



Investing in Behavioral Health and Resilience:

A comprehensive plan to strengthen North Carolina's mental health and substance use disorder treatment system

March 2023

North Carolina has a mental health and substance use crisis.

BEHAVIORAL HEALTH MATTERS TO ALL OF US.

Behavioral health is essential to health. When a person has a mental health or substance use condition, it can limit their ability to work, to parent, and to engage in their community. More than two million North Carolinians have a mental illness, and more than one million have a substance use disorder.

High school reunions are missing entire friend groups, lost to suicide or overdose. Parents are scouring the streets at night, carrying naloxone to save someone from an overdose, because they could not save their own child. We all know someone with anxiety or depression. Maybe that person is us.

Investing in behavioral health is a smart investment in lowering overall healthcare costs and keeping a strong workforce. For example, untreated depression can lead to decreased self-care, such as not taking prescribed medication for diabetes, which can result in expensive hospitalizations for diabetic crises.

MORE PEOPLE THAN EVER HAVE MENTAL HEALTH AND SUBSTANCE USE DISORDER NEEDS.

- **Rates of depression and anxiety have almost quadrupled.** From 2019 and 2021, the percentage of Americans reporting symptoms of anxiety or depression rose from 11% to 41%.
- **Drug overdose deaths jumped 72% in two years.** In 2021, we lost 4,041 North Carolinians – 11 each day – to drug overdoses. This is the highest number of overdose deaths NC has recorded in a single year, breaking the record set in 2020.
- **Youth suicides doubled in the last decade.** Suicide is the second leading cause of death for youth ages 10-18 in North Carolina.
- **Over 50 children sleep in emergency departments and DSS offices each week.** North Carolina children with complex behavioral health needs require placements with strong supporting services. Until those spots and treatments are available, they have nowhere else to go.

WE ARE GETTING WHAT WE PAY FOR.

North Carolina's behavioral health system has been stretched and under-resourced for decades, making it hard for many people to get help. In some areas, care is not available; 28 counties have no psychologist. We've also long underfunded our child welfare system, ranking last in per-child funding among peer states with decentralized systems.

As a result, over half of North Carolina adults and children with mental illness receive no treatment.

North Carolina ranks last in the country for children's access to mental health care.

\$1 Billion *So that every child and adult in North Carolina can get the mental health and substance use disorder help they need, when and where they need it.*

YOU CAN'T BUILD A HOUSE WITHOUT LAYING THE FOUNDATION:

Mental illness is incredibly common. We know based on national [survey data](#) that more than 1 in 5 American adults experienced mental illness in 2021, but less than half of those individuals received any mental health services.

As a result, more people reach the point of behavioral health crisis and need more costly and complex crisis services or even inpatient psychiatric care. Yet when treatment is most needed, options may be limited. Psychiatric hospitals and inpatient units lack enough beds for all the people, especially children, who need short-term, stabilizing treatment. Data tells us there are beds sitting empty due to the workforce shortages and financial factors.

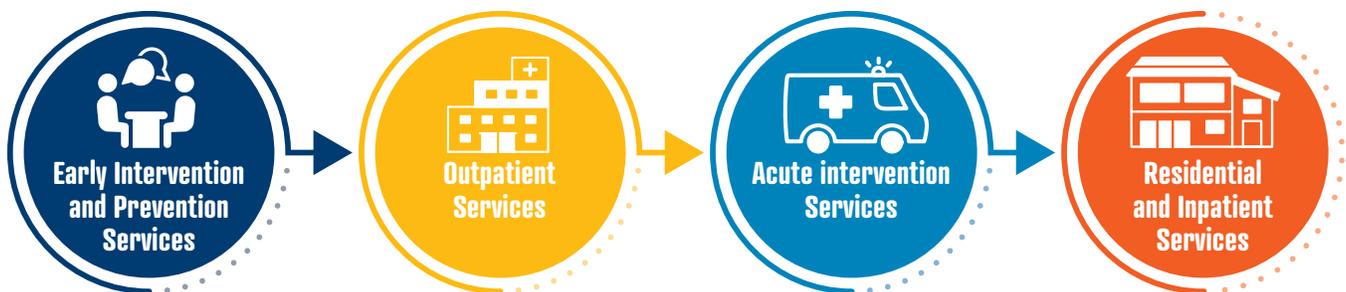
The behavioral health system that treats people in crisis needs transformational change. In addition, the key to improving behavioral health for the greatest number of people lies in providing access to treatment and support before people reach a crisis point:

- **Expand Medicaid** to reduce the number of people who don't have health insurance to access the behavioral health services they need.
- **Develop a plan to achieve real parity between physical and behavioral health:** According to a 2019 Milliman report, insurers nationally reimburse 23.8% more for primary care services than behavioral health services. A critical step is increasing reimbursement for behavioral health services. Insurance coverage for mental health and substance use disorder treatments should equal coverage for other medical conditions, so that a hospitalization for a child's suicidal crisis or asthma attack is covered similarly, creating equal access to both.



North Carolina needs smart investments across the entire continuum of care and in our behavioral health workforce.

Too often, the front door of our behavioral health system is crisis care because people don't get help until they reach a crisis point. To make our behavioral health system work for everybody, we need to make smart investments at each step within the continuum of care, from prevention services to outpatient treatment and from acute intervention to residential and inpatient services:



IMPORTANT WORK IS ALREADY HAPPENING ACROSS THE CONTINUUM OF CARE, BUT MORE IS NEEDED.

North Carolina already has critical work in progress to strengthen its behavioral health system. In 2022, NCDHHS launched the new 9-8-8 number, a faster and easier way to access mental health crisis services. In 2023, it implemented a new centralized registry with a real-time inventory of available beds to help



providers quickly find appropriate treatment for patients, reducing delays and long stays in emergency departments. NCDHHS also launched capacity restoration pilots, which work with court-involved patients in jails and the community so they can proceed to trial. This work has typically been done in a state psychiatric hospital, and this pilot can free those beds for other patients, reducing their wait times.

A STRONG BEHAVIORAL HEALTH SYSTEM REQUIRES A STRONG AND INCLUSIVE WORKFORCE.

Nearly 300 beds in inpatient state psychiatric facilities that people need can't be operated due to staffing shortages. With turnover rates above 50 percent in some cases, county Departments of Social Services don't have enough child welfare staff to meet the needs of children and families in their communities. The same is true for many behavioral health providers serving children.

North Carolina's system can work for everyone only if we address workforce challenges that slow and limit people's ability to get help when and where they need it. Doing that successfully will require both an immediate focus on recruiting and retaining workers, as well as working with community colleges and universities to build stronger pipelines to educate and train more workers in needed areas.

THIS PLAN OUTLINES THE MOST CRITICAL NEEDS AT EACH STEP ACROSS THE CONTINUUM OF CARE.

This includes investments in the workforce needed to create success in each part of the system. These investments work together to build a behavioral health system that meets people where they are and saves lives. In some areas, policy recommendations are included that complement the investments.

GOALS FOR THESE INVESTMENTS:

- ➔ More people will be able to access **affordable mental health and substance use disorder treatments**.
- ➔ **More behavioral health providers** will be available to provide services when needed.
- ➔ **Fewer people will experience behavioral health crises** because there will be more early intervention and prevention services to meet them where they are in communities and schools.
- ➔ When people do experience a crisis, there will be **faster, better ways to get them help**.
- ➔ **Our inpatient psychiatric hospitals' capacity will better meet the demand** thanks to a stronger and better-compensated workforce and more step-down options to less intensive care.
- ➔ **Fewer children will be "living" in emergency departments and DSS offices** because there will be more prevention services and more appropriate placements available.

IT ALL STARTS WITH MEDICAID EXPANSION.

North Carolina should take the single most important step for improving access and affordability for behavioral health care: expanding Medicaid. Timely expansion will give North Carolina a \$1.8 billion one-time "signing bonus" from the federal government. The highest priority for that bonus must be making smart investments in our mental health and substance use system across the entire continuum of care.

Key investments in three areas will deliver results.

Our approach has 3 parts: 1) Make behavioral health services more available when and where people need them; 2) Build strong systems to support people in crisis and people with complex needs; and 3) Enable better health access and outcomes with data and technology. Specialized services for our intellectually and developmentally disabled community members are addressed [in a separate plan](#).

1 Make behavioral health services more available when and where people need them

Raise Medicaid Rates for Behavioral Health Services (*\$225 million for three years*)

Reimbursement rates have not been updated since 2013 and need to reflect the actual cost of providing care. Providers of treatment for mental health and substance use disorder treatment face the same dynamics as any other business: if you aren't paid enough to cover your expenses, you can't operate. When providers can't keep their doors open, they aren't available when any of us need them, especially in rural communities. This amount will cover three years of increased rates. Ongoing funding would be needed to sustain rate increases beyond that.

Improve access to routine, integrated care in communities and schools (*\$175 million*)

Behavioral health is not a "specialty" level of care. Everyone needs access to it. We need to ensure access to quality community-based behavioral health treatment, including:

- **Pay startup costs so primary care practices can adopt the Collaborative Care model,** which gives adults and children easy access to proven behavioral health care practices at their regular doctor's office.
- **Expand access to youth behavioral health supports in schools.** Nearly half of North Carolina high school students feel sad or hopeless, and one in five have considered suicide. We need to meet them where they are in our schools, university/college campuses and communities. We need further investment in school-based telehealth, health documentation systems for schools, links from schools to community resources and other locally driven solutions for student's behavioral health.
- **Expand Certified Community Behavioral Health Clinics and specialized primary care** for people with serious mental illness. One size doesn't fit all, and these evidence-based models are shown to improve both behavioral and physical health outcomes.
- **Strengthen our behavioral health workforce in communities statewide.** We need to make it financially viable for more behavioral health providers to practice across the state, especially those who accept Medicaid patients. Clinical loan forgiveness and free training opportunities in specialized treatments can help attract and retain more providers in underserved areas and invest in them so they can help fill critical gaps in the kinds of care that are available across the state.
- **Extend mental health education to the public** to combat stigma around mental health challenges and raise awareness of what help is available.
- **Policy recommendations:**
 - Advocate for more federal investment in behavioral health training and education. This includes not only physicians but also other behavioral health providers such as counselors and social workers.

Address the intersection of the behavioral health and justice systems (\$150 million)

Serious mental illness affects 15 percent of men and 31 percent of women in jails. Around 85 percent of the prison population has a substance use disorder or was incarcerated for a crime related to substance use. North Carolina needs more alternatives to incarceration, more available treatment, and more support for those reentering communities after leaving prison.

- **Expand diversion and re-entry programs** to support treatment and avoid incarceration for people with substance use disorders, serious mental illness, or intellectual and developmental disabilities.
- **Increase access to community- and jail-based capacity restoration.** A court may determine that someone charged with a crime is not capable to go to trial because they have a behavioral health condition or intellectual and developmental disability. While someone is incapable, all legal proceedings are on hold until that person can go through the process to restore their mental capacity. The state's capacity restoration system must allow people to get treatment in the least restrictive environment while optimizing use of our state psychiatric hospitals, historically the only location for these services.
- **Provide decision aids and educational resources for judges,** who often direct placements or refer people for capacity restoration when other services and treatments might be needed.
- **Policy recommendations:**
 - Review NC's involuntary outpatient commitment laws to further support treatment for people and avoid unnecessary incarceration or institutionalization.
 - Review current statute to fully support capacity restoration occurring in the community or in the least restrictive environment.
 - Study policy options, such as a Medicaid 1115 waiver, that support reentry health services for certain incarcerated individuals 90 days prior to release.

2

Build strong systems to support people in crisis and with complex needs

Build a strong statewide behavioral health crisis system (\$200 million)

All too often, the front door to behavioral health care is our crisis system, because people don't seek care or can't access it until they reach a crisis point:

- **Make our 988 hotline more effective** with upgrades such as offering first visits via telehealth and creating a "warmline" where peers who are in recovery can offer support.
- **Create more mobile crisis teams,** which provide immediate, on-site support to people experiencing a behavioral health crisis. We have fewer than 30 teams for 100 NC counties.
- **Enhance facility-based crisis centers and drop-in centers.** When people are in behavioral health crisis, they often need a place to get help other than the Emergency Department. These centers help ensure crisis care is available in communities and reduce overuse of EDs.
- **Create a statewide service (not law enforcement) to provide transportation** for involuntary commitments and voluntary admission. When someone is being committed to a psychiatric facility, they deserve dignity and efficiency. Transporting them in the back of a squad car criminalizes mental health issues and diverts law enforcement time away from public safety.
- **Invest in housing supports,** including community-based supportive housing for people with serious mental illness. Lack of housing creates crises and worsens chronic conditions.
- **Policy recommendations:**
 - Reduce access to lethal means using the strategies described in North Carolina's Suicide Action Plan, including implementing safe firearm storage practices.
 - Work with commercial payors to ensure financial stability for crisis providers.

Transform child welfare and family well-being (\$100 million)

Children pay the price as our strained child behavioral health and welfare systems reach breaking points. This includes more than 50 children with complex behavioral health needs every week who are sleeping in Emergency Departments and DSS offices because there is nowhere else for them to go. To help children and families cope, repair, and heal, and to avoid children being stranded in emergency departments or child welfare offices, we need:

- **Safe and stable homes.** More of North Carolina's children in foster care need to be cared for by extended family members, called kinship providers, or by foster parents. More kinship and foster parents will be able to care for children with behavioral health needs if they are provided with financial resources and behavioral health training and supports.
- **Assessments for children.** Children too often wait days or weeks for an assessment to identify what treatments they need. Community assessment teams are needed so children can be seen, wherever they are, by clinicians who specialize in working with children.
- **Treatment and supports.** We need to strengthen specialized youth behavioral health treatments. This includes community, residential and inpatient programs for youth with complex needs, such as intellectual and developmental disabilities and challenging behaviors, including programs that are specifically designed to divert children from emergency rooms. Together with stronger crisis services for children, we can keep children in the community, rather than in emergency rooms and child welfare offices. Specialized crisis treatment supports can keep 90% of children out of the hospital.
- **Invest in the child welfare and child behavioral health workforce.** A child in foster care is less likely to find a permanent home if their case worker leaves during their first year; the likelihood falls from ~75% to ~20%. Yet turnover in these positions remains high. County DSS agencies need flexible funding for more staff and better pay to recruit and retain child protective services workers. Facilities and treatment providers need adequate staff to provide services.
- **Policy recommendations:**
 - Implement a statewide specialty Medicaid managed care plan for children in foster care to ensure access to comprehensive physical and behavioral health services while maintaining treatment plans when foster care placements change.

Create sustainable hospitalization and step-down options (\$100 million)

State inpatient psychiatric hospitals offer the most complex level of care in the state. Even as demand increases, the capacity to operate these beds has decreased, causing a backup of patients in other parts of the system. Nearly 300 fewer beds are available due to staffing shortages, including nearly half of beds for children. North Carolina can meet the demand with enough workers to staff these hospitals and enough placements to safely discharge people.

- **Increase step-down funding and placements for state psychiatric hospital patients.** We need to discharge patients who are ready for less intensive care to their homes and communities to help them heal, keeping inpatient beds open for those who need more intensive care.
- **Invest in the workforce that operates inpatient psychiatric hospitals:** North Carolina has lost hundreds of inpatient beds at state facilities due to lack of qualified staff. Employees need competitive salaries and loan forgiveness to keep beds available for critical patient treatment.
- **Invest in key infrastructure for inpatient psychiatric facilities** such as electronic medical records and automated medication dispensing cabinets to ensure safety.

3 Enable better health access and outcomes with data and technology (\$50 million)

To ensure the system succeeds in improving health, more technology and data-driven decision making is needed to meet people where they are:

- **Pay telehealth startup costs for rural communities.** Rural telehealth programs expand access by serving people in areas where local providers are unavailable or too few. This program should be paired with broadband expansion efforts in the same areas.
- **Enhance the online centralized bed registry.** BH Scan tracks the daily inventory of available behavioral health beds to help providers more efficiently find appropriate treatment and avoid long stays in Emergency Departments. More integration, automation and real-time data exchange would make it more effective.
- **Helping under-resourced behavioral health providers use electronic health records and the NC Health Information Exchange.** Many mental health providers still use paper records. By helping under-resourced providers cover costs, more can use electronic records and share data, providing a full picture of a patient's long-term physical health.



KEY INVESTMENTS TO STRENGTHEN NORTH CAROLINA'S BEHAVIORAL HEALTH SYSTEM:

1 Make behavioral health services more available when and where people need them

- Raise Medicaid reimbursement rates for behavioral health services (\$225 million)
- Improve access to routine, integrated care in communities and schools (\$175 million)
- Address the intersection of the behavioral health and justice systems (\$150 million)

2 Build strong systems to support people in crisis and people with complex needs

- Build a strong statewide behavioral health crisis system (\$200 million)
- Transform child welfare and family well-being (\$100 million)
- Create sustainable hospitalization and step-down options (\$100 million)

3 Enable better health access and outcomes with data and technology (\$50 million)

\$1 BILLION total investment in North Carolina's behavioral health system

