

Social Services

The General Assembly made very few statutory changes relating to social services. Although the state's continuing budget crisis forced the General Assembly to eliminate or reduce spending for some social services programs, state spending for social services in general was not cut as much as many people feared it would be.

State and Federal Social Services Funding

State Funding

Department of Health and Human Services. The Current Operations, Capital Improvements, and Finance Act of 2002, S.L. 2002-126 (S 1115), provided \$141.8 million in additional funding for the state Department of Health and Human Services (DHHS). However, it reduced appropriations previously authorized to DHHS by \$189.5 million, resulting in a net budget cut of \$47.7 million (about 11 percent of the total amount cut from the state budget for 2002–2003) and an adjusted appropriation of \$3.6 billion for 2002–2003 (a 1.3 percent reduction from the department's previously authorized budget). General Fund appropriations to DHHS constitute approximately one-quarter of the \$14.3 billion 2002-2003 state budget.

Division of Social Services. The DHHS budget adjustments described above include \$2 million in new, nonrecurring state funding to support the adoption of foster children (offsetting reductions in federal funding previously used for this purpose), a reduction of more than \$2 million in state funding for the division's administrative and personnel costs (eliminating thirty-one vacant positions and thirteen filled positions), and a reduction of more than \$13 million in state funding for social services programs.

County departments of social services. The DHHS budget adjustments include a \$1 million reduction in state funding for the operating budgets of county social services departments and eliminate the ability of thirteen electing Work First counties to carry over unexpended state Work First Block Grant funds at the end of the fiscal year.

Medicaid and Health Choice. The DHHS budget adjustments also include:

- an additional \$82 million in state funding for North Carolina's Medicaid program (based on revised estimates of anticipated program costs),

- a reduction of \$65 million in previously authorized spending for the Medicaid program (achieved by imposing more restrictive eligibility policies, reducing reimbursement rates, and containing costs),
- a \$43.7 million reduction in the state's Medicaid reserve fund (to be used to fund current services), and
- an additional \$7.7 million to increase the enrollment of uninsured children in the state children's health insurance program (Health Choice).

S.L. 2002-100 (S 901) authorizes a one-time transfer of up to \$5 million in state funds to pay for Health Choice costs attributable to additional program enrollment.

Child day care, More at Four, and Smart Start. The DHHS budget adjustments described above include \$15 million in additional state funding for child day care subsidies (to offset reductions in federal funding and to reduce the waiting list for subsidized child care), an additional \$28 million to expand the More at Four preschool program, and a reduction of \$21 million in state funding for the Smart Start program.

Children with special needs. S.L. 2002-126 appropriates \$1 million to establish the Ruth M. Easterling Trust Fund for Children With Special Needs. The new fund will subsidize services not currently paid for with state funds for children with special needs. The fund may be used to provide respite services for adoptive children, foster children, and special-needs children at risk for out-of-home placement, to provide special-needs children with mobility equipment or surgery to repair congenital abnormalities, and to provide training to parents and caregivers of special-needs children. The DHHS Secretary must adopt rules to implement this new program and submit a report regarding use of the trust fund by March 1, 2003, to the Senate Appropriations Committee on Health and Human Services and the House Appropriations Subcommittee on Health and Human Services.

Federal Funding

Child Care and Development Fund Block Grant. S.L. 2002-126 appropriates \$150.2 million in federal funding for child care subsidies [not including \$72.8 million transferred from the state's Temporary Assistance for Needy Families (TANF) Block Grant].

Low-income energy assistance. S.L. 2002-126 appropriates \$25.6 million in federal funding for energy assistance, crisis intervention, weatherization, and related programs.

Social Services Block Grant. S.L. 2002-126 appropriates \$27.1 million for services provided by county social services departments (including \$4.5 million transferred from the state's TANF Block Grant for child welfare services), \$2.1 million for in-home services provided by county social services departments, \$3 million for child care subsidies, and \$20.7 million for other human services programs.

Temporary Assistance for Needy Families. North Carolina is entitled to receive \$349.7 million in federal block grant funding for TANF for 2002–2003 (approximately \$23.4 million less than in 2001–2002). S.L. 2002-126 appropriates \$129.4 million of these federal TANF funds for temporary cash assistance for needy families with dependent children (including at least \$4 million in additional funding due to increased caseloads resulting from continuing high unemployment and depressed economic conditions in the state), \$92 million for Work First Block Grants to counties, \$99.4 million for child care, and \$25.7 million for child welfare services (not including \$4.5 million transferred to the Social Services Block Grant).

The General Assembly eliminated or reduced TANF funding to support the adoption of children in foster care (\$2.8 million), to subsidize intensive family preservation services (\$1.8 million), and to provide teen pregnancy prevention services (\$3.5 million), but it partially offset these cuts by providing \$2 million in state funding for the special-needs children adoption fund; \$615,000 in state funding to the DHHS Division of Public Health for family planning services to reduce out-of-wedlock births; and \$570,000 in state funding to the Division of Public Health for the adolescent parenting program.

Public Assistance and Social Services Programs

Adult Services

S.L. 2002-126 eliminates funding for the adult care home resident assessment program.

Child Day Care Services

Section 10.57 of S.L. 2002-126 provides that the payment rates for child day care in counties that do not have at least fifty children in each age group for center- and home-based care may be set at the statewide or regional market rate for licensed child care centers and homes or at the county market rate if application of the statewide or regional rate would inhibit the county's ability to purchase child care for low-income children.

G.S. 110-108 provided financial incentives for counties to investigate and pursue alleged fraud in the child day care program. Section 10.58 of S.L. 2002-126 repeals this section due to federal repayment requirements.

Child Welfare Services

S.L. 2002-126 eliminates state funding (\$1.2 million) to sixteen county social services departments for the Families for Kids program, reduces state and federal funding for intensive family preservation services, and reduces state funding for family resource centers by \$865,000.

The act allocates to the Division of Social Services \$1.4 million in TANF Block Grant funds for the expansion of after-school programs and services for at-risk children. The division is required to develop and implement a program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy or of dropping out of school. The act also directs the DHHS Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to consult and coordinate with state and county social services agencies in expending TANF Block Grant funds (\$1.5 million) allocated for the expansion of regionally based substance abuse services for women with children.

Over \$7.5 million of the TANF Block Grant funds appropriated to DHHS is to be allocated to county departments of social services for hiring or contracting with child protective services staff; providing foster care and support services; recruiting, training, licensing, and supporting prospective foster and adoptive families; and providing interstate and post-adoption services for eligible families. Another \$1.6 million of the TANF Block Grant appropriation to the Division of Social Services is allocated for various child welfare training initiatives.

Section 10.33 of S.L. 2002-126 expands the child welfare dual response pilot program to include participating counties' responses to dependency reports as well as neglect reports.

Early Childhood Development and Education Programs

Section 10.55 of S.L. 2002-126 requires DHHS and the North Carolina Partnership for Children, Inc., to ensure that state funds allocated for Early Childhood Education and Development Initiatives for 2002–2003 are not expended for advertising or promotional activities. It also requires the State Partnership to develop guidelines for local partnerships to follow when selecting capital projects to fund. The guidelines must include assessing community needs, assessing the cost of purchasing or constructing new facilities as opposed to renovating existing facilities, and prioritizing capital needs. In addition the act requires that the triennial statewide needs and resource assessment include an assessment of capital needs.

Section 10.56 of S.L. 2002-126 requires that the final report on the More at Four program be made by January 1, 2003, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the General Assembly's Fiscal Research Division. The report must include recommendations on strategies to ensure coordination between the Partnership for Children, More

at Four, and other prekindergarten programs in addressing the academic and cognitive needs of at-risk preschoolers, along with recommendations on structural changes to or consolidation of programs that might be beneficial in encouraging such coordination. The section also specifies other kinds of information the report must include. In addition, DHHS must conduct a county-by-county needs and resources assessment to determine what, if any, additional resources are necessary to meet the needs of at-risk four-year-olds. The department must report the assessment results by April 1, 2003.

Health Choice (State Children's Health Insurance Program)

Section 10.20 of S.L. 2002-126 amends G.S. 108A-70.21 to set the dispensing fees under the Health Choice program at \$4.00 per prescription for brand name drugs and \$5.60 per prescription for generic drugs.

Medicaid

Various sections of the appropriations act, S.L. 2002-126, and the technical corrections act, S.L. 2002-159 (S 1217), make several provisions pertaining to the Medicaid program.

- Section 10.11(a) of S.L. 2002-126 provides that in determining the eligibility of a pregnant minor for Medicaid, the income of the minor's parents must be counted if the minor lives with her parents.
- Section 10.11(a) of S.L. 2002-126 also expands DHHS authority to apply federal transfer of assets policies to income-producing property and tenancy-in-common interests in real property when determining eligibility for Medicaid. Section 59 of S.L. 2002-159 expands the Medicaid transfer of assets rules to noninstitutionalized persons and their spouses.
- Section 10.11(c) of S.L. 2002-126 authorizes DHHS to implement the Supplemental Security Income (SSI) method for considering the equity value of income-producing property when determining Medicaid eligibility. Section 74 of S.L. 2002-159 requires DHHS to exclude the equity value of life estates and tenancy-in-common interests when determining Medicaid eligibility, even if the property produces income.
- Section 10.19C of S.L. 2002-126 allows DHHS, under specified conditions, to reinstate eligibility policies changed by S.L. 2002-126 if the state receives enhanced federal Medicaid funding.
- Section 10.11(b) of S.L. 2002-126 amends G.S. 108A-70.5 to allow DHHS to recover the cost of personal care services provided to Medicaid recipients fifty-five or older from the estates of these recipients after their deaths.
- Section 10.15 of S.L. 2002-126 directs DHHS to develop a plan for using federal waivers to assist in long-term cost containment for the state's Medicaid program and to submit a report regarding its plan by February 1, 2003, to the General Assembly's Fiscal Research Division, the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services.
- Section 10.16 of S.L. 2002-126 requires DHHS to administer the community alternatives program in the most economical and efficient manner possible to provide services to the maximum number of eligible persons and to any eligible person who entered a nursing facility on or before June 1, 2002, even if program services are suspended during the fiscal year. S.L. 2002-126 also requires the North Carolina Institute of Medicine to study the community alternatives program and to report its findings and recommendations to the 2003 General Assembly.
- Section 10.19A of S.L. 2002-126 requires the DHHS Division of Medical Assistance to develop a new reimbursement methodology for long-term care services and to submit a report regarding this methodology by January 1, 2003, to the General Assembly's Fiscal Research Division, the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services.

S.L. 2002-126 also reduces the maximum number of hours of personal care services covered under the state's Medicaid program; eliminates Medicaid funding for optional circumcision procedures; reduces funding for case management services; adopts a prospective payment methodology for home health services; reduces the reimbursement rates for private duty nursing, case management services, home infusion therapy, home health supplies, durable medical equipment, optical services, ambulatory surgical centers, and high risk intervention services; and requires DHHS to reduce its Medicaid payments to hospitals by 0.5 percent.

Prescription Drug Assistance Programs

Legislation regarding prescription drug assistance programs is summarized in Chapter 21, "Senior Citizens."

Senior Citizens

Other legislation affecting government programs for senior citizens is summarized in Chapter 21, "Senior Citizens."

State-County Special Assistance

The State-County Special Assistance program provides financial assistance to elderly or disabled residents of adult care homes. S.L. 2002-126 makes several provisions regarding this program.

- It amends S.L. 2001-424 to maintain the maximum payment rate for the program at \$1,091 per month (rather than increasing it to \$1,120), resulting in state budget savings of \$2.3 million and county budget savings of \$2.3 million (sec. 10.36).
- It makes the federal SSI policies regarding asset transfer and estate recovery applicable to the program (sec. 10.41B).
- It directs DHHS to submit a report to the General Assembly's Fiscal Research Division, the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services by March 1, 2003, regarding whether state policies governing the program should be changed to allow an adult care home to accept payments from family members of eligible residents to cover the difference between the maximum assistance payment and the facility's monthly rate for room, board, and services (sec. 10.41B).

Work First (Temporary Assistance for Needy Families)

Section 10.37 of S.L. 2002-126 repeals language in G.S. 108A-27.11(c) prohibiting the reversion of state Work First Block Grant funds paid to electing Work First counties.

Section 5.1(g) of S.L. 2002-126 requires DHHS to continue the current evaluation of the Work First program and to report on program progress by December 1, 2002, to the General Assembly's Fiscal Research Division, the Senate Appropriations Committee on Health and Human Services, and the House Appropriations Subcommittee on Health and Human Services. The evaluation must include an assessment of the state's child-only caseload (including indicators of economic and social well-being) and an assessment of former Work First recipients (including longitudinal data regarding employment and earnings).

Address Confidentiality Program

When administering all social services and public assistance programs, county departments of social services will be required to comply with provisions of new G.S. Chapter 15C, "Address Confidentiality Program." Effective January 1, 2003, S.L. 2002-171 (H 1402) establishes the

program in the Office of the Attorney General and authorizes the Attorney General to issue substitute addresses for relocated victims of domestic violence, sexual offense, or stalking. The Office of the Attorney General acts as a program participant's agent for purposes of service of process and receiving and forwarding first-class, certified, or registered mail. When presented with a person's valid, current program authorization card, a public agency must accept and use the person's substitute address unless it obtains a waiver after demonstrating a need to have the person's actual address. This new law is described more thoroughly in Chapter 5, "Courts and Civil Procedure."

Homelessness Study

S.L. 2002-180 (S 98) authorizes the Legislative Research Commission to study ways to decrease *homelessness*, which the act defines as lacking a sanitary, safe twenty-four-hour residence and having as a primary nighttime residence a publicly or privately operated, supervised shelter designed to provide temporary living accommodations. If the commission undertakes the study, it must consider topics specified in the act and consult with members of the North Carolina Interagency Council for Coordinating Homeless Programs. The commission may report its findings and recommendations to the 2003 General Assembly.

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