers, and the number continues to grow.

21. The review of records and interviews in FY 2022 revealed that 42% of crisis plans were clear

and reflected crisis triggers in the individual's own words. Individuals reported how they would respond to a crisis consistent with the plan as required by **Section III (C)(3) and (C)(11).** But there was also evidence that individuals are not provided assistance to increase their ability to recognize and deal with situations that may otherwise result in crises. As in previous years, a number of individuals' "crisis plans" included some useful contact, diagnostic, insurance, and medication information, but did not constitute true plans. Many contained instructions about how to fill out the plan repeated almost or completely verbatim. Staff told one man to just call 911 or a crisis line. One individual reported he called a crisis line but he was told his increasingly challenging psychiatric symptoms, including command hallucinations, were not a crisis. Likewise, as in past years, a number of individuals reviewed did not get assistance during recent crises. Four individuals transitioned from Cardinal to a new LME/MCO did not have an updated crisis plan.

(C) Recommendations

The first six recommendations are either identical or similar to the recommendations made in the FY 2020 and FY 2021 Annual Report.

1. The State should continue to develop and implement a strategic plan to meet the Community-Based Mental Health Service requirements as outlined in this Report and previously in the FY 2020 and 2019 Reviewer's Annual Reports. This is a complex task with multiple steps, requiring changes in interconnected and multiple types of contracts, policies, service descriptions, and practices with a review of resources, allocations, and payment models to achieve required performance and outcomes. This will necessitate establishing sequential action steps, priorities, and feedback loops and communicating proposed changes in clear concrete terms. Given the length of time the State has had to meet the Services requirements, the State should focus on ensuring the Tailored Plan expectations are consistent with Settlement requirements and the challenges it still faces to meet the requirements. This includes LME/MCO contract expectations, provider recovery-based planning and services expectations, policies including clinical care policies, utilization and quality management expectations and requirements, use of effective services and supports, approaches, and performance expectations.
2. The State should expand the array of and improve services to the priority populations in a manner that matches the needs of the target population and place a greater emphasis on use of assertive engagement, using a housing first approach, providing health care management arrangements, individual supports, and substance use treatment. Ask ACT providers, particularly in metropolitan areas, to create or convert teams to become a specialty team focusing on either forensic or complex medical, co-occurring SUD, or IDD/DD needs. Add occupational therapy and occupational therapy assistants (OTAs) to the behavioral health service array.

3. The State should expand evidence based services and supports focused on recovery and building community and natural supports to enable peer-led and/or directed services to be available to anyone in the target population and to provide more input to decision makers to improve the State's service delivery system.

4. The State should ensure LME/MCO, SPH, and provider staff have competencies in person-centered planning, including ensuring the individual's goals and choices drive the plan. Ensure all provider staff as well as in-reach staff, transition coordinators, and SPH receive guidance on and have competencies in utilizing the State's recently developed Informed Decision Making tool. In-reach staff and transition coordinators are the principal users of this tool, but it is vital for all staff to understand and use it to improve their practice and remove all instructions on what to include on the PCP templates.

5. The State and LME/MCOs should 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. Ensure that SPH, in-reach, and transition staff and service providers have a full understanding of these requirements and their role in developing not just the plan itself but a recovery approach in their work as well. Ensure authorization is not the primary use for person-centered plans and that Clinical Care Policies reinforce practice that focuses on these requirements.

6. The State should improve 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 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 retaining their own place to live. The State should consider crisis service options including crisis respite rather than relying solely on the primary service provider for crisis support. 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.

7. The State should expand its claims-based data analysis. Include additional data on services provided to each of the Settlement Agreement priority populations and separately for those getting In-reach, transition planning and diversion (transition planning). Analyze longitudinal and intensity of individual service use data to identify intensity and duration by priority population groups. This includes measuring the intensity of ACT services for each individual served.

8. 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 monitor and enforce provider contracts. Establish pay for performance requirements. Do this only when there are clear expectations and data requirements, and the data requirements go beyond just numbers of individuals getting a service. 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. This includes the State providing guidance on measures that are effective and that meet Settlement Agreement requirements.

III. SUPPORTED EMPLOYMENT

Major Categories	Standards	Progress Towards Meeting the Requirements
1. Section III. (D)(1) The State will develop and implement measures to provide Supported Employment Services (SE)[26] 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.	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 needs[27]. 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.	The State has not met these requirements and is not on track to meet them in FY 2023. Only six, or 15%, of the 41 individuals reviewed in FY 2022 who expressed interest in employment received assistance to identify, prepare for, and gain employment. One of the six individuals was an individual referred to TCL by his IPS-SE team. Four, or 16%, of the individuals receiving ACT who indicated interest in employment or education, are getting assistance from the employment specialist on the team. There were four referrals to VR (division of Vocational Rehabilitation) and four individuals reported getting follow-along supports after employed. One of those individuals got their job on their own but then got supports.
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.	1. Services must meet fidelity to the IPS-SE model. 2. The State will use the established IPS-SE fidelity scale.	The State had previously met the requirement to adopt the IPS-SE fidelity scale. However, fidelity reviews were and remain suspended as a result of the pandemic, so it is not possible to rate the State's compliance with this requirement for FY 2022. UNC is scheduling reviews in the fall of 2022.
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."	The standard is the same as the requirement.	The State did not meet this requirement in FY 2022. There are 2,425 individuals in the priority population reported to have received IPS-SE services in FY 2022. Following the FY 2021 report, the State conducted a review of individuals provided the services and discovered they were counting individuals "referred" not receiving services recommended in the FY 2021 Annual Report.

[26] SE services refers to IPS-SE services as referenced in #2 below.

[27] 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.

(A) Background

The Settlement Agreement requires the State 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 Settlement Agreement defines SE services as services that assist individuals in preparing for, identifying, and maintaining integrated, paid, competitive employment. Services may include job development, job coaching, transportation, assistive technology, specialized job training, and individually tailored supervision.

The Settlement Agreement requires the State to select an evidence-based supported employment model. The State selected the Individualized Placement and Support Supported Employment (IPS-SE) model as it is an evidence-based supported employment model. This model is without comparison in its positive outcomes for adults with serious mental illness. It is a widely adopted model[28] implemented through a Learning Community[29] in 23 states and the District of Columbia, 3 regions in other states, and 7 countries.

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 years[30]. At least 23 randomly controlled studies demonstrate the efficacy of IPS-SE over other supported employment models[31]. The State needs active, focused, well-organized state and local leadership, coupled with a strong and sustainable financing plan, to effectively implement IPS-SE services and overcoming the challenges of assisting individuals in the TCL target population with seeking and sustaining employment. This includes implementing a data and monitoring system with information that drives performance toward employment and education.

There was a reference in **Section III.(C) Community-Based Mental Health Services**, to exploring new supported employment approaches. Evidence is emerging more slowly and recently to these newer approaches. The State should continue to use IPS-SE as the evidenced based supported employment model but also explore these opportunities to give individuals getting Community Inclusion or Peer Support the choice and opportunity to get assistance for going to work or back to school. This helps expand community integration opportunities. Peer service providers and the NC ADA Community Inclusion staff have shown that they have success assisting individuals to seek and secure employment. They can also offer to help an individual explore becoming a peer specialist.

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[28] https://ipsworks.org

[29] A Learning Community connects participating jurisdictions and organizations with a structure by which to align shared goals, metrics, and outcomes.

[30] 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.*

[31] 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*

The State may want to consider promoting opportunities for individuals in TCL to request assistance to become Certified Peer Specialists. Recent research[32] suggests 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.

Earlier reviews revealed unresolved challenges with access and delivery of this service to assist individuals in TCL to identify and maintain employment. The FY 2022 review again revealed the State failed to make the necessary changes to resolve these challenges. There appears to be more challenges for individuals getting IPS-SE than employment support provided by ACT teams[33]. ACT teams were closer to meeting the standard of individuals interested in employment support than those getting support from IPS-SE providers.

The FY 2022 review focused on analyzing individual experiences regarding access to and provision of supported employment consistent with Settlement Agreement requirements. This included determining if:

1) Supported employment is available, accessible, and offered to individuals who express an interest in employment, education, or participating in IPS-SE services.

2) Supported employment services assist individuals in preparing for, identifying, obtaining, and maintaining paid, competitive employment.

3) Supported employment services (a) match individuals' needs; (b) enable individuals to achieve their personal employment and education goals, including integrated, paid, competitive employment; and (c) include job development, specialized job training, transportation, job coaching, assistive technology assistance, individually tailored supervision, and ongoing support as requested.

4) Individuals who express interest in employment and/or education receive employment services, including referrals to a Department of Vocational Rehabilitation (DVR) counselor. This referral is beneficial for two reasons. One, the DVR provides benefits not available with state or federal services funding, such as paying for fees, uniforms, equipment and limited transportation. Two, the DVR can reimburse supported employment providers for meeting specific milestones which, if utilized, provides additional resources, increases provider agencies' revenue, and based on the timing of meeting specific milestones, improves their cash flow. This strategy provides critical initial, ongoing, and sustainable funding to support the statewide implementation of IPS-SE services.

[32] 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.*

[33] The State's ACT fidelity model, the TMACT, requires each team to have a full-time employment specialist.

5) There is integration of supported employment and mental health services at both the team and individual staff level. This includes whether individuals who are employed receive post-employment follow-along supports for up to a year to assist them with successfully maintaining employment and meeting their employment goals.

The methods used to measure the State meeting the supported employment requirements in FY 2022 included:

1) A review of services provided to individuals who expressed an interest in supported employment as part of the FY 2022 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
b) The individual expressed interest in employment and/or education in one or more of their own goals in their Person-Centered Plan
c) There was staff agreement to provide SE services for the individual in the Person-Centered Plan
d) There was reference to interest in employment or education in service provider notes and/or TCL staff notes
e) 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, DVR counselors, State staff, including State DVR staff with responsibilities for serving individuals in the TCL and IAR population.

3) A review of written materials, plans, and data from TCL, DVR, and DMH staff.

4) Follow-up reviews of IPS-SE verifications, enrollment, and follow-up of services provided in FY 2020 for individuals enrolled between July 1, 2021, and March 31, 2022, based on data from paid services claims.

5) Observations of meetings and subsequent follow-up discussions with Vaya, the Alliance, DMH, the Senior Advisor to the DHHS Secretary on the ADA and *Olmstead* and her staff, and DHHS DVR staff regarding a pilot of a new business model for IPS (Vaya's NC CORE Pilot).

This review also included an analysis of the State's follow-through on the four recommendations made in each of the Reviewer's Annual Reports since FY 2016, and the State's actions in response to those recommendations.

The FY 2022 DMH-LME/MCO contract included references to IPS for individuals in the priority population eligible for TCL services and supports, but the language was not consistent with the Settlement requirements for supported employment.

The State is in the process of developing and promulgating more accurate reporting measures for assessing supported employment performance improvement and issuing an incentive plan

for IPS-SE services, but it is too early to assess the State's performance and the effectiveness of these measures to achieve compliance and enable individuals to make progress on their employment and education goals. The State is also in the process of shifting its IPS-SE service from a Medicaid B (3) service to a 1915(i) Medicaid service in anticipation of a shift to LME/MCOs operating as a Tailored Plan. This may result in more stable funding for IPS-SE in the future. However, access to the service will be a more complicated process when part of a 1915(i) service than the current b(3) Medicaid service. This is because the 1915(i) referral process, including responsibilities of referring organizations, will be new, the IPS service integration process changes, and the service definition changes. Even when the State and LME/MCOs communicate these changes, staff must understand and adopt them. This will take time.

The Reviewer has repeatedly recommended the State adopt a business model to make supported employment services sustainable and more widely available to this Agreement's target population. The State initiated a pilot with a new IPS business model with Vaya Health. The Vaya pilot, called "NC CORE," began in the fall of 2019. Alliance Behavioral Health began a similar approach but using different methods and metrics in FY 2022 and will begin reporting progress in FY 2023. Partners and Trillium have discussed using this approach since FY 2020.

(B) Findings

Section III. (D)(1) The State will develop and implement measures to provide Supported Employment Services to individuals with SMI, who are in or at risk of entry to an adult care home that meets their needs. Supported employment services assist individuals in preparing for, identifying, and maintaining integrated, paid, competitive employment. The standard for this requirement requires mental health and supported employment teams to provide integrated services and meet on a regular basis to support individuals to reach their employment goals. The standards include a requirement for individuals to gain access to Division of Vocational Rehabilitation (DVR) resources and to get follow along services for up to a year to assist individuals to maintain employment and meet their employment goals.

1. The first step in the review process is to determine the number of individuals with support to reach their employment goals. The individual reviews revealed that 5 out of 41 individuals interviewed who expressed an interest in employment or furthering their education or training got assistance from either their ACT employment specialist or IPS-SE team in FY 2022. Six individuals were already working or in the process of going to work at the time of their interview but got jobs on their own without support. Thirty-seven (37) individuals did not express any interest in a job, furthering their education, or getting training and there were 13 individuals hospitalized in an SPH not interviewed to determine their interest.
2. Twenty-five percent (25%) of individuals interested in employment and/or education got assistance from their ACT team's employment specialist in the FY 2022 review. Only two, or

6%, of individuals receiving CST or TMS who were interested in employment or education received a referral to IPS-SE from their CST or TMS team.

3. In FY 2022, the LME/MCOs reported the number of individuals identified as in or at risk of admission (IAR) to an ACH or TCL individuals made eligible and referred to IPS-SE between July 1, 2021, and March 31, 2022. They also identified the number of those individuals getting at least one billable contact with an IPS-SE provider between April 1, 2022, and June 30, 2022. Figures 12 and 13 below compare the FY 2021 referrals and claims for the same two periods of time. Figure 12 combines the IAR and TCL referrals and claims. This is an important analysis from three perspectives. It clarifies the number of individuals with "access" to IPS-SE, the degree to which individuals receive the service, and demonstrates the commitment to this service by each LME/MCO and their provider network.

4. Cardinal made referrals between July 1, 2021, and their transitions to other LME/MCOs, which occurred at different times in the first six months of FY 2022, but the number of referrals have not made a significant difference in the number of referrals for any of the LME/MCOs. Cardinal referred less than 10 individuals for IAR and TCL combined before the transitions.

Figure 12: Number of IAR and TCL Referrals between 7/1/21 and 3/31/22
And Claims for those individuals between 4/1/22-6/30/22 and Total Served

LME/MCOs	(1) # of IAR Referrals from 7/1-21 - 3/31/22	(2) # of Individuals IAR With Claims from 4/1-22 -6/30-22	(3) # of individuals IAR referred to IPS-SE 7/1/21 thru 3/31 22	(4) # with at least one claim in 4th quarter	(5) #/% of statewide total number of individuals on IAR and TCL served by 6/30/22
Alliance	**85**	**19**	**47**	**31**	**814 (34%)**
Eastpointe	**1**	**1**	**6**	**6**	**121 (5%)**
Partners	**12**	**11**	**0**	**0**	**472 (19%)**
Sandhills	**4**	**4**	**6**	**4**	**211 (8%)**
Trillium	**11**	**7**	**3**	**3**	**409 (17%)**
Vaya	**5**	**5**	**12**	**12**	**398 (16%)**

5. The same issue exists for individuals verified by the State as receiving IPS-SE services from July 1, 2021, through March 31, 2022. The LME/MCOs reported that 136 individuals "were provided" IPS-SE services from July 1, 2021, through March 31, 2022. A review of fourth quarter (April 1, 2022-June 30, 2022) claims data revealed that providers submitted claim(s) for 38%, or 53 individuals considered "in or at risk." Sixty-seven percent (67%) of the total in IAR or 25 individuals in TCL received IPS services in that same time period.

6. The findings below demonstrate that the number of individuals referred and verified as in the IAR and TCL groups provided services in FY 2022 was higher for individuals served by one LME/MCO than approximately the same number of teams as most other LME/MCOs. Two

other LME/MCOs and their providers made a small increase in their number of IAR and TCL referrals through March 31, 2022. But there was no discernable improvement by three LME/MCOs and their providers. There was no improvement in the number of individuals in TCL getting and maintaining employment.

LME/MCOs	FY 2022 IAR and TCL IPS Combined Referral Totals (columns 1&3) In Figure 12	FY 22 gain/loss over FY 21 referrals	FY 2022 4th Quarter Individuals with at least one claim (columns 2&4) in Figure 12	FY 2022 gain/loss over FY 2021 claims
Alliance	**132**	**+94**	**50**	**+10**
Eastpointe	**7**	**-1**	**7**	**-1**
Partners	**12**	**same**	**11**	**+8**
Sandhills	**10**	**-9**	**8**	**+8**
Trillium	**14**	**+1**	**10**	**-2**
Vaya	**17**	**+5**	**17**	**-1**

Figure 13: Comparison of Referrals and 4th Quarter Claim(s) between FY 2021 and FY 2022

7. The FY 2022 reviews provided data regarding four specific IPS questions scored on a 3-point scale. The first was to identify the number of individuals in the review who got access to supported employment. As referenced above, 5 out of 41 expressed interest, got assistance which equates to a score of 0.36 on the 3-point scale.

8. Most individuals who did not get access to supported employment simply got no response from staff about their interest in employment or education. This included four individuals whose records indicated they expressed interest at least four times (in their IDM tool, PCP [generally multiple times]. provider notes, and/or in their Clinical Care Assessment) but not referred to IPS or seen by their employment specialist.

9. Below are additional brief examples of challenges individuals face getting assistance and/or the result of their not getting access to IPS-SE or help from an ACT team Employment Specialist:

    a. One individual's TSM staff did not know what the acronym IPS-SE referenced and what IPS-SE services and supports are available.
    b. One woman indicated she did not want an IPS-SE referral, rather that she wanted a job. She had either not received information and education about the assistance an IPS team can provide to help her to get a job or simply just wanted to find a job without signing up for another service.
    c. One ACT team member told the reviewer the person he was serving did not want to work, which the person quickly contradicted.

d. One individual had only one meeting with the Employment Specialist on his ACT team in one year.
e. One individual had repeatedly asked for assistance to get a job and learn about keeping his benefits while working. His Transition Coordinator and service team, though, had not referred him to a benefits counselor or to IPS-SE even after repeated requests for help. He noticed a flyer on the bulletin board in his boarding house about information he could get from the Disability Determination Services (DDS) office in Raleigh. The flyer referenced that DDS could provide information about how many hours he could work and how much he could earn but not lose his benefits entirely. He called DDS immediately. Based on information he received from DDS, he applied for a job on his own the next day.
f. One woman had been living in an ACH for seven years, had regular meetings with her ACT Employment Specialist, but these did not focus on identifying interests and preparing for employment.
g. A number of individuals refused IPS or assistance from their Employment Specialist because of fear of losing their benefits. It is difficult to give an accurate number of individuals who refused help because some individuals refusing assistance were not always clear it was related to losing their benefits. On the other hand, some individuals were very clear, saying "I will lose my benefits" or "they will take my check." CST, ACT and LME/MCO staff did not always correct that misconception and at least one [CST/ACT] team indicated individuals would be better off not working as their loss in benefits would be greater than their resulting income; this is incorrect.
h. One individual's ACT team told her she could not take classes in addition or get any help with employment.
i. Two individuals could not proceed with IPS because they did not have a service provider assigned.
j. One individual had no follow-up call from an IPS team after getting her referral four months earlier.
k. Four individuals were getting assistance from DVR, not IPS-SE, because one refused IPS-SE, one fired her IPS-SE team because she was not receiving any help, one individual's CST team referred her to VR not to IPS-SE, and one individual was living in a group home but not receiving community services, so not referred.
l. Three individuals were getting assistance from an IPS-SE team after they started to work but not assisted before the individual got their job.

10. As referenced above, individuals often express a strong and constant interest in employment. As stated above, only a few providers responded by providing any assistance with employment and education supports. The primary service providers (ACT, CST, and TMS) continue to suggest to individuals, directly or indirectly, that they should settle into their new

housing completely before considering employment, discouraging them from connecting to this evidence-based service.

11. The **III. (D)(1)** requirement also includes three standards: one, mental health and supported employment teams provide integrated services and meet on a regular basis to support individuals to reach their employment goals; two, individuals gain access to DVR resources; three, individuals get follow-along services for up to a year to assist them to maintain employment and meet their employment goals. Follow-up support helps individuals retain their jobs, often helping individuals with ideas of how to work with co-workers and their supervisors or how to think through processes that can help with recall and remembering their tasks, as well as how to respond to workplace demands, especially for individuals who have not been in the workplace for some time.

    Three individuals in the FY 2022 review were getting integrated services at the level required in the standards. One IPS-SE provider indicated she could not get assistance from the individual's CST provider; thus, the individual was not getting integrated services. As referenced above, four individuals in the FY 2022 review were getting assistance from VR but not from IPS-SE. It is likely that two individuals who recently moved into supported housing are going to get a VR referral soon based on discussion with the individual and service provider. Two individuals were getting assistance from IPS-SE after they found employment but neither had been employed a year. Only two individuals in the sample received follow-along supports based on their interviews and provider interviews. These numbers are so small that these three requirements fall below 0.5 on a 3-point mean scoring scale and thus not shown as a finding on the charts in the Appendix to this report.

12. These findings are consistent with the State and Medicaid claims data made available to the reviewer showing that 2% of TCL recipients received at least one unit of IPS-SE services in calendar year 2021 and 9% of individuals in TCL received IPS in the 2nd quarter (October 1-December 31, 2021) of FY 2022. The FY 2022 data showed a greater disparity among LME/MCOs in individuals' access to IPS. Figures 14 and 15 below provide more detailed information.

13. The State only circulated a dashboard highlighting supported employment, or IPS, metrics for two months in FY 2022. The State's work to create a more robust dashboard is underway.

14. Based on recent discussions with LME/MCOs it is likely there will be at least one new IPS team established and operating in FY 2023. More will be known about this in the coming months as fidelity reviews resume. This will be particularly important in areas where individuals have few choices of providers. One key location is Mecklenburg County, the State's second largest county.

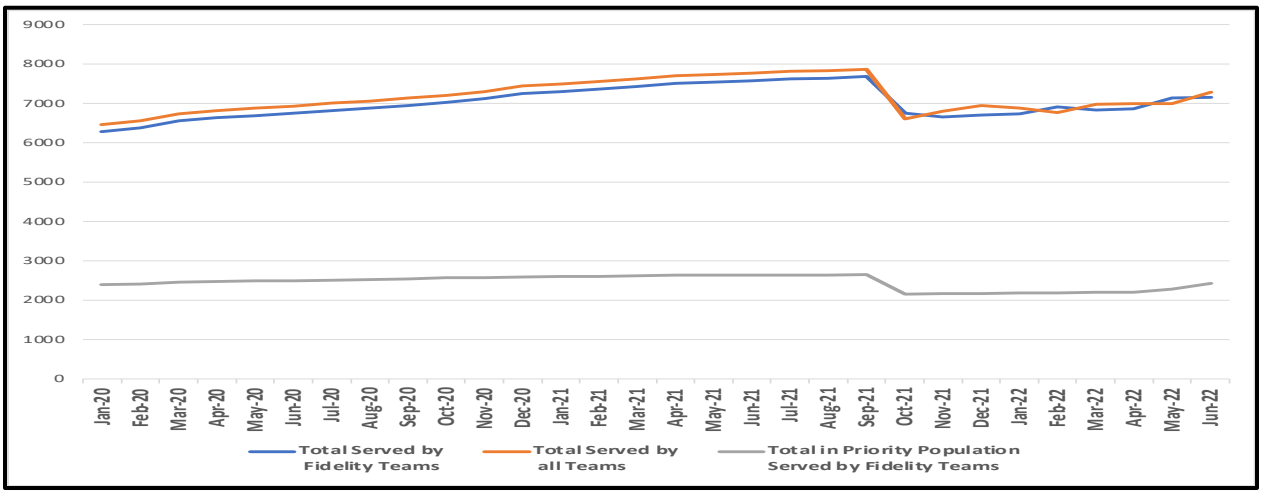
Section III. (D)(2) Provide Supported Employment Services with fidelity to an evidence-based supported employment model for supporting people in their pursuit and maintenance of integrated, paid, competitive work opportunities.

15. The State adopted the Individualized Placement and Support-Supported Employment Fidelity (IPS-SE) model in 2013 and this service is theoretically available for anyone in the target population except those receiving ACT. ACT is a bundled service and, as such, teams cannot refer individuals to IPS-SE. Providing both services at the same time creates an unallowable double billing problem for Medicaid or for state-funded service recipients. **Section III. (C)(9)** requires that all individuals receiving ACT services will receive services from the team's Employment Specialist. The State suspended fidelity reviews during the pandemic but plans to resume reviews in early FY 2023.

Section III(D)(3): By July 1, 2021, the State will provide IPS-SE services to a total of two thousand five hundred (2,500) individuals "in or at risk of ACH placement."

The State reports that by June 30, 2022, 2,425 individuals in the priority population have received IPS-SE services over the course of the agreement. See Figure 14 below.

Figure 14: Supported Employment January 1, 2019-June 30, 2022[34]



The State analyzed the number of individuals found eligible receiving IPS-SE services dating back to the inception of the Agreement and determined that there were approximately 500 individuals made eligible and referred but who did not actually receive the service. This was a helpful analysis. It demonstrates the State's commitment to data integrity and gives an important message to the field that follow-through is important. There continue to be two misconceptions among individuals and providers that are having an adverse impact on

[34] Information gathered from claims data does not support the total served by the priority population number as reported by the State.

individuals interested in exploring employment opportunities. The first misconception is that individuals receiving ACT services are not eligible for VR services. Staff made this assertion in several of the LME/MCO supported employment provider and DVR staff meetings in FY 2022. State DVR staff corrected the misperception directly in the meetings, but it was striking that this myth persists after the State has tried to correct the problem.

The second is the misconception individuals have that going to work means they lose their benefits. There are rules on reducing benefits but there is information available through benefits counselors and other avenues to clarify these rules so that individuals can go to work, retain a portion of their benefits but not reduce their overall income. There are also income limits that if an individual exceeds those, they may lose their benefits. However, the myth of losing benefits is widespread and unless the State is more assertive in providing access to benefits counseling and other opportunities such as through Work Incentives Planning and Assistance (WIPA) and programs such as Ticket to Work, DB1, or other work estimators, this myth will continue and may grow.

16. As previously stated in the background section, the NC CORE pilot is proceeding. There is more data available on the pilot's progress and challenges towards individuals gaining and maintaining employment. Of particular note, the number of individuals in Milestone 1 (outreach and engagement) has decreased substantially since the first year of the pilot. More individuals reached Milestone 3 (Job Development/with Retention) in FY 2021 but that fell again in FY 2022. Milestone 7A (Vocational Advancement) and 7B (Educational Advancement) also increased in FY 2021 but fell in FY 2022, as depicted in Figure 15.

    This information and payment information suggests the NC Core program has helped stabilize providers' budgets but does not yet show that this value-based model enables individuals to gain and maintain employment. Referrals to VR are also down slightly in FY 2022. Likewise, DVR has made slightly more 50% of all provider payments, demonstrating that this model increases VR federal funding into IPS-SE.

Figure 15: Active Authorizations in NC CORE[35]

	Milestone 1	Milestone 3	Milestone 7A	Milestone 7B
4/15/2020	234	0	4	0
7/15/2020	232	2	2	10
6/1/2021	316	21	7	17
7/1/2022	101	6	5	5

17. Vaya reported that 17 individuals were eligible as IAR, including individuals eligible for TCL, between July 1, 2021, and March 31, 2022. The NC CORE pilot was in part originally conceptualized to address providers' concerns that it was more difficult to remain solvent

[35] Active authorization and paid claims

and at the same time grow their capacity to serve the "in or at risk" and TCL populations. Instead, although the reporting dates are slightly different, the "in or at risk" and TCL populations comprise approximately 33% of the overall number of individuals receiving IPS-SE.

18. As referenced in the past six Annual Reports, developing and communicating expectations is key to initiating IPS and providing employment assistance to individuals getting ACT services is important. The State has struggled to communicate expectations, although access to supported employment is frequently mentioned as a priority. In FY 2022, the State issued a Communication Bulletin (state policy) stating that all TCL members are to get a referral to IPS to explore employment and educational opportunities. This statement presents two challenges. One, it does not reference that based on Medicaid regulations state individuals receiving ACT cannot make a referral to IPS as IPS is a duplicate service. Rather, the ACT Team's Employment Specialist is the primary staff member to assist individuals to explore employment along with the support of the whole team.

    Two, it leads to confusion about what staff are to do if individuals clearly choose to not go to work after a full explanation of the benefits of IPS. Coupled with this is the problem that the State has not yet tackled, which is how to ensure individuals who do not have a provider have access to the service. This is an issue for individuals on in-reach, in particular. The State issued a memo clarifying these issues, but a memo does not have the effect of rescinding a state policy. The State sent out a clarifying memo to correct these misconceptions but did not rescind and re-issue the Communication Bulletin.

19. As referenced in the FY 2021 Annual Report, these findings suggest that there is an underlying and unspoken assumption on the part of 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 working. Guardians and families often make this assumption but 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 and is discriminatory against individuals who have expressed a desire to seek employment and education.

(C) Recommendations

1. Given the findings listed above, the Reviewer recommends the State establish a clear action plan for meeting supported employment requirements in **Section III. (D**) and **Section III. (C)(1-3)** as it pertains to supported employment. The State should review how it conveys clear responsibilities, sets benchmarks, and takes other actions necessary to meet the Settlement requirements.
2. As part of this effort, the DMH and LME/MCOs should take steps to ensure individuals in the TCL target population have the choice and opportunity for paid, competitive employment in integrated settings. This was an earlier recommendation, but the FY 2022 reviews revealed again that there is a consistent perception among staff in the State's adult mental health system that individuals in TCL do not have the ability to work, would lose their benefits or experience a setback by working. These perceptions continue to undermine the State's progress.
3. This is not solely a performance problem that providers alone can fix. Rather it is for the State, LME/MCO, and provider agencies leadership and staff to take collective action. Each must provide assistance to individuals to set and meet their recovery goals, embrace the therapeutic value of supported employment, and educate families and guardians about how supported employment can further an individual's recovery.
4. Below are recommendations referenced in annual reports over the past six years, beginning in FY 2016 and again in this report:
    a. Build a strong collaborative model between the State, LMEs, service providers, and local VR offices to improve service delivery.
    b. Implement an effective business model to ensure that the service becomes available consistently across the State that enables individuals to be employed and sustain employment over time.
    c. Fill the IPS-SE "pipeline," increasing the number of referrals to existing teams with low caseloads (additional capacity) to serve more individuals.
    d. Develop and implement a targeted plan to build IPS-SE capacity where most needed in both the urban and rural areas of the state.
5. Effectively implementing these recommendations will require clear, focused strategic planning combined with ongoing evaluation and monitoring, including action steps, deliverables, responsible parties, and deadlines to complete tasks. It is critical to assure that the plan's measurements for success include employment outcomes, not just process measures. As referenced in earlier reports, it is not the Reviewer's role to name the responsible party for leading this work, but it is clear it needs to be someone with the

expertise in implementing such a plan for supported employment, complemented by individuals with successful experience implementing performance models.

6. IPS-SE and ACT employment providers widen and increase job choices to accommodate the needs of individuals who want to work but who are worried about their stamina, their ability to ever work again, losing their benefits, or the potential stress of working given their chronic health conditions. It is also these providers' responsibility, along with other ACT team members and mental health services teams, to help individuals get benefits counseling, manage their stress, and learn skills to retain their employment and meet their future employment goals.
7. The effective implementation and sustainment of supported employment services requires active, focused, and public leadership in words and actions. As part of the strategic plan process the state, LME/MCO and agency executives must provide more active leadership and allocate sufficient human and financial resources to further enhance the progress made in implementing this valuable service in NC. The State should develop active plans with all stakeholders to identify strategies and mechanisms for effectively sustaining IPS-SE across the whole state. This, in turn, will spur capacity building, stimulate better performance, and enable the State to meet **Section III.(C) (1-4)** Community-Based Mental Health Services and **Section III. (D)** Supported Employment requirements.
8. The State count individuals in the "in or at risk" population as "provided services" only if staff refer, enroll and provide IPS-SE services.
9. Continue to analyze the payment structure, referral, and other processes in the NC CORE IPS-SE pilot in the Vaya catchment area and similar projects planned with other LME/MCOs to demonstrate that the results of the pilot will show the pilot meets SA standards as follows:
    a. The State should ensure individuals receive services and supports they need, including job preparation, job identification, and supported employment services integrated with mental health services.
    b. IPS-SE staff should help individuals to identify and pursue job opportunities consistent with the individual's choices and provide employed individuals with individualized follow-up services for up to a year as requested.
    c. The State should ensure the milestone payment model enables providers to engage TCL recipients (including individuals "at risk of" ACH placement), enroll them in services, provide integrated services, help individuals prepare for employment or education, identify job opportunities consistent with individuals' choices, and assist individuals to get and maintain employment and get follow-up services for a year as requested. The State should also make sure certain milestone payments (or adaptations of this model) are adequate, paid in intervals needed to sustain assistance at the level required for each

task, and ensure adequate follow-up support and/or support when an individual loses a job or needs to change jobs.

d. The State (DMH, DMA, and DVR) and the LME/MCOs should manage, monitor, and adjust the model based on results, challenges, and, most importantly, outcomes for individuals in TCL.

IV. DISCHARGE AND TRANSITION PROCESS

Major Categories	Standards	Progress Towards Meeting the Requirements
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.	1. The State's policies and procedures[36] for Diversion, ACH, and SPH Transition Processes meet SA requirements (including eligibility policies). 2. SPH, LME/MCO[37], 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.	The State is not meeting this requirement. The FY 2022 reviews revealed that In-reach and other LME/MCO staff required to provide this information had not fully informed 21 of the 29 ACH residents in the random sample (72 %) of their options and benefits. Three factors contributed to this lack of information: in-reach staff making little to no contact with individuals, guardian and ACH interference with in-reach counseling, and lack of effective In-reach.
2. Section III. (E)(2) In-reach: Knowledgeable In-reach staff are assigned to: (1) provide education and 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.	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.	The State is not meeting this requirement. In-reach staff in all but one LME/MCO had taken COVID precautions during the first ten months of FY 2022 and were continuing or resuming face-to-face visits. However, staff regularly relied on letters and calls rather than face-to-face visits. In the first quarter of FY 2022, only 10% of encounters were face-to-face; this increased to 29% by the fourth quarter. Individuals are much more likely to take steps to make the choice to move when staff provide frequent, face-to-face in-reach as required in this Settlement Agreement. The State is closely monitoring LME/MCOs to reverse this problem. The State issued a Communication Bulletin on May 13, 2022, to require face-to-face visits with individuals once they qualify for TCL and are on In-reach status.

[36] References to State's policies and procedures also include State-LME/MCOs contract requirements and staff job requirements.

[37] 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
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.	Discharge planning from an ACH or SPH or diversion planning assists an individual to develop an effective plan to achieve outcomes that promotes growth, well-being, and independence, based on their strengths, needs, goals, and preferences appropriate in all domains of their life.	The State is not meeting this requirement. The plans do not always make necessary arrangements for addressing needs and goals clearly referenced in notes and interviews. Individuals discharged from SPHs get discharge plans. Individuals exiting ACHs do not always get discharge plans although they typically get Person Centered Plans (PCPs) before or after exiting homes. Plans do not always include the individual's goals and steps identified as part of the individual's discharge plan.
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.	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.	The State is not meeting this requirement. Information from the FY 2022 review reveals challenges with staff turnover and with providers either not being aware of resources, supports, services, or opportunities, or, if knowledgeable, not effectively communicating information. There was evidence staff did not have subject matter expertise, especially on the impact of trauma, substance use, or medical issues on how and what assistance is important for an individual to transition. Peer support availability was spotty; not every team leader or supervisor asked peers to provide interventions related to their expertise. 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. There are plans more focused on deficits and compliance than on strengths and capabilities or interests. Staff responsible for discharge planning often work in parallel not as a transition team. 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 of pre-tenancy tasks and subject matter expertise for this work.

Major Categories	Standard	Progress Towards Meeting the Requirement
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.	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.	The State is not meeting this requirement. Thirty-five (35) of the 78 individuals with scores on this item did not have a transition process administered sufficiently to meet the standard for this requirement. On the other hand, transition coordinators administered the process for 10 individuals diverted from ACHs in FY 2022 in a timely manner and another 8 individuals eventually got into bridge and supported housing and/or services and supports while living in their own home, although after a delay. There was also evidence, particularly at Broughton Hospital, that Transition Coordinators, In-reach staff, and providers are jointly administering the transition process.
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.	Same as the requirement.	The State is not meeting this requirement. The FY 2022 reviews showed that only 18 of 48 individuals (37.5%) got the opportunity to participate fully in treatment and discharge planning. There were 11 individuals given the opportunity but not as fully as possible. There were another 19 individuals not given the opportunity even when they asked for assistance.

Major categories	Standards	Progress Towards Meeting the Requirements
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.	a. The State has established the required admission point when discharge planning is to begin (admission point is within seven calendar days of admission). 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. 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. d. 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.	The State did not meet this requirement in FY 2022 primarily because discharge planning did not routinely begin for individuals admitted to ACHs in FY 2022 within seven days. This is an historical problem. 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. The State continues to make progress for individuals admitted to SPHs to begin discharge planning within seven days. 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 foreseeable future.

Major categories	Standards	Progress Towards Meeting the Requirements
8. Section III. (E)(8) A written discharge plan: 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.	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. 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). Transportation is the responsibility of the LME/MCO, and the community provider as designated by the LME/MCO.	The State is not meeting this requirement. A Person-Centered Plan is the first comprehensive plan developed as a discharge plan for individuals moving to the community from an ACH. In-reach staff complete two tools, the In-Reach/Diversion/SPH Transition to Community Living Tool and Informed Decision-Making tool, with individuals that serve as precursors to the PCP. Community Integration Plans (CIP) required in **Section III. (F)(2)** also serve as the first plan for individuals diverted from ACHs. As referenced in the Community Based Mental Health Services section of this report, the PCPs are formulaic, are not strengths-based, and often do not identify barriers and steps to overcome them. PCPs are often written after discharge. Service providers are often not engaged in discharge planning. PCPs drafted post-transition cannot comply with the requirement to set dates and take actions before, during, or after transition**.** The SPHs, LME/MCOs, and providers split transportation responsibilities in FY 2020 after initiating COVID restrictions.

Major Categories	Standards	Progress Towards Meeting the Requirements
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.	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.	The State is meeting **(E)(9)** but is not meeting **(E)(10)**. The State created a State Barriers Committee in FY 2019, which has demonstrated effectiveness in reducing and eliminating systemic barriers. The State has created, maintained, and updated continuously a barriers log to address each barrier. The State began taking steps in FY 2022 to ensure LME/MCOs create local Barriers Committees to address transition/discharge barriers and to effectively inform individuals of community opportunities. There is a requirement for local teams to include individuals with experience and expertise to successfully resolve problems that arise during discharge planning and implementation of discharge plans. The team has not trained staff on person-centered planning nor does person-centered planning always begin during the transition process. There is often a disconnect between transition plans and person-centered plans as required in **(E)(10).**
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).**	Same as requirement.	The State is not meeting **(E)(11).** The State has not taken the necessary steps to identify barriers to placement by the individual or their guardian and to provide education/ options and address the barriers for individuals choosing to remain in an adult care home as required in **(E)(2).** Records did show that the individual or guardian made the decision. The guardians' reasons typically are "they can't live on their own," "cannot live independently" or "they tried it, and it didn't work." Individuals' reasons were more varied but often dismissing that they could or wanted to move.

Major categories	Standards	Progress Towards Meeting the Requirement
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).	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. The State has protocols to protect the individual or LME/MCO, including defining retaliation clearly, providing the individual confidentiality, investigating complaints in a timely manner, and providing feedback to the individual and/or LME/MCO.	The State is not meeting this requirement. The State will continue to have challenges meeting this requirement in the near future for two reasons. One, LME/MCO staff report ACHs are continuing to place restrictions on individuals' choice and ability to communicate with LME/MCO staff as well as restrictions on providing individuals with information on treatment options or alternatives. Staff reported delays in obtaining FL2 forms to verify individuals' eligibility and delays in getting other documents. One ACH denied access to an In-reach worker for nine months. The worker did not report this problem. Two, LME/MCO staff were only conducting face to face encounters with individuals on In-reach status 29% of the time in the fourth quarter of FY 2022 (an increase over previous three quarters) to assess retaliation and/or coercion.

(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 treatment team responsibilities, discharge planning processes, and time frame requirements for discharge planning and for discharge plans. These overlapping issues extend beyond the requirements in this section of the Agreement. For example, **Section III. (B)(1**) requires the State to develop housing access but performance to meet that requirement includes meeting the requirements in the Discharge and Transition Process category first. Likewise, person-centered planning falls in Community-Based Mental Health Services, Discharge and Planning Processes, and Pre-Admission Screening and Diversion, **Sections III. (C)(E) and (F)**. Thus, meeting Discharge and Transition Process requirements and requirements in these other categories is not easily separable during the review process but more importantly in practice.

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 (10) 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 is simple and clear. 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 three with only qualitative findings.

In FY 2021, 30% of names initially randomly pulled for the review were of individuals who did not meet eligibility requirements for TCL or who were no longer available for a review either because they no longer met or did not meet eligibility originally (i.e., have dementia), have died, or moved, and their whereabouts have been unknown for an extended period of time. This trend continued in FY 2022. The same percentage, 30%, or 21 individuals' names pulled initially were not eligible, generally because they had dementia, did not meet eligibility criteria, they had died, or their whereabouts had been unknown for a long time, often a year or longer. In FY 2022, Cardinal exacerbated this problem by not transferring adequate information to the receiving LME/MCOs and staff reported they could not find a number of individuals even when searching databases. This did not include two individuals who died just days before and during the review period; their reviews continued.

This persistent eligibility issue signifies a problem with the integrity of the data in the TCL database. The State has added a requirement for each LME/MCO to conduct a data integrity audit to ensure the information on the number of individuals on in-reach, in transition, or living in SH or in the community in another location is correct. It also points to a problem created by the LME/MCO staff making infrequent contact with individuals. As referenced in the introduction, the State is also verifying information to ensure data integrity.

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 especially 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.

Perhaps the most significant step the State has taken to meet Discharge and Transition Processes has been its creation of the Transitions to Community Living Incentive Program (TIP) referenced in previous sections of this Report. The State is tracking and providing financial incentives if LME/MCOs hit their targets beginning in the fourth quarter of FY 2022 through all four quarters in FY 2023. The State has identified ACH transitions as a key target for this Incentive Plan project. The State set initial requirements for LME/LMOs to participate in the TIP. There are five requirements for LME/MCOS directly tied to the Discharge and Transition requirements:

1. Creating a Peer Bridger Extender program utilizing a consumer-owned, peer-led company with Certified Peers on staff to assist individuals to obtain or maintain housing and/or to assist with skilling, community integration, and referrals to IPS for this work. The program requirements include:
    a. Identifying the counties where this program will operate
    b. Training for peers to use the IDM tool
    c. A training requirement for Peers in motivational interviewing, resiliency, recovery-orientation, and trauma-informed care.
2. Implementing the State's Complex Care initiative.
3. Creating a local Barriers Committee.
4. Implementing a plan to complete IDM tools.
5. Completing a plan for maintaining TCLD and RSVP data integrity.

In addition, DHHS instituted a TIP performance measure for increasing transitions of individuals from ACHs to SH.

It is too early to assess the effectiveness of these measures. The State has not actively assisted and funded the development of peer-led organizations[38] to degree other states have done. LME/MCOs have not historically helped develop or contracted with consumer-owned, peer-led consumer organizations who could provide Peer Extenders or other services and supports. Three organizations in North Carolina qualify for this work. Three LME/MCO are contracting with two of these organizations.

[38] Peer-led organizations are typically referred to as more than 50% of staff and board members being peers. In this context, Peers are typically referenced as individuals with lived experience getting mental health services or having a diagnosable mental health diagnosis.

The Reviewer's team will begin reviewing the implementation of the peer-led Peer Bridge Extender programs, Complex Care, and local Barriers Committee startups in the fall of 2022 to assess the initial benefits and challenges.

The Senior Advisor's staff continue to troubleshoot issues with completion of FL2s, a form completed by a physician for attestation that an individual has a qualifying diagnosis for TCL and for verification of eligibility for personal care needs, skilled nursing, or adult care home placement. The State holds quarterly meetings with hospital and LME/MCO clinical leadership specifically aimed at resolving issues with complex cases. LMEs began adding nurses to transition teams to provide assessments and care management.

(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 both **Section III. (C)** and in the Discharge and Planning Processes and Pre-Admission Screening and Diversion overlaps as well. Thus, it is not easy to separate meeting Discharge and Transition Process requirements and Community-Based Mental Health Services requirements during the review process but, more importantly, in practice.

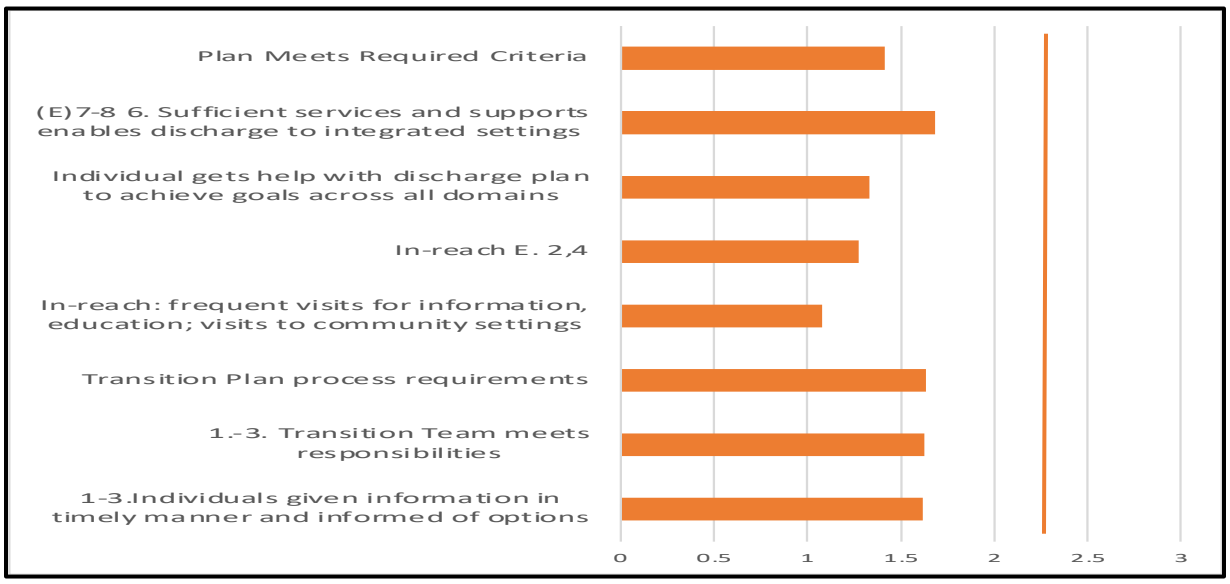
Likewise, the findings below summarize findings for **Section III. (E) (3-8 and 11-13[c])** separately from **III(E)(9-10)(13d) and (14).**

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 when 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.

1. The State is meeting or continues to meet the requirements for **III(E)(9) and (13a-b and d).** The State did not meet requirements in **Section III. (E)(1-8)(10)(11)(12)(13c) and (14)** in FY 2022, as in-reach, transition coordinators, and providers did not always make arrangements for transitions in a timely manner. There were delays related to assignments, guardian refusals, individuals posing as guardians, ACH interference, discharges, or changes in catchment areas that contributed to these findings that trending slightly lower than scores in FY 2021 findings.

2. Figure 16 below illustrates scores for the first eight requirements in **Section III. (E**). These are the items in this section scored 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. The findings below include supporting information for these findings.

Figure 16: Discharge and Planning Process Mean Scores



3. These findings reveal the State and the LME/MCOs are still working toward developing an active, well-organized transition planning process with LME/MCO and provider staff assisting individuals in making life decisions on a day-to-day basis before, during or after they move. Staff turnover and shifts in assignments related to the Cardinal transitions contributed to this problem in FY 2022. Reviews reveal that staff were challenged with initiating and maintaining their focus on providing timely, individualized, and recovery-based supports. Role confusion between and among LME/MCO staff contribute to this problem. Without this focus, there will continue to be challenges in implementing effective in-reach and discharge planning. The State's performance and improvement reports reveal these problems, even when identified, continue to persist.

4. The number of TCL-eligible individuals on in-reach status, regardless of where they were living, decreased from 5,093 from June 30, 2021, to 4,653 by June 30, 2022, a 437 or 9% decrease in one year. The rate of reduction of individuals living on in-reach status living in ACHs was almost the same in just the last six months of FY 2022. The number of individuals on in-reach status living in ACHs on July 7, 2022, was 3,413, down from 3,757 on January 12, 2022.

5. There continue to be two major reasons for this decrease: 1) The DHHS continues to make

a concerted effort to improve the accuracy of the numbers of individuals on the in-reach list. The list still includes individuals no longer living in an ACH. Over time individuals' health deteriorates and they move to skilled nursing or another type of facility. Individuals may also have died or moved to live with family or friends. 2) One hundred and seventeen (117) individuals moved from ACHs to supported housing although the net increase of individuals occupying housing slots on July 1, 2022, was only 54.

6. Seventy-four (74) individuals moved back to an ACH from SH in FY 2022. Four hundred and fifteen (415) individuals have returned to ACHs since the Settlement period began.

   Two figures below depict the number of individuals occupying housing slots after moving from ACHs over the past three years (FY 2019-2022), served by each LME/MCO, and the number of individuals discharged from SPHs to SH and other locations. Figure 17 illustrates that 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 Cardinal transfers in FY 2022 and on Alliance and Partners numbers had an impact on this slow pace.

Figure 17: Individuals Moving from ACHs Occupying Housing Slots FY 2019-22

	FY 2019	FY 2020	FY 2021	FY 2022	# Change since March 31, 2022
Alliance	85	80	91	334	**-5**
Cardinal[39]	331	317	356	---	---
Eastpointe	94	102	92	103	**+13**
Partners	158	145	134	256	**+3**
Sandhills	139	143	140	141	**-5**
Trillium	139	145	148	166	**+8**
Vaya	186	195	191	206	**+1**
Total	1132	1127	1152	1206	**+15**

7. The State will need to increase individuals occupying SH units by an average of almost 88 per month to fully meet the Settlement Agreement requirement of 2,000 individuals moving from ACHs occupying supported housing units by July 1, 2023.

[39] Cardinal merged with Vaya in January 2022, eight counties decided to transition to other LME/MCOs and Cardinal with the nine remaining counties merged with Vaya for so individuals exiting or returning to ACHs became the responsibility of the other LME/MCOs. This makes the actual gain by LME/MCO difficult to determine.

8. As depicted in Figure 18 below, the overall number of individuals moving to supported housing or bridge housing from SPHs decreased by 53 in the past year while the SPH census remained virtually the same. 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) increased by 44%. The increase in the number of individuals moving to ACHs was only three but the number of individuals moving to FCHs increased by 37.

Figure 18: SPH FY 2019-FY 2022 Discharges

Discharge Location	FY 2019	FY 2020	FY 2021	FY 2022	1 yr. % Change
Supported Housing[40]	75	113	117	64	-45%
Adult and Family Care Homes	121	93	55	83	44%
Boarding Homes, Shelters, Hotels[41]	115	80	32	38	16%
Group Homes	119	145	81	71	-12%
All SPH Discharges	1452	1300	1022	1023	**---**

9. Staff report that 29 of the individuals discharged to bridge housing, a slight decrease of two individuals from FY 2021. The number of individuals discharged directly to supported housing dropped by 35% from 83 to 55.

10. 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 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 2021. The State has issued guidance and training numerous times on In-reach and Transition Planning and developed procedures for target population members in ACHs and SPHs to receive information about community living options through in-reach education and through the discharge and transition planning process. The State will need to increase contacts and improve their assistance to help individuals develop a plan to achieve their goals in the community to improve these scores.

11. **III (E)(2)** In-reach: The State is not yet meeting the in-reach requirement in **(E)(2).** In-reach staff send letters, which individuals may or may not receive, and make phone calls they do not get. As reported in FY 2021, when in-reach staff call ACHs, they do not get to talk to individuals directly. In-reach staff leave a message with ACH staff to have the individual call them. Individuals do not always get the message nor does every individual have a working

[40] Bridge housing identified for every month in FY 2020 but not identified in FY 2019.
[41] This number includes one (1) individual discharged to a camper in December 2018.

phone to return the call if they do get the message. State data reveals that only 29% of encounters with individuals living in ACHs was face-face-face in the fourth quarter of FY 2022, which increased from 13% in the second and third quarters of FY 2022. As stated above, the State issued a Communication Bulletin (policy document) on May 13, 2022, requiring encounters to be face-to-face except under specific scheduling situations.

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 that they could 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. During reviews when asked, 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.

Very few individuals reported visiting community settings as part of their in-reach and discernment process and meeting with other disabled individuals, family and friends. Most individuals who moved to the community, though, got the opportunity to visit apartment complexes or single-family homes with a choice about where they wanted to live.

There were also delays related to in-reach staff changes as well as in-reach specialists forgetting to provide in-reach for a particular individual or becoming overwhelmed by their caseloads and not making the required contacts in a timely manner. One LME/MCO suspended visits during COVID in 2020 until May 2022 after repeated requests from the State to do so. All the other LME/MCOs either did not suspend visits or, if they did, they resumed them by January 2022. Staff of the other LME/MCOs took precautions and did not visit homes with a reported outbreak. Virtual "visits" do not necessarily result in actually making contact with the individual. ACHs may be located in an area that does not have broadband access. Staff report denied the opportunity to speak directly to individuals by ACH staff when visiting, two staff interviewed during individual visits indicated they did not provide information on

the two individuals they saw to the barriers committee and one staff member did not know the state (or local) Barriers Committee existed.

12. The State developed a new informed decision-making tool and provided training to guide in-reach specialists' conversations with SPH and ACH residents in September 2020. The tool includes a form for in-reach specialists and individuals to document barriers to transition and strategies to address them. The tool's initial implementation was problematic as identified in last year's Annual Report. The State took two additional steps to improve the process. They provided additional training and established a state level quality review process that went into effect in FY 2022. The State added a submission requirement for each LME/MCO as part of their Incentive Plan request. The State reports they had received and reviewed 550 IDM tools between July 19, 2021, and July 29, 2022. This is approximately 18% of the number of individuals on in-reach status residing in ACHs. Information from the random review, indicates many LME/MCO staff are rushing through this process and not establishing a relationship with an individual to ensure the individual's decision is an informed one.

13. There are interconnected requirements in **Section III. (E)(4-8).** The State is not meeting **III. (E)(4)** transition team requirements and requirements for the transition coordinator taking responsibility as the lead contact on ACH transitions **III. (E)(5).** The transition teams are responsible for the discharge planning process requirements in **III. (E)(7-8).** The State's scores from the FY 2022 reviews are clustered close to or slightly above 1.5 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. Below are representative examples of the scarcity of visits and other challenges, including getting staff assigned, providing timely assessments as required in **III (E)(12),** and effective services from the FY 22 review; there are additional findings related to these listed in #17 below:

    - One man had been living in an ACH for 15 years, made eligible for TCL in February 2020 but not seen by in-reach for over 16 months. He had five different in-reach workers assigned in 13 months. The LME/MCO referred him to ACT in June 2021. He did not get a Transition Coordinator at that time and not assigned one until March 2022. His Transition Coordinator scheduled his transition planning meeting for June 8, 2022. The ACT team staff described him as a "very high-level person."

    - A woman living in an ACH since 2017 reported she had been ready to move for two years. She did not receive any In-reach visits from June 2020 to July 2021. In the past year she received four in-person visits but not frequent enough to assist her with her

move and not for the purpose of a re-assessment. At the time of her visit, she was awaiting an OT consult. The team lists her goals as getting assistance from a provider, getting a Clinical Care Assessment and an OT consult, important action steps for transition but these were not her goals. A review of her records revealed staff could have taken steps earlier to assist her with her principal goal—to move to the community.

- Another man assigned to an In-reach specialist in September 2019. The LME/MCO re-assigned him to three different in-reach workers over the next two years. Staff visited him four times between September 2019 and February 2022. By that time, he had moved to his parents' home. Staff began a housing search and held one meeting with the member before his review. Staff reported it was difficult to schedule time with him although his records reveal his ACT saw him seven times between July 2021 and March 2022. There was no reference to a re-assessment.
- Another woman, made eligible in January 2020, had received four calls from her in-reach worker since then but only met her for the first time on May 31, 2022, during her review. She was on a waiting list to get a Transition Coordinator. She was living in a motel, not bridge housing, and because they had lost touch not easy to find. She had a long history of trauma and substance use, had lost custody of her children, and repeatedly hospitalized. A Transition Coordinator told her she would help her once assigned. She started getting CST services in August 2021 and then assessed by a team that has since completely turned over. One of the CST team members was attempting to provide Cognitive Behavioral Therapy (CBT) that was reportedly not effective. He stated he had not provided CBT for individuals with mental illness previously.
- In 2017, an in-reach specialist attempted to meet with one man made eligible for TCL in 2015 who was no longer living in the ACH listed in his records. In 2019, LME/MCO staff made another attempt to locate him. They attempted again in 2021 and found him living in an ACH. He spoke to an in-reach worker in October 2021. A Transition Coordinator saw him in January 2022 and subsequently an in-reach worker saw him three times. Staff referred him for a clinical assessment in May 2022 after the Reviewer drew his name for a review.

14. The State allocated funds in the last quarter of FY 2021 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. Likewise individuals are more likely to follow through with community-based services if contacted by a provider prior to discharge from an institution or when living in unsafe housing or are homeless. Federal rules changed in 2016 prohibiting community

providers from billing Medicaid for 30 days prior to discharge from SPHs. As a result, states now allocate state rather than federal dollars for this purpose. Typically states allocate funds before requiring individuals to enroll in services. Enrollment requires an individual get a comprehensive clinical assessment which takes time. 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 reports almost all of the allocation went unspent in FY 2022. States also have the option for allowing for Medicaid and stated funded presumptive eligibility for individuals living in ACHs or not hospitalized in a SPH.

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.

Peer Support Specialists are particularly effective in engaging with individuals who are contemplating change. This 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 is attempting to increase the availability of Peer Bridgers in FY 2023 as referenced as part of the Incentive Plan package.

15. **(E)(9) and (10):** The State is meeting the Section **III.E(9)** requirements 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.

16. The State is not meeting Section III. **(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 made progress meeting **Section III. (E)(10)** during the third and fourth quarters of FY 2022. The State took steps to require LME/MCOs to create local barriers committees as part of the State's Incentive Plan requirements. 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. The State established requirements for local barriers membership, both standing and ad-hoc, including Regional Ombudsman (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.

At the time of the FY 2022 review, the implementation process was just underway. There will be a review of their implementation in FY 2023. The DHHS has not provided the required training on person centered planning. It will also be important for local transition teams to forward barriers as needed to the state barriers committee and effectively inform individuals of community opportunities. The FY 2022 review revealed the State must make progress to ensure the teams and the individual agree on a plan, move forward in a timely manner, and get the assistance they need to do that.

17. There is a close connection between **Section III. (E)(11)** and **(E)(12)** requirements and they also closely match the **III (F)(3)** requirement. The State is not meeting the **III (E)(11)** and **(12)** requirements or **(F)(3)** as reported on the next section**.** 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 2022 review and State data reveal the State is not meeting **(E)(11).** The reasons vary widely but fall into two broad categories.

    The first is that In-reach staff and Transition Coordinators saw individuals either not at all or infrequently. One LME/MCO failed to assign a transition coordinator for individuals who wanted to move but could not because of barriers not addressed by the LME/MCO. This points to a more general implementation problem than challenges with identifying or overcoming barriers.

    In FY 2022, 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, one individual had five different in-reach specialists in 11 months. There were seven individuals who did not get a Transition Coordinator including two because a Transition Coordinator was not available. One woman had lived in a shelter for two years and not seen by staff during that time; another lived in a van for two years and not seen during that time. A man lived in a motel for seven months before he got help to move. One individual had only four visits in two years. Four individuals had ACT services while living in adult care homes including one who lived in an ACH for seven years, others for six years, four years, and two years.

Cardinal had served three of those individuals until mid FY 2022 but two of those individuals transitioned to another LME/MCO and were in the transition process of moving by the time of their review in late spring. It was unclear what barriers to moving, if any, existed for them. Staff reported one woman was hard to find although her record revealed she was seeing her therapist on a regular basis. It was not unusual to see gaps between contacts in records followed by frequent visits or calls and then gaps again.

As reported above, only 13% of encounters with individuals were face to face in FY 2022 until the fourth quarter. It is difficult to identify and address barriers if not visiting individuals. Staff reports sending letters or making calls to the home, but individuals may not actually receive the letter or may not know that they got a call from an in-reach worker or Transition Coordinator. One woman told her reviewer that "TCL is a hoax" because she had been living in an ACH for six years. Staff promised her help but never followed through. Two other individuals reported waiting two years to move long after told they qualified.

The second category is related directly to staff and individuals not reporting barriers, not addressing them or, even when addressed, not resulting in the individual being provided assistance and a choice to transition to the community or, if living in the community, transitioning to supported housing.

ACHs blocked access or delayed getting paperwork to individuals. It is difficult to quantify this problem because notes are not always clear, and staff do not report these barriers consistently. Two staff reported having their access to the ACH blocked and one of those staff had never heard of the barriers committee. One woman with accessibility problems and complex medical problems reported she could not move because of these problems. The reviewer explained what services and supports are (required to be) available.

Conversely, interviews and records revealed seven individuals got timely help, barriers addressed effectively, and choices on where to live by location and type of arrangement. One man waited patiently to get an apartment in a town that was his only choice of a place to live. The staff worked diligently to make that happen.

18. **III (E)(12)** is the requirement for individuals remaining in an ACH or a SPH to get a re-assessment on a quarterly basis, or more frequently, upon request. The State is not meeting this requirement for individuals living in ACHs with 29% of contacts either though letters or phone calls. There have only been 509 IDM tools submitted and approved in the past two years.

    The State is giving priority to and closely monitoring frequency of ACH visits. The State began including performance targets for individuals moving from ACHs occupying housing slots in the 3rd and 4th quarters of FY 2022 and will do so again in FY 2023. Re-assessments are important but can only occur when staff meet with an individual. 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.

19. **(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. Eight individuals moved within six months of their assignment to a Transition Coordinator. Obviously, this is longer than 90 days, but the steps staff took were timely and allowed for individual choice in where they wanted to live. Only 5 individuals moved within 90 days of assignment. This does not account for delays in assignment to a Transition Coordinator. Nineteen (19) individuals did not get timely access; this does not include the individuals with their in-reach worker's access blocked by the ACH and/or guardian. The examples above illustrate reasons for delays.

    It is sometimes important to continue the transition process past the 90 day mark if an individual is waiting on a new or rehabilitated housing complex to be "placed in service" in an area where the individual wants to move, if more time is needed for individuals not yet discharged from a treatment center or hospital for substance use, medical, or psychiatric treatment, or to complete a reasonable accommodation request which may take several weeks or months to process. In the FY 2022 review, one individual with a delayed move was waiting on a reasonable accommodation response and one individual was waiting on a property manager to approve the lease application.

    Seven individuals, previously seen by Cardinal staff, experienced significant delays in their transition to the community. The new LME/MCOs assigned to the individuals began the process for four of these individuals quickly. Two were living in ACHs, one for seven years and one for four years, receiving ACT the entire time institutionalized in an ACH. However, the Transition Coordinator and provider had not begun assisting the individual to begin a housing search five months after the individual indicated he could move and wanted to move to the community. Staff had not dealt with barriers to moving for two others.

20. **Section III. (E)(13.d)** Institutions for Mental Disease (IMD): The State meets this requirement.

21. **(E)(14)** ACH Residents Bill of Rights: Of the 33 ACH residents in the FY2022 review, evidence suggested there may have been Resident Bill of Rights violations for 9 individuals. Three of these were related to the ACH not giving LME/MCO access to the individual, impeding the individual's ability to move. The other six were related to the ACH not allowing individuals to come to the phone, not giving correspondence from the TCL in-reach worker to an individual, and delays in making vital documents available.

(C) Recommendations

1. The State should continue to develop and implement a viable plan, with targets and action steps, to assist individuals to transition to the community from ACHs. The State should work with the LME/MCOs to reduce the number of individuals on the in-reach list by removing

names of individuals who are deceased, who have permanently moved to a higher level of care, and/or who are not eligible for TCL. The State also must monitor results of the IDM tool and verify the number of individuals who say no to moving to the community after removing barriers and making effective in-reach efforts. This enables in-reach specialists to meet with individuals who may choose to move with the appropriate frequency and support. Adjust or add resources to meet the **III. (B)(5)** requirement to provide supported housing to 2,000 individuals exiting ACHs to ensure individuals can move and live successfully in the community.

2. The State should adopt best practice recovery-based person-centered planning processes and establish guidance based on best practice and the Settlement Agreement standards, adequately train transition staff on person-centered planning including not just what steps are included but how it is effectively done to inform individuals of community opportunities, and prompt the development of needed actions that need to occur before, during, and after transitions from ACHs, SPHs, or for individuals in the diversion process.
3. LME/MCOs should monitor assignments, including progress of each transition step for each individual assigned to in-reach staff, Transition Coordinators, and provider staff, ensure that the transition process does not exceed 90 days, and ensure that re-assessments occur every 90 days. If LMEs are relying on providers to conduct part or all of the transition process, the LMEs must ensure providers have the information necessary to meet these requirements and take remedial action if necessary. The State should also take remedial action if LME/MCOs do not meet these responsibilities. It is important to assess steps LME/MCOs are taking to ensure LME/MCOs are streamlining the processes rather than adding unnecessary challenges such as added steps and paperwork.
4. The State and each LME/MCO should continue to work with the DHHS Division of Social Services (DSS) and county DSS offices to ensure public guardians meet their obligation to receive and consider the information from discharge planning teams before making decisions that limit recovery-based services and integrated housing opportunities for individuals in the SA target population.
5. The State should ensure that LME/MCOs and provider staff check to see that the individual's discharge plan informs their initial PCP and improve the PCP process and the plan itself, making sure to provide individualized services as frequently and intensively as needed.
6. The State should develop and implement procedures to ensure that local transition teams transmit requests to the state-level Barriers Committee for barriers that are systemic or difficult to resolve .

V. PRE-ADMISSION SCREENING AND DIVERSION

Major Categories	Standards	Progress Towards Meeting the Requirements
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.	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). 2. The State makes this determination when considering the individual for admission, not after they move into an ACH.	1. The State met this requirement in FY 2021 and continues to meet this requirement. DHHS and the LME/MCOs continued the trend set in FY 2019 to improve processing, eliminating duplicates and reducing the volume of requests for individuals not eligible for TCL.
2. Section III. (F)(1) The State shall connect any individual with SMI to the appropriate LME/MCO for a prompt determination of eligibility for mental health services.	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.	The State met **Section III. (F)(2)** in FY 2021 and again in FY 2022. The shift from Cardinal to other LME/MCOs slowed the process temporarily . Nonetheless, a number of experienced Diversion staff made this transition as smooth as possible. There are challenges for determining eligibility promptly related to getting access to records for eligibility determination and getting new assessments completed when necessary.
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 as fully as possible in this process.	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. 2. The individual fully participates in the process.	Data and interviews reveal the State continues to meet this requirement. Thirty-six (36) individuals identified through the FY 2022 random review process met eligibility requirements through the RSVP diversion process. Twenty-three (23) were residing in supported housing and three additional individuals were residing in bridge housing at the time of their review. This represents 69% of individuals identified through the diversion process. This is consistent with 163 individuals the State reports diverted from ACH placement in FY 2022. Two individuals identified as TCL through RSVP moved directly into supported housing at the time of their state hospital discharge. Individuals get the opportunity to participate as fully as possibly although the process itself is typically lengthy and individuals report not fully understanding all the steps and actions related to their plan.

Major Categories	Standards	Progress Toward Meeting the Requirements
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.	The development and implementation of the community integration plan is consistent with provisions in **Section III (E)** of this Agreement.	The State is meeting this sub-section of **Section III. (F)(2).** The community integration planning process for individuals diverted from ACH admission is consistent with the discharge planning provisions in **Section III. (E).** See the review of **Section III. (E)** for a review of the State's performance meeting the discharge and transition process requirements for individuals residing in ACHs and hospitalized at an SPH.
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.	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. 2. The State is monitoring each individual choosing to reside in an ACH and continues to provide In-reach and transition planning.	The State has made this requirement a priority but will need to take additional steps to meet this requirement. The State still needs to improve addressing concerns and objections. This includes reducing and/or eliminating barriers, to ensure public guardians fully participate in this process. This would allow guardians to consider appropriate choices so that individuals continue to receive In-reach services and transition planning. The State has adopted a process to intervene when this does not occur as required. The State implemented an "informed decision-making process" in FY 2021 and developed a decision making tool to ensure an individual is making an informed choice to remain in an ACH. LME/MCOs had only administered this tool for 509 individuals out of the 3,413 individuals on In-reach residing in ACHs as reported on July 7, 2022. This process is not the only avenue the State has to identify objections and concerns. Referrals to local Barriers Committees is also a viable process for addressing concerns but the spring review revealed that staff did not always take barriers to these committees and in a few instances did not know the committees exist.

(A) Background

The State has made substantial progress improving Pre-Admission Screening and Diversion **Section III. (F)(1-3)** over the past three 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 on-line 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. At times, the LME/MCO arranges for a clinical assessment to determine eligibility.

The LME/MCO, having completed the RSVP process, refers the individual to the appropriate staff person for in-reach and transition planning. If the individual chooses, after apprised of their options, to move to an ACH, the State must show this was an informed decision as stated in **Section III. (F)(3).** This requirement also obliges the State to provide in-reach and implement individualized strategies to address concerns and objections to placement 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.

The State has made progress implementing the Pre-Admission Screening and Diversion process since introducing RSVP. 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.

Since initiating RSVP, the State and the LME/MCOs have made steady progress, including DHHS better defining the process, taking action to correct problems, and providing better guidance to the LME/MCOs and 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 State's diversion process slowed during the time new LME/MCOs were taking over responsibility for Cardinal's responsibilities, but the State and LMEs regained momentum to reduce unnecessary admissions before the end of FY 2022.

There are two challenges remaining for the State to meet all three requirements in **Section III. (F)(3).** One is to continue the implementation of the joint decision-making process to ensure the individual's choice to remain in the home is an informed one. The second is to ensure individuals who choose to move to an adult care home after Pre-Admission Screening get the required in-reach and transitional assistance as set forth in **Section III. (E)** to address concerns and barriers to placement in an integrated setting as set forth in **III (F)(3).**

The FY 2021 Annual Report discussed the TCL eligibility determination problem of individuals referred through RSVP despite not being at risk of ACH placement. This was true again in FY 2022 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. Supported housing is an appropriate community living setting for each of these individuals who would otherwise be living in an unstable situation or would not have the opportunity to leave a congregate setting.

These are challenging situations requiring judgment calls, but 26 individuals were not likely to move to an ACH, at least not at the time of their review.

Perhaps one of the most significant changes the State has made since entering into the Settlement Agreement is the shift from the total 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 19 below**,** the State reported there were 24,795 individual referrals to LME/MCOs for an adult care home placement eligibility determination between November 1, 2018, and June 30, 2022. According to DHHS, after November 1, 2018, there were 4,565 individuals found eligible and added to the Transitions to Community Living Database (TCLD)[42]. This includes individuals not diverted from ACH placement as well as those diverted. Figure 19 also displays the number of eligibility determinations pending and 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 19: RSVP Referrals and Progress in Processing (November 2018-June 30, 2022[43]

	11/2018-6/30/22 RSVP Referrals	11/1/18-7/1/22 Individuals Determined TCL Eligible	FY 2022 Total Diversion Attempts	In Process 6/30/20	In Process 6/30/21	In Process 6/30/22
Alliance	2325	627	265	256	88	212
Cardinal	5020	930	---	339	101	---
Eastpointe	1280	242	37	23	11	9
Partners	2003	226	92	57	9	65
Sandhills	1429	343	59	40	36	30
Trillium	2904	482	116	116	38	73
Vaya[44]	2865	965	178	221	137	94
Total	**24,795**	**4565**	**747**	**1,052**	**420**	**483**

2. In addition to the reduction of referrals is the significant shift in FY 2022 with fewer individuals choosing to move to an ACH than to a community setting. As shown in Figure 20 below, the LME/MCOs diverted 166 individuals from ACHs following an RSVP referral in FY 2022. This was a decrease from FY 2021 when there were 211 individuals diverted. Only 45 individuals

[42] This is the database that includes names and key information regarding the target population.
[43] This chart displays "in-process" and "pending" numbers through September 2020 to display the impact of progress made in FY 2020 to improve the pre-screening process.
[44] Vaya's Care Coordination manages the pre-screening process.

moved to an ACH following a RSVP request in FY 2022, a decrease of 78 individuals from FY 2021. The number of RSVP requests was 801 in FY 2021 and 747 in FY 2022. The requests and not diverted number both went down but the not diverted number went down at a slightly greater rate.

3. In Process numbers began decreasing sharply in FY 2021, demonstrating the LME/MCOs' increased capacity to manage diversion as well as providing education and consultation with referring organizations. It also reflects the State's actions to "clean-up" duplicates, counting, and coding. This number increased again in FY 2022 by 9% in part related to the Cardinal backlog and staff getting oriented to different processes and collaborating with different staff and referral sources.

Figure 20: LME/MCO Diversions FY 2019-FY 2022

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

4. There were fewer guardian objections to individuals moving to the community from ACHs in the FY 2022 spring review. The DHHS Division of Social Services staff respond to these objections when public guardians are not agreeing to individuals seen in ACHs or are refusing to consider options. Likewise, local Barriers Committees now include Ombudsmen, who report and respond to ACH issues. One family guardian filed a complaint against an LME/MCO following a request for the Reviewer's team to meet with their family member. However, this Reviewer called the family and learned that the family member did not get accurate information regarding the proposed visit or about TCL benefits and the review went forward. LME/MCO staff continue to express appreciation for Long Term Care (LTC) Ombudsman interventions.

5. Twenty-six (26) individuals diverted and selected for a review in the FY 2022 random pull did were not "at risk" of ACH placement. This included 10 of 16 individuals under the age of 40.

[45] Sometimes referenced as "not diverted."
[46] Vaya's Care Coordination team manages the pre-screening process.

Twenty-five (25) individuals had significant substance use issues. Three individuals were living in unstable housing, a van (six months), a tent and a boarding house (six months), and a long-term shelter (two years), but had not received help at the time of the review to move into supported housing. Neither had anyone sought ACH placement for three individuals. All but one of these 26 individuals had serious challenges and needed housing and support.

All of the individuals made eligible as diverted in the spring review based on their diagnosis and all but one of the individuals in the review qualified for a rental subsidy. Similarly, the State reports referrals for 47 individuals were either withdrawn or removed from the diversion list after referral, indicating the process is ruling out a significant number of individuals not at risk and/or not eligible for TCL. The number of referrals has dropped significantly since the implementation of RSVP in November 2018. The State has removed 65% of all referrals through RSVP as not eligible or withdrawn since RSVP began.

A new Informed Decision-Making process began in the fall of FY 2020 and LME/MCOs began using it before the FY 2021 reviews began. The State initiated this process to provide In-reach staff with a tool to ensure individuals living in or considering a move to an ACH or SPH are accurately and fully informed about all community-based options and given the opportunity to participate in his or her treatment and discharge planning.

The State identified the decision-making process as an ongoing process, the approach designed to take place over time with the individual and their guardian (when applicable). The State also identified the ultimate goal of using this tool is to raise the value of self-empowerment and each individual's right to choose where they want to live while pursuing pathways to recovery and community integration. This is consistent with requirements in the Settlement Agreement in Section III (E) and (F). Unfortunately, there was indication early in the review process that there were challenges with the implementation of the policy and implementation of the Informed Decision-Making Tool. The State regularly monitors completed tools and resolves issues. It is also unlikely that a review will occur for every individual on in-reach in the near future. The State began this process in FY 2021 and LME/MCO in-reach staff conducted 509 reviews by July 7, 2022. Only 29% of in-reach encounters in the fourth quarter of FY 2022 were face-to-face.

(C) Recommendations

1. The number of individuals admitted to ACHs is decreasing, as reflected above. However, it is important that the State and LME/MCOs continue periodic diversion quality reviews as an outcome of the RSVP process. If these reviews reveal problems and barriers, the State and the LME/MCOs should take action to remediate these problems. These reviews should focus on:

a. The timeliness of the diversion process.

b. The reasons for admissions on a systematic and routine basis to determine if patterns exist and if diversion could have been possible and, if not, whether State can remove obstacles and barriers to individuals moving to community settings if that is their choice.

c. Determining if there is accessible and available housing, including bridge housing; assertive engagement; 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.

d. Whether the individual and guardian received adequate education and information about these services and supports.

2. The State and LME/MCOs have already given significant attention to improving the RSVP process, 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. This education should include information and education on eligibility criteria for presenting problems, diagnoses, and risks of ACH placement.

3. The State should 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, refer barriers to the State Barriers Committee.

4. The State should continue to ensure public 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 staff have effectively addressed their concerns.

In summary, the State has made significant gains in diverting individuals who choose community living with TCL resources rather than admission to ACHs. This continues to be a positive sign that the State is shifting from an institution-based to a community-based mental health service system for adults with serious mental illness.

VI. QUALITY ASSURANCE AND PERFORMANCE IMPROVEMENT

Major Categories	Summary of Standards	Progress Towards Meeting the Requirements
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.	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 procedures.	The State is not yet meeting this requirement but is making significant progress to develop a QA/PI system and plan. The State has an active State Barriers Committee and initiated guidance for local Barriers Committees in April 2022. The State released its FY 2021 Annual Report in June 2022, nearly a year after that fiscal year ended. The State continues to meet the EQR and Quality of Life (QOL) survey requirements although the QOL instrument and approach has limited value compared to newer approaches providing more valuable feedback.
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.	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.	The State is meeting the intent of this requirement. The committee's charge is to review progress and challenges on critical issues. The SA requires LME/MCOs to report on discharge-related measures and identifies the measures for reporting. This does not concur as referenced in the SA. Instead, State staff report on barriers, challenges meeting requirements, and measures and initiatives to meet requirements. These are important topics for an oversight committee.

Major Categories	Standards	Progress Towards Meeting the Requirements
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.	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.	The State is meeting this requirement. There have not been any changes in the QOL Survey in FY 2022. The QOL approach relies on provider-administered reviews which meets this requirement, but only provides limited information to use in quality improvement. More recent and reliable methods for consumer satisfaction rely on third-party or independent administrators who can likely solicit information that providers cannot solicit since they are so integrally involved in the individual's experience. Other jurisdictions rely on individuals with lived experience to conduct these surveys.
Section III. (G)(6) The State shall complete an annual LME/MCO External Quality Review (EQR) process.	The meets specific EQR requirements in 10 areas. An external EQR organization completes this review annually.	The State is meeting this requirement. The EQR organization has previously taken proactive steps to include a review of TCL policies, conduct TCL staff interviews, and record reviews.
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.	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.	The State is not meeting this requirement. 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 but does not measure stability in housing other than supported housing as required in the Agreement.

Major Categories	Standards	Progress Towards Meeting the Requirements
Section III. (G)(7) 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 described above.	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.	The State published its FY 2021 Annual report on its website in June 2022. This is a much more detailed and informative report than earlier years but will have limited impact since published so late in the year and reveals gaps on reporting performance and outcomes. The State anticipates completing a Quality Assurance/Performance Improvement Plan and implementing a quality assurance system beginning in late FY 2023 or early FY 2024. This will likely enable the State to provide more complete details of the quality of services and supports provided by the State and community providers using data collected through various processes including quality improvement projects, EQR, the State's TCL Incentive Plan, other performance measures, and contract deliverables.

(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, has 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.

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. They 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 includes: (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.

Mathematica has taken the lead, working with State staff, to develop processes and tools foundational to TCL quality assurance and performance improvement. The Mathematica team will continue to lead the effort and transition the system operations to DHHS by June 30, 2023. This will be an iterative process over the 2023 fiscal year with DHHS staff taking on more responsibility for the transition over time. It will then be possible to review the State's ability to manage the system in the first six months of FY 2024. Based on a review of their work and support from DHHS, if implemented, the State would fulfill requirements in **III. (F) (1-4, 7-8)** in FY 2024.

Mathematica, DHHS, and NC HFA staff have already completed major tasks in three areas: performance measurement planning, data management and analysis, and developing a system to develop more timely data as a precursor to drafting a new QA/PI plan. Mathematica has 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 manage this system going forward. The team completed business rules and specifications for calculating TCL performance measures.

Based on a recent demonstration of the TCL data analytics platform created as a result of this work, the team has successfully identified the key data sources, data marts, and member monthly analytics files to produce a functional data dashboard.

The team will now specify and calculate additional measures, refine the platform[47], and complete data quarterly refreshers during FY 2023. The team's work toward developing a new QA/PI plan will include engaging staff to co-design a system to ensure an effective QA/PI system. The team's goals for the coming year also include convening a new Quality Assurance Committee, conducting projects following the Model for Improvement Framework, and supporting data reporting and analysis across TCL services and supports.

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 for the State in meeting Settlement requirements is that these processes are the responsibility of six separate DHHS divisions, the HFA, LME/MCOs, and service providers. As reported in previous Annual Reports, 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.

What is not yet clear is if the LME/MCOs' approaches to their QA/PI meet this test as referenced in the Community Based Community Mental Health Services section of this report. Three of the LME/MCOs are further along in their understanding of and focus on both QA/PI conditions.

The Senior Advisor to the Secretary on the ADA and *Olmstead* has placed importance on cross-division collaboration for performance improvement in the past. These efforts have succeeded in creating the State Barriers Committee, the NC Housing Finance Agency staff utilizing the CLIVe housing management system for reporting and monitoring valuable supported housing information and creating a dashboard for daily decision support, and the Division of Medical Assistance establishing a system for monitoring Institutions for Mental Disease (IMDs) as referenced in the Discharge and Transitions Process section of this report.

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

This year the Senior Advisor and her team, with assistance from DMH Quality Management staff, created an additional initiative to assist LME/MCOs improve performance through an LME/MCO specific TCL Incentive Plan (TIP). State TCL staff introduced the TIP to the LME/MCOs in February 2022. 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. Since the initiative is underway, it is important to highlight the State's work to assist LME/MCOs to focus on relevant performance improvement measures. 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 extends through FY 2023. The State is investing significant resources in this initiative.

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 with individuals in adult care homes to definitely determine 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.

The State is also using start-up funds for LMEs to meet the staffing and other requirements for the Complex Care initiative referenced in the Services section of this Report, to add Peer In-reach Extenders and develop a plan to increase use of federal Mainstream Vouchers. The State set performance targets for each LME to increase the number of individuals moving directly from adult care homes to occupying housing slots, including increases in the use of Mainstream Vouchers and Targeted and Key (LIHTC) resources. The state set quarterly performance targets for reducing SH separations. The State is also planning to roll out Supported Employment performance measures in FY 2023.

The Carolinas Center for Medical Excellence (CCME), a qualified External Quality Review Organization, conducts an External Quality Review[48] (EQR) of each LME/MCO annually. The CCME team has gained knowledge of and expertise in the Settlement Agreement obligations and

[48] EQR is the analysis and evaluation of aggregated information on quality, timeliness, and access to the health services that a managed care plan and its contractors furnish to Medicaid beneficiaries [see 42 C.F.R. § 438.320]. In North Carolina. The EQR conducts an annual review with each LME/MCO.

provides an excellent review of each LME/MCO's responsibilities for TCL recipients, including reviewing records and policies and interviewing key staff.

The State has not yet completed its FY 2022 Annual Report for a review at this point.

(B) Findings

1. The State is still in the process of developing the required QA/PI monitoring system in accordance with the required quality assurance and performance monitoring system as referenced in **(G)(1)** and concomitant requirements in **(G3), (G4), and (G7).** As stated above, Mathematica has led the work to develop the processes and tools foundational to the required quality assurance and performance improvement system. The State, with Mathematica's assistance, will begin to assume more responsibility for the system and take over operations by the end of June 2023.

2. The State continued to take steps necessary to meet the Transition Oversight Committee requirements in **(G)(2)** in FY 2022**.** The committee met quarterly. According to the Settlement Agreement, the Committee's role is to monitor monthly progress of the implementation of the Settlement Agreement. The SA requires LME/MCOs to report on discharge related measures and identifies the measures for reporting.

   The Committee's membership is somewhat different than stated in the Agreement and the committee's responsibilities are somewhat different. Key State staff comprise the membership and the focus is broader and somewhat different than reporting on monthly discharge-related measures. State staff report on barriers to and challenges meeting requirements. Staff also report on performance measures and initiatives to meet requirements.

3. The **(G)(3)** requirements specify steps the DHHS agreed to take to meet QA/PI requirements. The State will be completing the phase-in of protocols, data collection instruments, and database enhancements for ongoing monitoring and evaluation as required in (**G)(3)(a)**. Five databases are essential to this process: (1) the TCL database (TCLD); (2) NC Tracks, the state's multi-payer Medicaid Management Information System; (3) the NC Treatment Outcomes and Program Performance System (NC-TOPPS); (4) HEARTS, an interactive health data set; and (5) the Community Living Integration Verification (CLIVe), a tracking and management system. The HFA and DHHS developed CLIVe to collect and manage housing development and rental programs, established through SocialServe's[49] tenancy issues tracking process.

   The State with assistance from Mathematica is integrating data sources, transforming raw data and creating analytic files for on-going monitoring and evaluation and capturing data regarding personal outcomes, including those listed in **(G)(3),** especially the number of repeat

[49] SocialServe is an organization that provides online housing location services.

admissions, number of people employed, attending school, and engaged in community life. Since signing the SA, the State has also identified other important measures, referenced in both the Incentive Plan and on the dashboard Mathematica, the HFA, and DHHS are creating.

4. The State, with Mathematica's assistance, is beginning to report on the frequency of services. This is a vital indicator to determine trends in housing and services retention and engagement in IPS services. This also enables the State to assess the relationship between the array, intensity, and frequency of services with housing stability and individuals getting support to obtain and sustain employment.

   The State has historically reported on developing and implementing the following: uniform tracking of institutional census **(G)(3)(b),** a standard report to monitor institutional patients' length of stay and hospital readmissions **(G)(3)(c),** but not on community tenure for individuals not living in SH.

5. The Settlement Agreement requires the State to publish a template for its annual progress report in **(G)(3)(f).** The State can meet this requirement by developing a template, with the assistance of Mathematica, prior to submission of its Annual Report for FY 2022.

6. As referenced above, the State is moving toward establishing an effective Quality Assurance system through its work with Mathematica as required in **(G)(4)**. The State has developed a timetable to phase in implementation and Mathematica turns over operational responsibility to the State at the end of FY 2023. The State has developed strategies to overcome barriers and collecting, aggregating, analyzing, and reporting data and trends related to in-reach, community transitions, and sustainability. This requirement includes the State collecting and analyzing data on "person-centered discharge and placement efforts." There is not yet sufficient evidence that the strategies under consideration are person-centered. The FY 2022 spring reviews continued to reveal that discharge planning and services and supports to assist individuals to maintain housing are formulaic and focused on utilization management metrics. The system does not lead staff to assist an individual or their recovery goals essential for effective placement and sustainability.
7. According to the FY 2021 TCL Annual Report, the State met the **(G)(5)** requirement for the Quality of Life (QOL) Surveys in FY 2021. The FY 2022 report is not yet available, but the State has continued to meet the basic QOL requirements as set forth in the Settlement Agreement.

8. The State's annual audit of LME/MCOs by the Carolinas Center for Medical Excellence (CCME), consistent with C.F.R. 438.58, fulfills the EQR requirement **(G)(6).** The EQR continues to be a relevant review process for TCL. It includes reviews of policies and procedures, individual records, job descriptions, access issues, and transition processes. LME/MCO staff have the opportunity to identify key TCL initiatives.

9. The above-referenced findings for **(G)(1) (3) and (4)** and background on Incentive Plans illustrate the State's intent to evaluate if the LME/MCOs developed and met goals (established outcomes of increased integration, stable integrated housing, and decreased hospitalization and institutionalization). This requirement also refers to the State assessing whether or not there is action needed to achieve these goals. The State is assessing and taking action on outcomes related to stable integrated housing, decreased hospitalization (from SPHs), and institutionalization. The State still needs to assess community integration and take decisive action when needed. The State is collecting some of this information through NC TOPPs and through Community Inclusion pilots but has not conducted a systematic review to determine to what extent integration is occurring beyond individuals moving into a rental unit. The spring FY 2022 individual reviews revealed a significant lack of support of individual's choices and for individual's integration into the community.

10. The State published an Annual Report for FY 2021 on the DHHS website as required in **(G)(8)** after the Reviewer issued her draft Annual Report to the parties. This report has been issued annually. The State has improved the report both in its detail and with data collected from reports 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 the State captures the challenges it faces in meeting the terms of the Settlement.

    The State is taking major steps, with the support of Mathematica, to report the intensity, frequency, and duration of services and to show the relationship between array, intensity, and frequency of services with housing stability in future reports.

(C) Recommendations

1. Complete the design of the quality assurance and performance improvement plan and monitoring system as required in the Settlement Agreement and develop the capacity to manage the system within the *Olmstead* Planning Office and 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*. Evaluate and incorporate systems level recommendations from Mathematica and the *Olmstead* Plan Stakeholder Advisory (OPSA) Committee. Track the State's progress on meeting and sustaining the Settlement Agreement

requirements and report the results to relevant decision makers, the LME/MCOs, service providers, and stakeholders on a regular basis.

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 and this warrants a review. The Committee reviews current, relevant measures listed in the Agreement and additional measures that have become relevant since the start of the Settlement Agreement period.

   The Committee should monitor and explore challenges for items for which they have responsibility, take appropriate action, and report back to the Committee on progress at subsequent meetings. The Committee should add individuals with lived experience to help inform the discussion and actions. This recommendation is relevant to both the State Barriers Committee and local Barriers Committees.

3. As referenced in the Community Based Services section of this report and in the FY 2021 Annual Report QA/PI recommendations, identify LME/MCO responsibilities more specifically and stipulate clearer network management and service level performance expectations. Complete this analysis and establish guidance for performance expectations in DMH and DMA contracts. Analyze information already provided prior to adding new requirements.

   The State's QOL requirement is simply to implement three surveys at specific points in time. This traditional model relies on providers and LME/MCO staff administering surveys. Over the last three decades, state and local programs have undergone a major shift in how consumer and family voices and opinions are shaping the State's delivery system. One-way provider communication has shifted to two-way communication with individuals' choices and goals considered paramount and essential. This shift includes measuring individuals' satisfaction with services and their quality of life. Qualitative interviews combined with short surveys, with fewer questions, are demonstrating more reliable results and staff interviews are often showing predictable but less useful information as individuals are often concerned about how staff might perceive their opinions.

   There is a growing body of evidence that there are mediating variables to take into account when measuring quality of life and satisfaction with services. For example, there is evidence that older adults and/or individuals with more serious illnesses express more satisfaction with services, housing, and supports, and a higher quality of life. This is likely due to older individuals accepting their life is changing. More importantly this demonstrates that there are often factors influencing satisfaction that best recognized through an interview than rather than using a questionnaire to determine satisfaction.

SUMMARY

This report demonstrates the challenges the State faces meeting major requirements agreed upon in this 2012 Settlement Agreement and extended through multiple modifications. The State met one major additional requirement in FY 2022, exceeding the requirement to fill 3,000 housing slots by an additional 88 slots by the end of FY 2022. The State's progress in meeting major housing requirements for 2,000 individuals living in ACHs to exit and occupy supported housing slots was negligible.

The State exceeded its FY 2021 performance in meeting two Pre-Screening and Diversion requirements**.** The State also demonstrated progress but fell short of replicating gains made in FY 2021 ensuring individuals get permanent housing with tenancy rights and ensuring individuals get a choice in their daily living activities. The State did not meet the requirements in three major sections of the agreement: Community-Based Mental Health Services, Supported Employment, and Discharge and Transition Processes. The State is making progress meeting Quality Assurance and Performance Improvement requirements.

Many dedicated individuals, state psychiatric hospital, LME/MCO, and service provider staff worked tirelessly this year to assist individuals to move to and continue to live in their own home even in light of workforce issues, huge rental rate increases in urban areas, and challenges created with the Cardinal dissolution.

The State's efforts to meet the SA's requirements for community-based mental health services, supported employment and discharge and transition process still fall short of the effort required to transform the services system and ensure the focus is on listening and including individuals in making their own life choices. The State's processes established to improve systems are still often built on the existing culture, beliefs, and structures rather than creating a new more recovery-oriented system. Likewise, creating a new design can lead to time consuming and redundant processes and created in a unilateral rather than collaborative manner. Without additional changes and attention to state and local systems that recognize these potential challenges, the system transformation this SA requires will remain incomplete.

APPENDIX

STATE and LME/MCO MEAN SCORES AND RANGE OF SCORES ON SETTLEMENT AGREEMENT REQUIREMENTS IN FORTY-THREE SUPPORTED HOUSING, COMMUNITY-BASED MENTAL HEALTH SERVICES, DISCHARGE AND TRANSITON PROCESS AND SUPPORTED EMPLOYMENT REQUIREMENTS

TABLE 1: STATE SCORES BY SETTLEMENT REQUIREMENT CATEGORY

All Items	Mean Score
Discharge/ Transition Process (III.E. requirements)	
Transition Plan: individuals get info in timely manner and informed of options	**1.62**
Transition Coordinator/Team meets responsibilities	**1.63**
Transition information conveyed by staff	**1.64**
In-reach: frequent visits for information, education and to comm settings	**1.08**
In-reach 9E.2 and 4	**1.27**
Individual helped with disc. plan to achieve goals across all domains	**1.33**
Opportunity: Sufficient services & supports enables discharge to integrated settings	**1.69**
Plan Meets Required Criteria	**1.41**
Supported Housing (III.B. requirements)	
Access to Housing	**1.64**
Rights of Tenancy with Support	**1.94**
Location: access to their community, place of choice and to safe housing	**1.85**
Housing affords access to living activities & supports and meets accessibility requirements	**1.58**
Services (III.C. requirements)	
Access & Intensity to services & supports	**1.28**
Community based/evidenced & recovery focused	**1.07**
Services are flexible	**1.31**
Services are individualized & unique to the individual	**1.33**
Individuals supported to increase natural supports	**1.11**
Assistance to identify natural supports to avoid crises	**1.32**
Choice of supports and Tenancy support is provided as part of service provision	**1.36**
PCP is current, individualized, recovery focused & community based	**1.07**

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Bar Chart 1:
State Mean Scores
(from high to low)

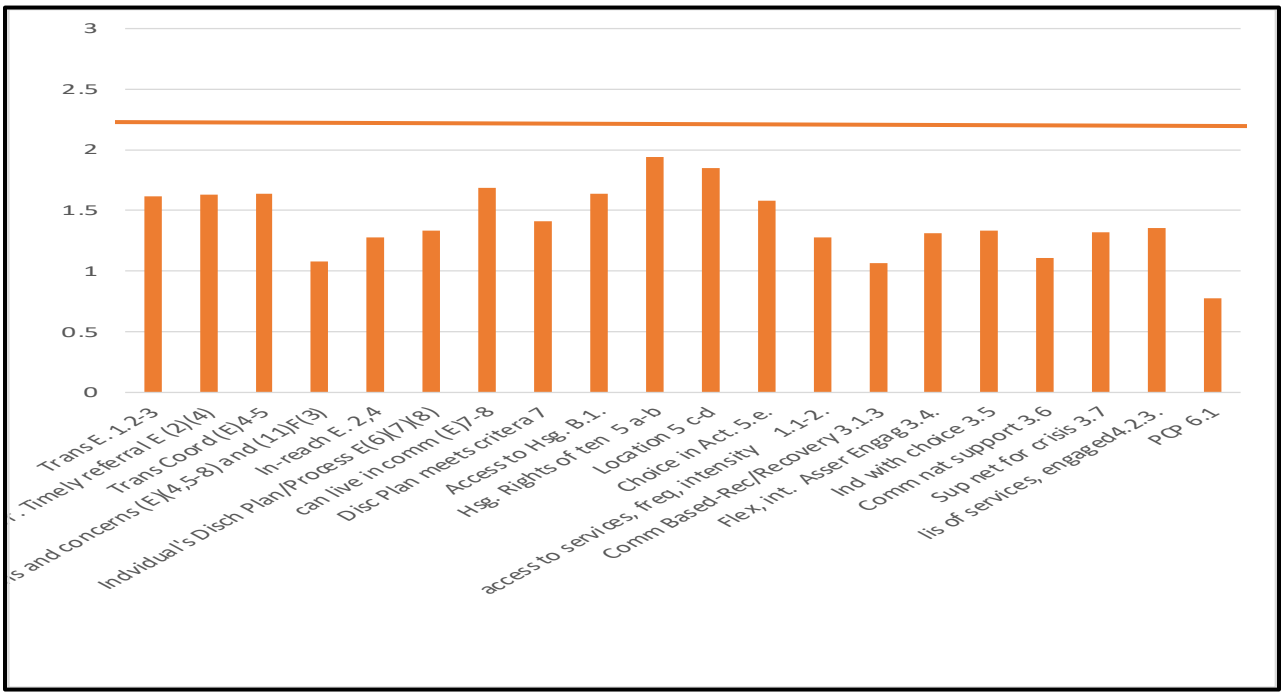
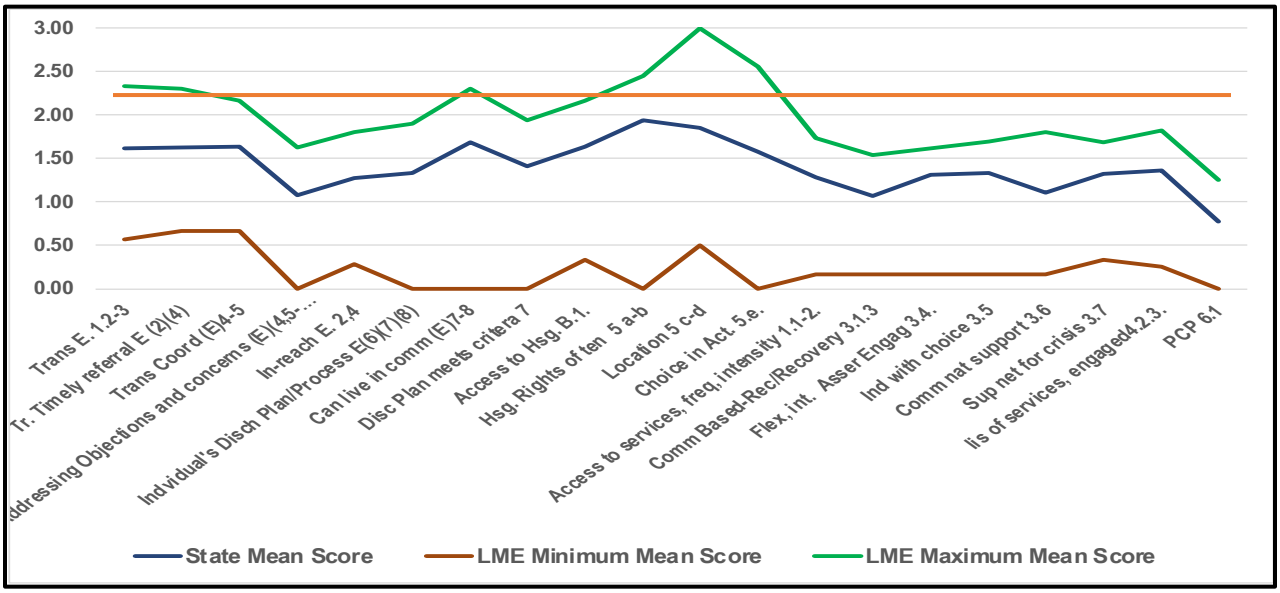


Chart 1:
Statewide Range of Scores



Blue line is a score of 2.2; the state needs to attain this score on reviews and provide supporting documentation to meet the requirement for this item(s)

Chart 2: LME/MCO Range of Scores

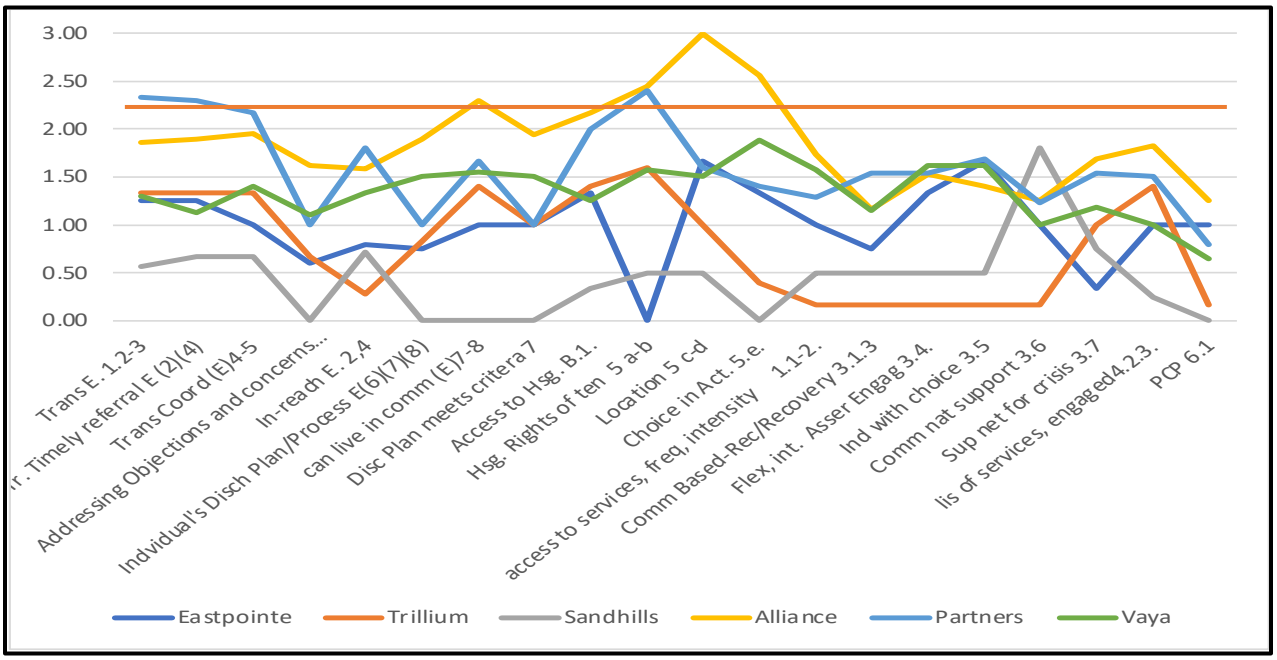
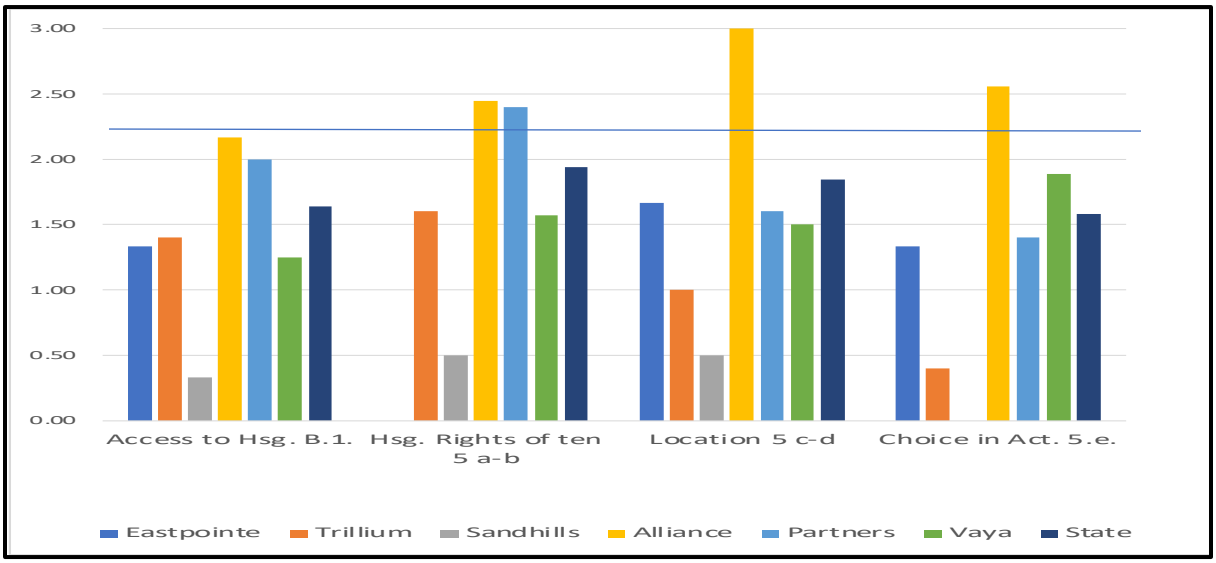


Chart 3: Comparison of Scores over Past Three Reviews[50]

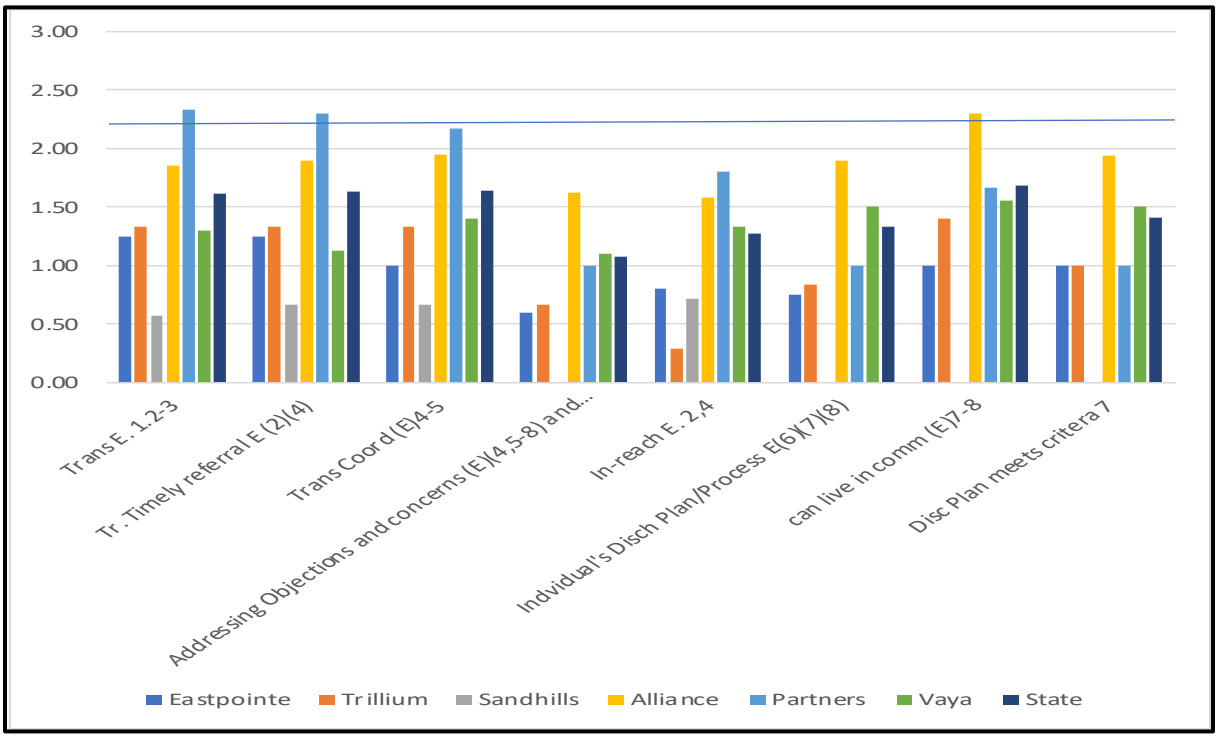
[50] The only reviews conducted in the fall of 2021 were in the Trillium, Eastpointe and Sandhills catchment areas.

Bar Charts 2-5: Items Scored by Settlement Sections: Housing, Discharge, Transition and Diversion Processes, Community-Based Mental Health Services[51] By Each LME/MCO

Supported Housing Requirements

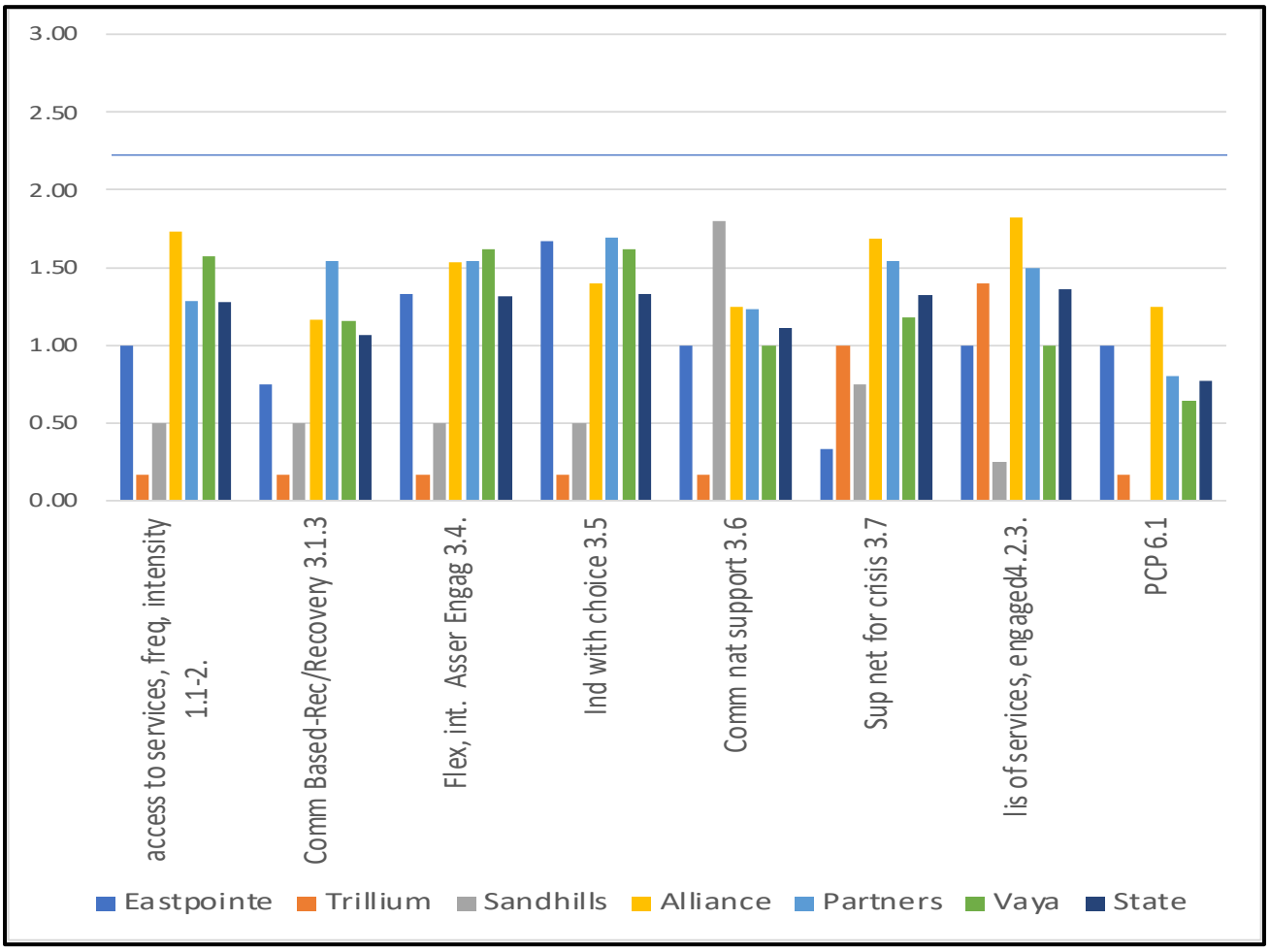


Discharge and Transition Processes[52]



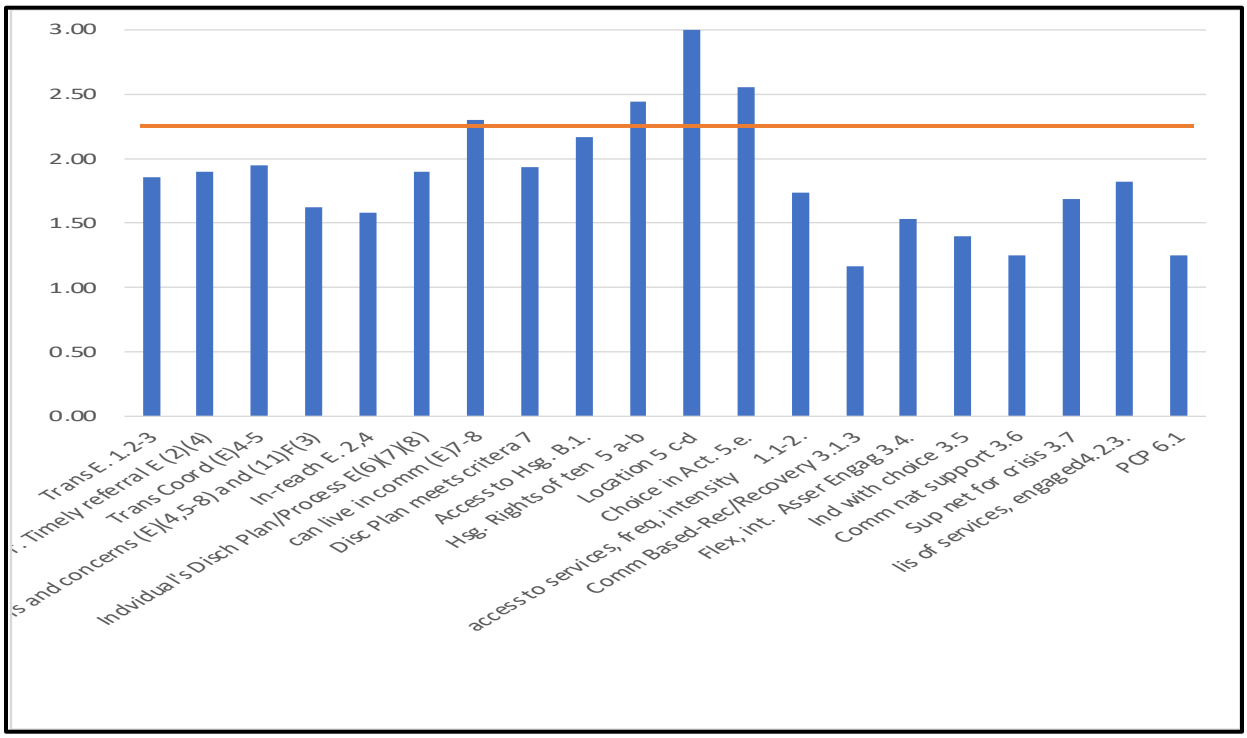
[51] There was not sufficient progress in meeting Supported Employment requirements to present on a chart.
[52] Diversion is scored separately by transition processes are followed by individuals diverted from ACHs.

Community-Based Mental Health Services

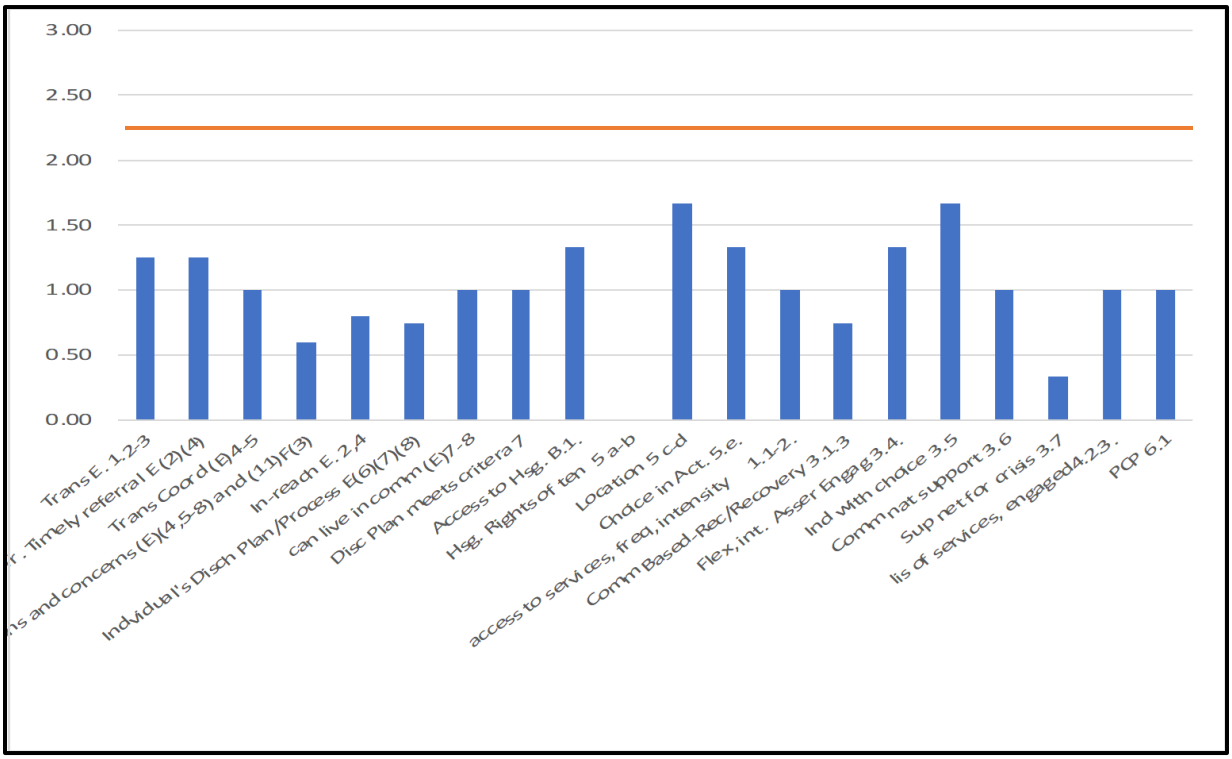


Bar Graphs 6-12 Individual LME/MCO Scores:

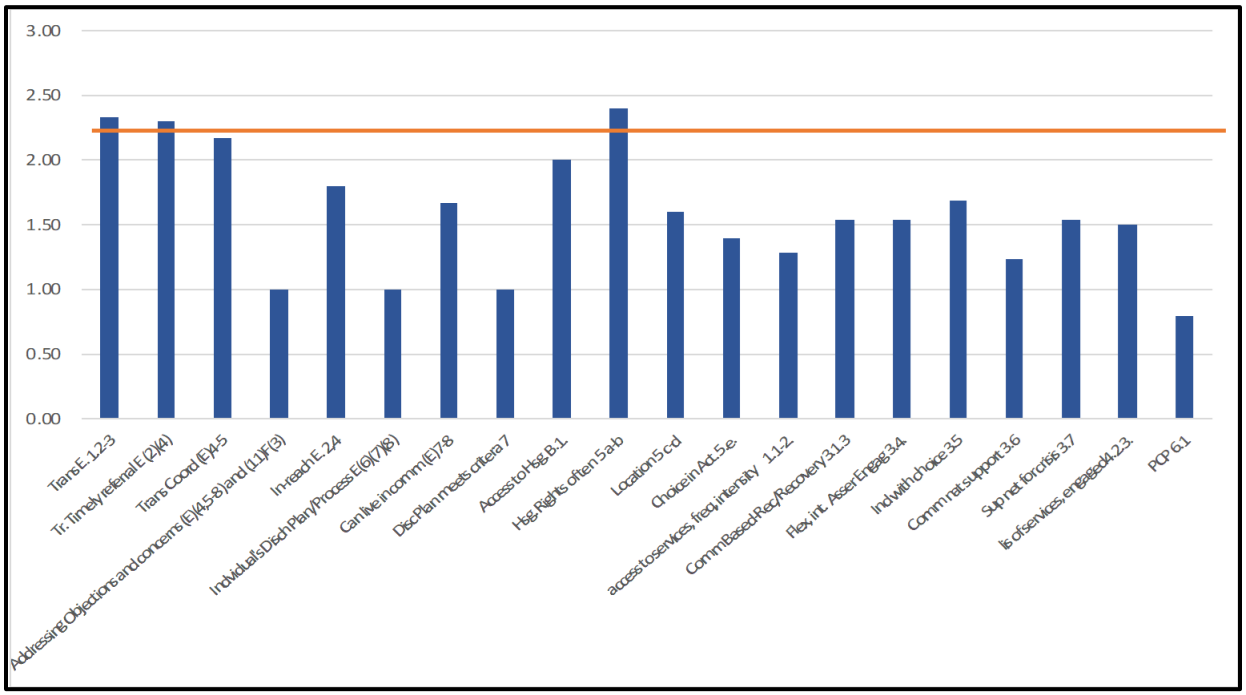
Alliance



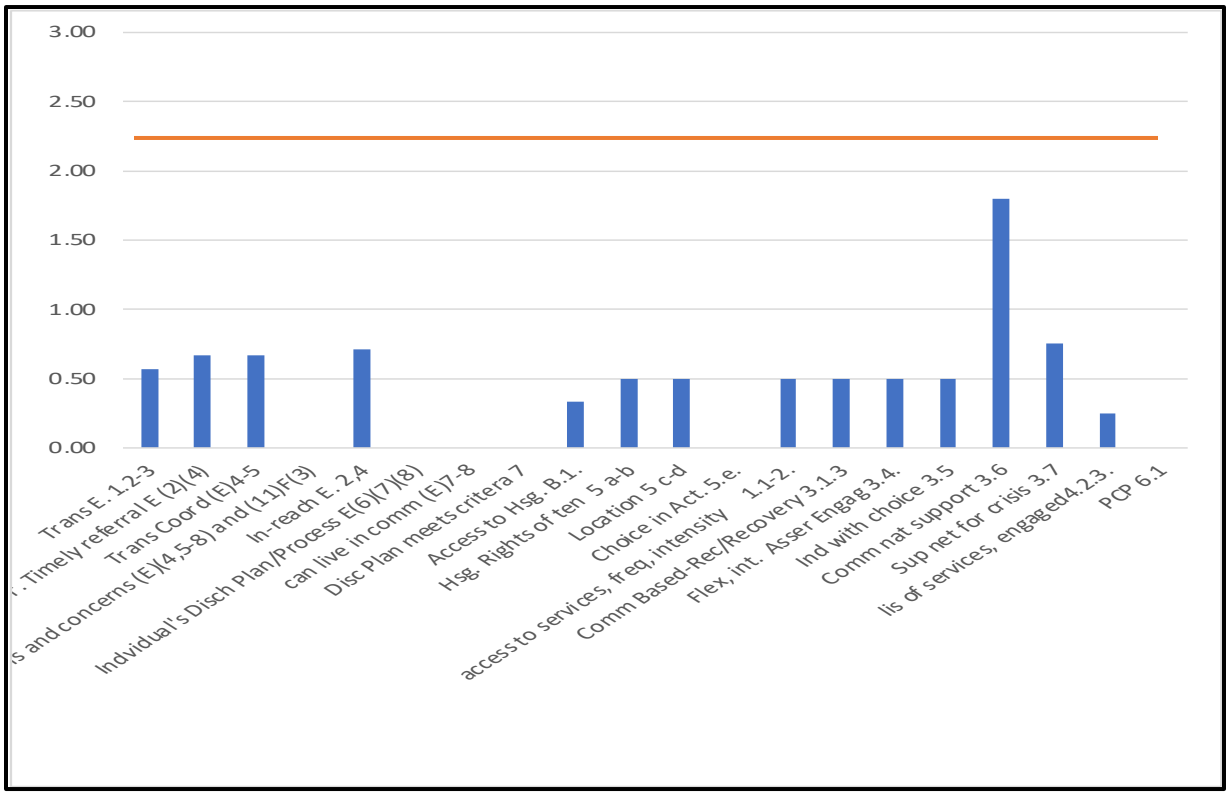
Eastpointe



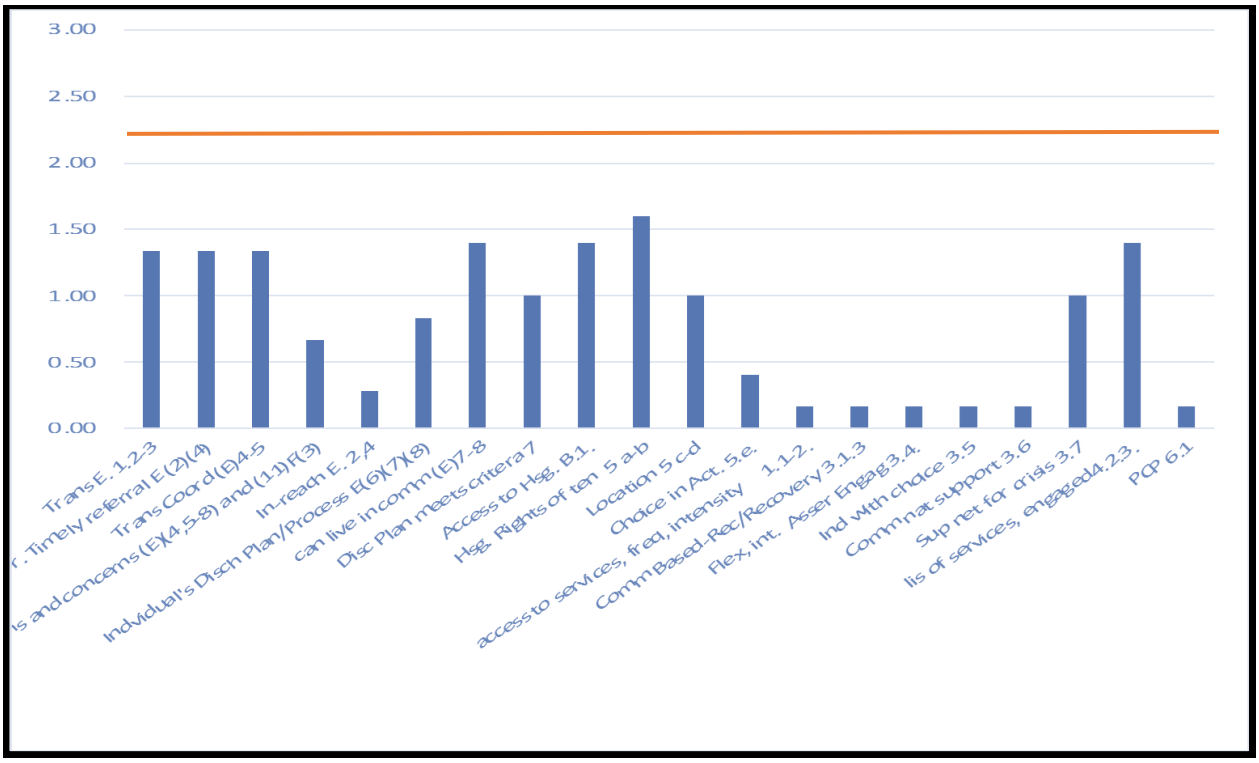
Partners



Sandhills



Trillium



Vaya