



# NC County Funding of Public Schools

## Presentation to NC General Assembly Education Oversight






### School Finance: State & County Funding



**Rebecca Troutman**  
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### NCACC—Who We Are

- 100 counties strong
- Focus on advocacy, county services, education, & research
- Sponsor debt set off (\$224 M to counties & cities) & EMS Medicaid Enhancement (\$258 M for counties)
- Offer county-centric risk management services
- Expanding research



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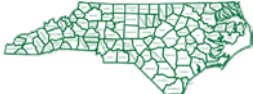
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### N.C. EDUCATION FUNDING STRUCTURE – FOCUS ON COUNTIES



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### State Constitutional Provisions

- The General Assembly shall provide by taxation and otherwise for a general and uniform system of free public schools, which shall be maintained at least nine months in every year, and wherein equal opportunities shall be provided for all students Art IX, § 2(1)
- The General Assembly may assign to units of local government such responsibility for the financial support of the free public schools as it may deem appropriate. The governing boards of units of local government with financial responsibility for public education may use local revenues to add to or supplement any public school or post-secondary program Art IX § 2(2)

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### State Statutory Provisions

- 115C-408. (b) To insure a quality education for every child in North Carolina, and to assure that the necessary resources are provided, it is the policy of the State of North Carolina to provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study.
- It is the policy of the State of North Carolina that the facilities requirements for a public education system will be met by county governments.

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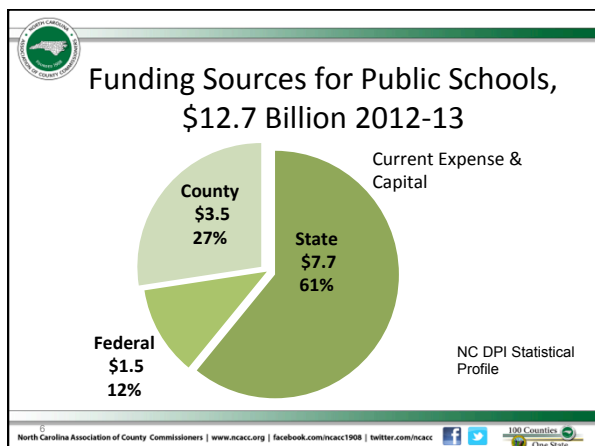
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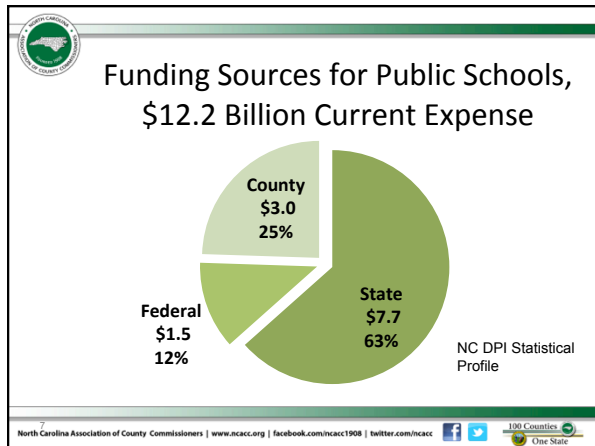
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**State Funding thru Allotments**

- Allotments sent directly to LEA (local education agency) & charter
  - LEA allocates amongst schools
  - LEA may transfer amongst most allotments
    - For 2014-15 biennium
    - No transfers to central office
    - Must abide any restrictions per fed law
    - No transfers from Excellent Public Schools
  - Largely 1/12<sup>th</sup> monthly payment
  - **State funds revert at end of fiscal year**

County ≠ County School

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**State Allotments**

- Allotments calculated via:
  - Positions – 70% of state funds
  - Dollars – 10% of state funds
  - Categories – 20% of state funds
- Allotments funding by Purpose:
  - Basic – directed at all students
  - Supplemental – targeted at specific student groups or LEA characteristics
  - Pilots – targeted at specific issue or condition

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### Basic Allotments

- Classroom teachers
  - Allocated per ADM class size; e.g. 1-3 = 1:17, 10-12 = 1:29
- Teacher assistants
  - Dollar allotment of \$772.07 per k-3 student—2014, reduced in 2015
- Instructional support (counselors, social workers)
  - 1 per 218.55 ADM

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### Basic Allotments

- Principals
  - 1 per school => 100 ADM or >= 7 state teachers
    - Schools opening after 7/1/2011 => 100 ADM only
- Assistant Principals
  - 1 month per 98.53 ADM
- Instruction Supplies & Textbooks
  - Dollar allotment of \$28.58 ADM instruct supplies
  - Dollar allotment of \$14.86 ADM textbooks

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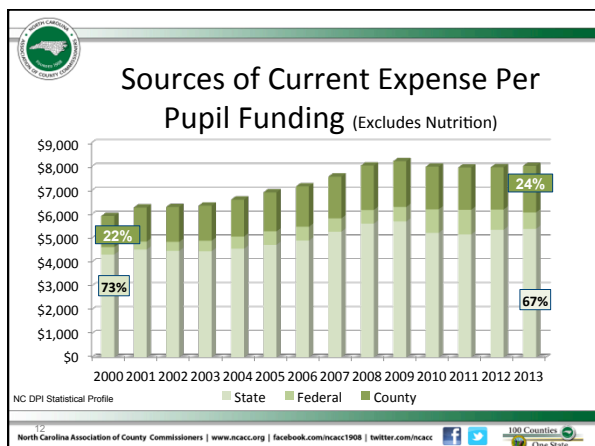
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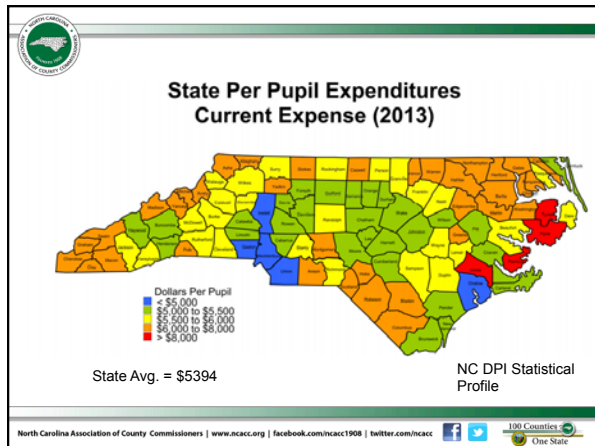
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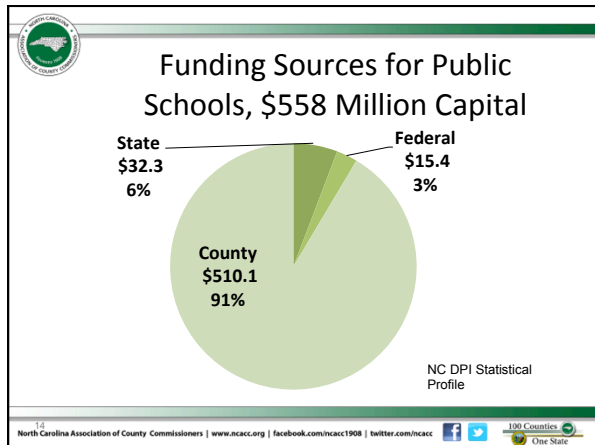
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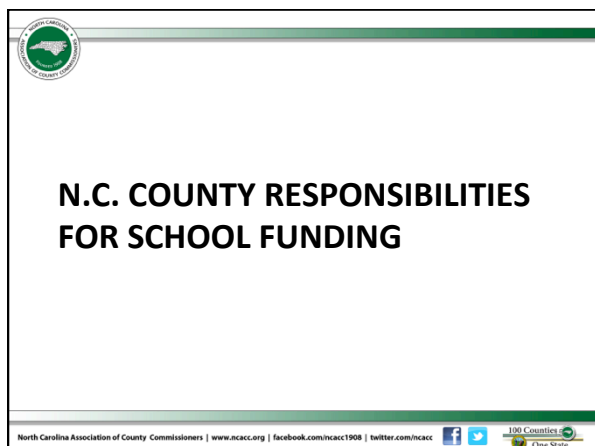
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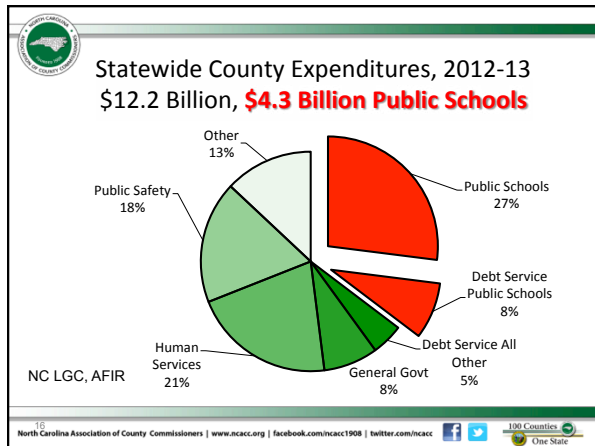
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### North Carolina Statutory Framework

- Boards of County Commissioners act as taxing authority for Local School Boards
- Local School Boards are fiscally dependent
- State largely responsible for operating expenses

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### County Primary Responsibilities

Boards of County Commissioners:

- Act as local taxing authority
- Review entire school budget
- Approve county appropriations for current expense and capital outlay
- Approve 5-Year School Facilities Needs Survey
- Approve purchase price of school building sites
- Issue bonds & arrange other financing for school capital outlay purposes
- Require merger of multiple units if desired

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### LEA Primary Responsibilities

School Boards (115 LEAs):

- Set policy, determine attendance areas
- Hire school personnel, including locally paid positions and superintendent to administer schools & guide operations
- Establish salary supplements (if any) for all employees
- Determine school facility needs
  - \$8.2 billion per school facility survey

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### Time Frame for Public School Budgets

- February - State issues Planning Allotments
- **May 1 - Superintendent submits budget to school board**
- **May 15 - School Board sends budget to county manager**
- **June 1 - County manager submits county budget to commissioners (with recommendations for schools)**
- **June 30 - Commissioners approve county budget**
- **July 15 - School Board approves school budget**
- ? – General Assembly finalizes state budget

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### County Statutory Provisions

- Local current expense fund approp. sufficient for current expense of public schools when added to state resources, “within financial resources and consistent with the fiscal policies of the board of county commissioners” (G.S. 115C-426 (e))
- Facilities requirements for public education system to be met by counties (G.S. 115C-408(b))
- School board may sue county over “sufficiency”

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### County Appropriation to Schools

**Local current expense fund**

- Includes instruction, support, operating expenses
- Allocated usually as lump sum, 1/12 per month
- School boards can use for any allowable purpose
  - School board allocates to individual schools
- County excess funds do not revert; converts to school fund balance
  - \$352M 2006-07 increases to \$630M 2012-13
  - 79% increase during recession

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190 Counties One State

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### County Appropriation to Schools

**Local current expense fund**

- Can further allocate in broad categories of purpose and function (115C-429)
  - Purpose = instructional, supporting, community services, non-programmed charges
  - Function = 2 to 7 categories within purpose; e.g. regular, special, adult, co-curricular, remediation, voc. ed, student services, other instructional
- School boards limited to 25% amend, up or down or 10-25% set by commissioners (115C-433)
- 17 counties report allocating by purpose & function

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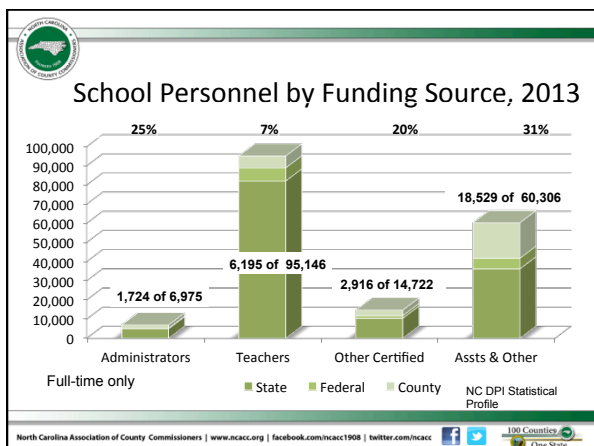
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### Local Salary Supplements

2013 Data:

- 106 LEAs have teacher supplements
  - Low of \$147 to high of \$6,031 annually
  - State wtd avg = \$3,478; county cost = \$348M
- 108 have principal supplements
  - Low of \$175 to high of \$28,673 annually
  - State wtd avg = \$11,338; county cost = \$27M

2011 Data:

- 85 have superintendent supplements
  - Low of \$175 to high of \$129,762
  - State avg = \$28,577; county cost = \$2.4 M
- Total county cost supplements = \$430M

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### County Appropriation to Schools

Capital outlay fund

- Includes site acquisition, new & renovated building, equipment & furnishings, new school buses
- Can further allocate to specific category
  - Category I = property, building construction & renovation
    - Can further allocate to specific project
    - School board needs county board approval to amend
  - Category II = furnishings & equipment
  - Category III = buses & vehicles
- School boards can not move between current & capital unless emergency & county board approval

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### Financing School Capital Needs

- Debt Financing
  - General obligation bonds
    - Pledge full faith and credit; requires voter approval
  - Certificates of participation
  - County debt = \$13.3 billion in outstanding principal; 64% for public school construction
- County Revenues
  - Required set aside of Art. 40 (30%) & 42 (60%) sales taxes; 45 cents = \$350 million annually
- State-Shared Revenues
  - Corporate income tax set aside (ADM Fund)
  - Lottery

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### State School Capital Funds Wane

- 40% of net lottery proceeds
  - \$192 m v. \$100 m appropriated
  - Statutory language repealed in 2014 budget
- Portion of corporate tax set aside
  - Redirected to school operations
  - County loss = \$75 m/year
  - Statutory set aside repealed in 2014 tax simplification

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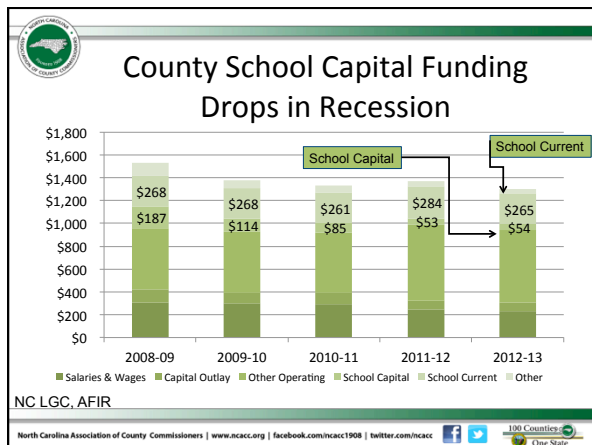
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### County Funding of "City" Schools

- No role of cities in school funding
  - Always an exception: Thomasville approves supplemental tax, Rocky Mount provides \$, Asheville appoints board members
- County appropriation to current expense apportioned to multiple LEAs based on ADM (G.S. 115C-430)
- County appropriation to capital based on LEA need

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### County Funding of Charter Schools

- County current expense appropriation shared with charter school indirectly
  - LEA must transfer to charter per pupil current expense appropriation for students residing within jurisdiction (includes other local funds too)
- County appropriation to capital not shared with charter
  - Apportioned? Need? Funding outside County?

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### Counties' Use of Funding Formulas

15 use; 3 considered; 7 discontinued

- Statewide Average Model
  - Formula that sets goals based on a statewide ADM expenditure or some percentile
- Benchmarking Model
  - Similar counties selected on pop., tax base, adm, per capita income, sales tax revenues, & Medicaid
  - ADM expenditures of similar counties used to set funding goals in benchmarking county

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### Counties' Use of Funding Formulas

15 use; 3 considered; 7 discontinued

- Inflation Model
  - ADM expenditure is adjusted by new student population & inflation factor –e.g. CPI
- Tax Base Growth Model
  - Percent of tax base appropriated to schools is calculated
  - Resulting percent applied to tax base growth in given year

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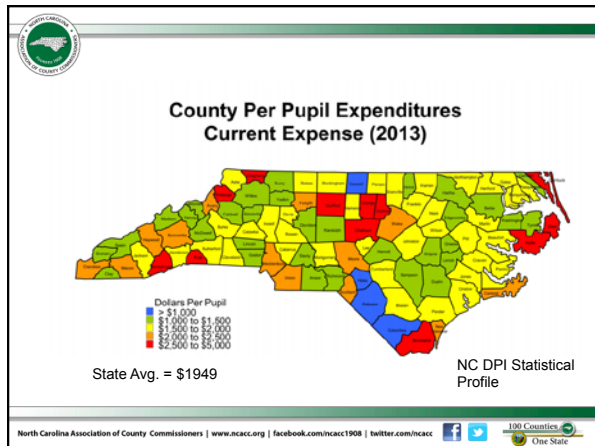
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### Other Local Sources of School Revenue

- Voted supplemental taxes (11 counties, in "city" districts)
  - School board may call for election on matter
  - County generally levies tax if approved
- Fines & Forfeitures
  - State constitution requires all fines & forfeitures to be used for schools
  - Counties act as school board agent, receives from clerk of court & transmits monthly to LEA
- Neither source subject to county appropriation or county use stipulation
  - Counties may consider amounts when setting county appropriation

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### Resolving School Funding Disputes

- Local school boards may seek third party mediation "if the board of education determines that the amounts appropriated by the county commissioners are not sufficient to support a system of free public schools" (GS 115C-431)
- Decision of mediator may be appealed to Superior Court (option of jury trial)
- Ultimately, to Supreme Court
- Recent Union County ruling provided 10x capital \$ above request

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### N.C. EDUCATION FUNDING STRUCTURE COMPARED NATIONALLY

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### How Does NC Compare Nationally?

How do we rank?

- NC state support of education = 58.2% of total; 8<sup>th</sup> nationally
  - National avg. = 44.1%
- Local support of education = 25.7% of total; 45<sup>th</sup> nationally
  - National avg. = 43.4%

Nat'l Center for Education Statistics

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### What if General Assembly Shifts Education Funding to Nat'l Avg?

- State share drops \$2.4 billion; county share increases \$2.4 billion (100% increase in county current expense)
- 40% increase in property taxes
  - Avg rate of \$.86 cents/\$100
    - Robeson = \$1.90
    - Stokes = \$1.05
    - Lenoir = \$1.33

NCACC Budget & Tax Survey

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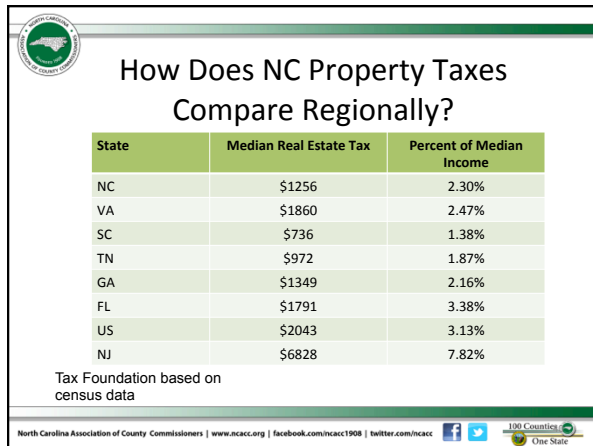
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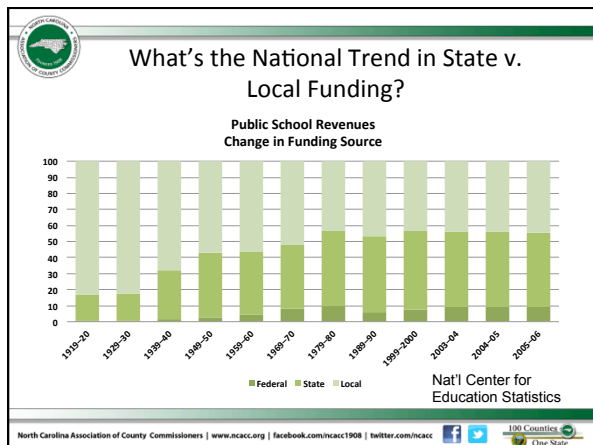
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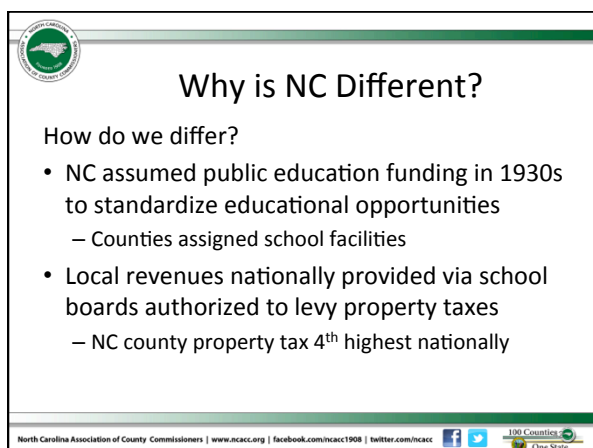
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 Questions, Comments



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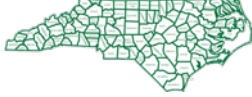
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 **Budgeting for Human Services**



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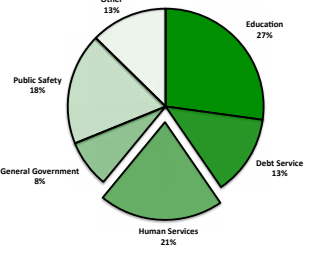
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
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 **Statewide Averages of County Expenditures,  
\$12.2 Billion 2012-13**



Category	Percentage
Education	27%
Debt Service	13%
Human Services	21%
Public Safety	18%
General Government	8%

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### County Human Services

Components:

- Social Services:
  - Income maintenance: Medicaid, TANF temporary assistance (welfare reform), food stamps, child & adult protective services, child support enforcement
- Public health
  - Clinic, environmental protection, epidemiology
- Mental health
  - Crisis, assessment, substance abuse, developmentally disabled

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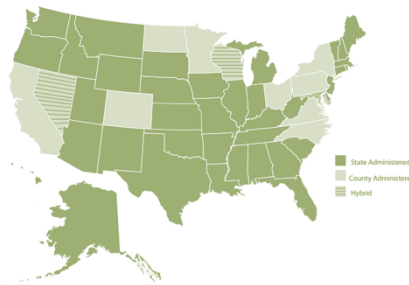
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### Human Services in NC

- State-supervised, county administered social services
  - Counties largely pay non-federal share of social services positions
    - 50% of total for income maintenance
- Counties largely pay all of health positions
- State largely funds mental health positions

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


## Presentation to NC General Assembly Education Oversight



### Tips from Your Colleagues

- Get to know your counterparts in the agencies
- Understand “mandates” v. “nice to haves”
- Monitor NC-DHHS communications
  - “Dear Director” letters - <http://www.ncdhhs.gov/dss/dcdl/>
- Use DHHS tools
  - Budget template

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


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### Social Services

- **108A-1**
  - Every county shall have a board of social services or a consolidated human services board
- **153A-77**
  - Counties with pop. in excess of 425,000 may assume direct control of any activities conducted by or through social services, health, mental health boards

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### How Do We Know Our Share?

- G.S. 108A-88
  - State must provide to counties social services & health estimates by Feb. 15
  - <http://www.dhhs.state.nc.us/dss/budget/estimates.htm>
  - Trust, but verify

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# NC County Funding of Public Schools

## Presentation to NC General Assembly Education Oversight

Projected DSS 2014-15 Expenditures							
Program		Federal		State		County	
		% of Total	Dollars	% of Total	Dollars	% of Total	Dollars
Food Stamps	Administration	51%	92,200,927	0.1%	96,230	49%	88,971,142
	Direct Payment	100%	2,450,521,465	0%	-	0%	-
Work First	Services	100%	5,931,158	0%	-	0%	-
	Block Grant	48%	90,444,633	0%	-	52%	96,222,861
Medicaid	Administration	50%	106,182,548	0.1%	139,073	50%	106,043,475
	Direct Payment	65%	8,287,350,726	35%	4,449,986,070	0%	-
Special Asst	Administration	50%	2,800,000	0%	-	50%	2,800,000
	Direct Payment	0%	-	50%	65,998,002	50%	65,998,002
Other Econ.	Direct Payment	64%	156,486,281	23%	55,399,876	13%	33,045,219
	Administration	100%	6,860,947	0%	-	0%	-
Childcare	Direct Payment	88%	304,287,969	12%	40,376,996	0%	-
Social Services	All Categories	64%	176,427,191	6%	18,483,788	30%	81,894,987
Total by Agency		70%	11,679,493,845	27%	4,630,480,035	3%	474,975,686
Total by Agency, no Medicaid or FS Payment		59%	941,621,654	11%	180,493,965	30%	474,975,686

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### What if We Don't Budget Our Share or Provide Services?

- G.S. 108A-93
  - State to withhold local sales taxes to cover county share of public assistance
- G.S. 108A-74
  - State can intervene or take control of service delivery

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### What's Mandated?

- Service is often mandated by level or staffing is not
  - E.g. Adult protective services
    - DSS must investigate by:
      - Immediately upon complaint alleging danger
      - Within 24 hours if complaint alleging danger of irreparable harm
      - Within 72 hours for all others
    - Evaluation must be completed within 30 days for abuse or neglect and within 45 days for exploitation

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# NC County Funding of Public Schools

## Presentation to NC General Assembly Education Oversight

Cabarrus County									
Program Funding Matrix									
Program Funding Matrix	Green	Blue	Pink	Brown	Yellow				
						FY 2015	FY 2015	FY 2014	FY 2015
						NON-PROPERTY TAX	PROPERTY TAX	ADOPTED	PROPOSED
						REVENUE	REVENUE	TAX RATE	TAX RATE
						EXPENDITURES	REVENUE	TAX RATE	CHANGE
<b>HUMAN SERVICES</b>									
Cardinal Innovations Healthcare Solutions-Mental						665,115	-	665,115	0.0036 (0.0000)
Health/Substance Abuse/Developmental Disabilities						2,885,940	75,000	2,810,940	0.0129 0.0149 (0.0000)
Human Services-Administration						2,180,499	587,087	1,593,412	0.0083 0.0085 (0.0002)
Human Services-Adult & Family Services						1,379,805	1,157,664	212,141	0.0012 0.0011 (0.0001)
Human Services-Child Support Enforcement						7,195,601	3,138,644	3,870,957	0.0225 0.0205 (0.0000)
Human Services-Economic Services, Special & Emergency Assistance						14,041,260	10,361,969	3,679,291	0.0204 0.0196 (0.0008)
Human Services-Transportation Services						2,437,095	1,844,524	592,571	0.0041 0.0031 (0.0000)
Human Services-Nutrition						455,077	162,348	292,729	0.0036 0.0016 (0.0000)
Human Services-Senior Services						630,954	333,969	296,985	0.0017 0.0016 (0.0001)
Cooperative Extension						401,897	40,239	361,658	0.0019 0.0018 (0.0001)
Human Services-Community Alternatives Program						1,172,572	1,250,623	(78,051)	(0.0002) (0.0004) (0.0002)
Veterans Services						236,121	1,702	234,419	0.0013 0.0012 (0.0000)
Cabarrus Health Alliance-School Nurses/West Nile						5,664,861	-	5,664,861	0.0321 0.0301 (0.0020)
<b>TOTAL</b>						<b>\$ 39,360,397</b>	<b>\$ 19,173,769</b>	<b>\$ 20,186,628</b>	<b>\$ 0.1133 \$ 0.1072 (\$ 0.0061)</b>
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# Rockingham County

## HEALTH & HUMAN SERVICES

<b>GOAL</b>	Successfully complete implementation of the Rockingham County Central Permitting Office, Division of Social Services, Public Assistance Program, and Division of Public Health's Electronic Health Records		
<b>OBJECTIVE</b>	<b>TARGET</b>		
During FY 2014-2015, RCHHS will explore a minimum of 3 potential licensing mechanisms for animal records.	Quarterly updates provided throughout FY 2014-2015.		
During FY 2014-2015, increase production by completing streamlined work flows for Environmental Health, Planning, Building Inspection, and Code Enforcement.	Completion by the Fall 2015.		
<b>GOAL</b>	Successfully implement the WJL Chronoside System.		
<b>OBJECTIVE</b>	<b>TARGET</b>		
RCHHS will work with county stakeholders and community partners to improve the overall health status of county residents through service and health care.	Completion of official staff training in May 2014 with projected implementation in June 2014.		
<b>GOAL</b>	Provide state and county-specific data through the following efforts: Begin preparations for the 2015 CBA in August 2014. Create and disseminate the 2014 and 2015 SO/ICH Report. Review and present findings regarding the annual County Health Rankings for 2014 and 2015.		
<b>OBJECTIVE</b>	<b>TARGET</b>		
Increase service awareness for area residents throughout Rockingham County.	Throughout FY 2014 - 2015.		
<b>GOAL</b>	Disseminate the maximum benefits to eligible citizens through various Public Assistance programs.		
<b>OBJECTIVE</b>	<b>TARGET</b>		
Collect 97% or more of the State's Child Support Enforcement Collection Fund of \$7,236,380 for Rockingham County in FY 2014-2015.	Average Dollars Collected Monthly, Average Percentage of Cases Under Order, Average Percentage with Payment Towards Arrear, Average Number of Children Served, Average Dollars Collected per Child.		
<b>GOAL</b>	Increase Program Integrity Collections for Public Assistance Program Fund in Rockingham County by 8% for FY 2014-2015.		
<b>OBJECTIVE</b>	<b>TARGET</b>		
Ensure that 95% or more of all children receiving Child Care subsidy funds are placed and remain in the highest quality arrangements, 3-steps or greater, in FY 2014-2015.	Average Dollars Collected Monthly, Percentage Increase over Previous Year.		
	Percentage of Children in 3-star or greater facilities/homes.		

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H1473 (2007 State Approp. Act)									
Medicaid Relief & Add. Revenue Auth.									
<ul style="list-style-type: none"> <li>Permanent Medicaid relief               <ul style="list-style-type: none"> <li>State assumption of county Medicaid costs, beginning 10/1/7</li> </ul> </li> <li>State converts ½ cent local sales tax to state sales tax, beginning 10/1/8</li> <li>Guarantee in perpetuity at least \$500k benefit</li> <li>Additional revenue authority               <ul style="list-style-type: none"> <li>.4% land transfer tax (authority repealed in 2011)</li> <li>¾ cent sales tax</li> <li>At county option by referendum</li> <li>No automatic distribution to cities &amp; no earmarks</li> </ul> </li> </ul>									
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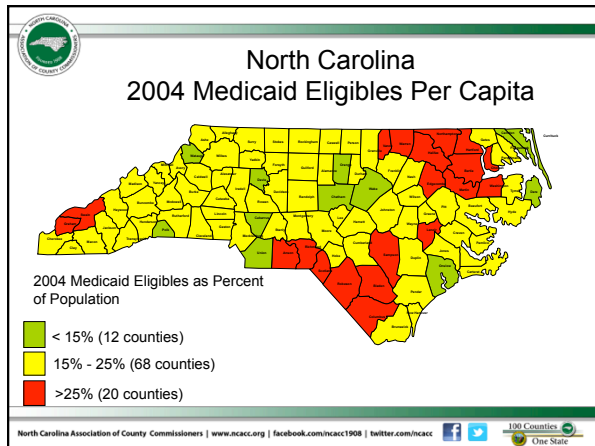
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# NC County Funding of Public Schools

## Presentation to NC General Assembly Education Oversight



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County Medicaid Relief

- Counties cede ½ penny sales tax
  - ¼ 10/1/08, ¼ 10/1/09 (Art. 44)
  - Counties held harmless + \$500,000 perpetually
  - Cities held harmless and receive growth perpetually
  - Art. 42 per capita to point of delivery 10/1/09
  - Art. 44 hold harmless remains thru 2012
- Pre-Medicaid relief: 2.5% local sales = 1.25% point of delivery + 1.25% per capita
- Post-Medicaid relief: 2.0% local sales = 1.5% point of delivery + .50% per capita

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County Medicaid Relief

- Results to Date: County Savings & State Hold Harmless = \$1.03 B
- 2014 = \$123.2
- 2013 = \$141.5 M
- 2012 = \$133.8M
- 2011 = \$148.9M
- 2010 = \$256.6M
- 2009 = \$164.4M
- 2008 = \$63.2M

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# NC County Funding of Public Schools

## Presentation to NC General Assembly Education Oversight



### Current Issues in Social Services

- Consolidation
- Caseload growth
- Child protective services
- NCFAS
- NEMT
- Medicaid reform/Health care reform?

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### Local Human Services Administration (H438)

Key Elements:

- Provides option to all boards of commissioners to restructure human services
  - Under BOC or create consolidated human services board
    - Earlier law only permitted counties with pops. >425,000 to restructure
    - Advisory health board req'd if no consolidated HS board
- BOC to consolidate health or DSS or both
  - No mental health, public health authority or hospital

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


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### Local Human Services Administration (H438)

- BOC may consolidate health or DSS agency or both
  - Under manager's supervision
  - Employees under SPA or not
- To receive fed. & state funds, as of 7/1/14, counties must:
  - Maintain county health AV funding at 2011 levels
  - Have health depts accredited (current req.)
- Creates incentives for regionalism
  - S552 would have required regionalism

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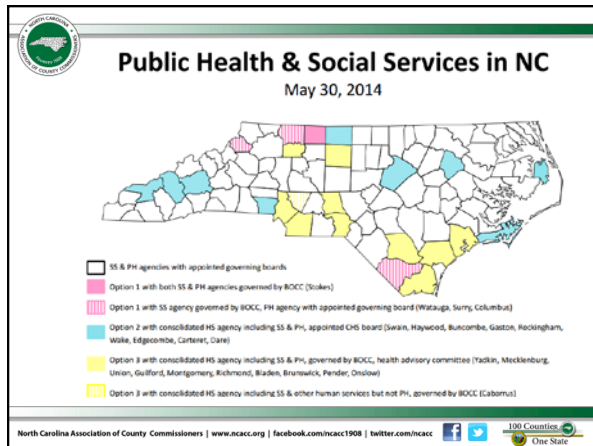
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# NC County Funding of Public Schools

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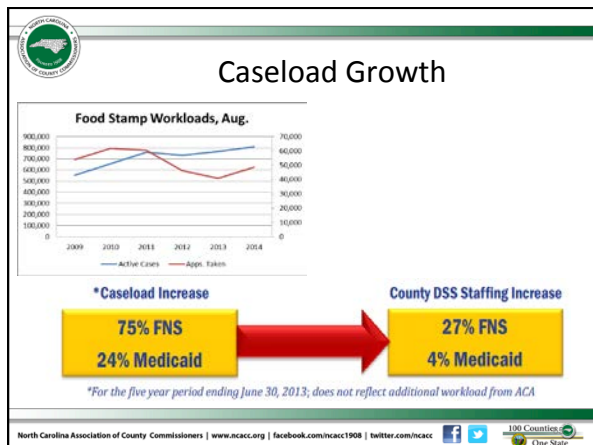
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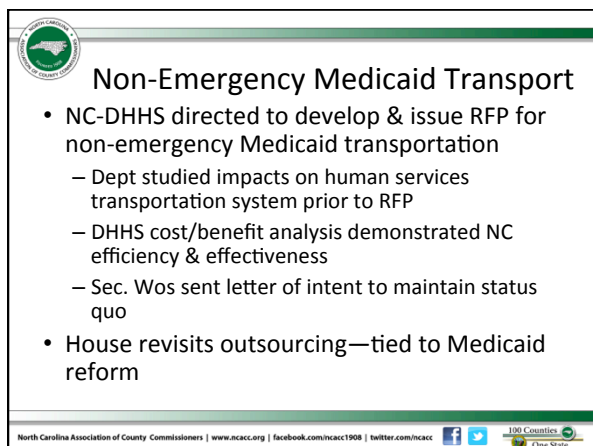
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# NC County Funding of Public Schools

## Presentation to NC General Assembly Education Oversight



### Medicaid Reform—Budget Provision

- DETAILED MEDICAID REFORM PROPOSAL TO BE PREPARED BY DHHS; MEDICAID REFORM ADVISORY GROUP ESTABLISHED
- DHHS in consultation with Medicaid Reform Advisory Group to create detailed plan for, but not implement, significant reforms to State's Medicaid Program to accomplish the following:
  - (1) Create a predictable and sustainable Medicaid program
  - (2) Increase administrative ease and efficiency for Medicaid providers
  - (3) Provide care for the whole person by uniting physical and behavioral health care.

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


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### Medicaid Reform – Negotiations Break Down

- Structure of service delivery?
  - Senate favors MCOs regionally competing with ACOs
    - All clients under full risk capitation by July 2018
  - House, Gov., & medical community only support ACOs
    - Most clients under increasing risk capitation by July 2020
- Structure of oversight?
  - Senate favors new dept. with board of directors
    - Senate wants study of eligibility determination options
  - House & Gov. keep within NC-DHHS
    - House wants director approved by legislature
- ***Late breaking news...tentative agreement on independent board under Gov. in NC-DHHS***

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


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### NCAFAST

- Social services case management
- Web-based software (Curam now IBM) for screening & intake, case management, eligibility determination, referral
- Implementation for Food Stamps & Medicaid
- County provides desktop and connectivity

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# NC County Funding of Public Schools




## Presentation to NC General Assembly Education Oversight



### NCFAST

- Food Stamps & Medicaid apps in arrears—NCFAST & ACA
  - USDA threatens county admin \$
  - DSS agencies resolve backlog
- 75% reimbursement of county admin expenses for NCFAST activities, including EIS
- DSS agencies submitted plan to resolve Medicaid backlogs
- CMS investigates timeliness issues

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### Public Health

- G.S. 130A-34
  - A county shall provide public health services.
  - A county shall operate a county health department, establish a consolidated human services agency pursuant to G.S. 153A-77 (pop. > 425,000), participate in a district health department, or contract with the State for the provision of public health services.
  - 6 district depts (representing 21 counties), 2 consolidated prior to 2012 (Mecklenburg & Wake), 2 public authorities (Cabarrus & Hertford)

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### State & Federal Funds Allocation

- Administered by NC-DHHS, Division of Public Health
- Pursuant to annual “consolidated agreement”
  - Specifies how funds to be managed
  - Funds by program/target population
  - <http://publichealth.nc.gov/employees/forms/contracts/agreementAddenda/FY15ConsolidatedAgmt.pdf>
- Total expense = \$538,669,071
  - Feds = \$45,576,205
  - State = \$94,618,516

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# NC County Funding of Public Schools




## Presentation to NC General Assembly Education Oversight



### Public Health - Accreditation

- 130A-34.1. All local health departments shall obtain and maintain accreditation over a period of eight years, beginning January 1, 2006
  - Self assessment & team site visit
  - 41 benchmarks in Core Functions, Facilities & Admin, and Health Board
    - 33 must be satisfied
    - 148 activities
- Federal & state funds withheld absent accreditation by July 1, 2014

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### Current Issues in Public Health

- Legislative attempts at regionalization
- Health care reform
  - Funding for wellness, public health activities
- Medicaid reform/expansion

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### Mental Health

- 122C-115.
  - Counties provide MH/DD/SAS in accordance with rules, policies, and guidelines adopted pursuant to statewide restructuring under a 1915(b)/(c) Medicaid Waiver through an area authority
  - Counties cannot reduce county appropriations for current operations and ongoing programs because of availability of State-allocated funds or LME fund balance
    - Counties may reduce county appropriations by the amount previously appropriated by the county for one-time, nonrecurring special needs of the area authority or county program.

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# NC County Funding of Public Schools




## Presentation to NC General Assembly Education Oversight



### Mental Health – Current Issues

- H916 mandates statewide implementation of capitated model of care
- LMEs become LME/MCO by 2014
  - Combines services for all Medicaid funded MH/DD/SA service recipients into single capitated funding model
  - Eliminates “any willing and qualified provider” provision
  - Assumes risk in managing services within Medicaid capitation rate
  - Combines authorization management of Medicaid/ State Funds at community level

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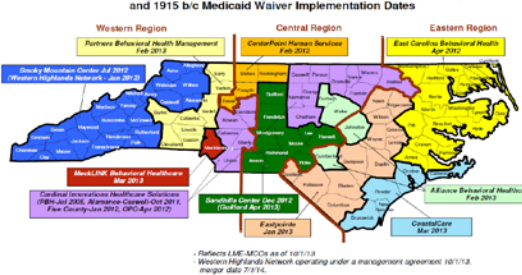
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### Local Management Entity - Managed Care Organizations (LME-MCOs) and 1915 b/c Medicaid Waiver Implementation Dates



\* Reflects LME-MCOs as of 10/1/13. Western Highlands Network operating under a management agreement 10/1/13, merger date 7/1/14.

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### LME Governance (\$181)

Key Elements:

- Limits area board size 11-21 by 10/2013
- Prescribes 10 board categories
  - Consumer/family, expertise in managed care organizations across legal, financial, and services disciplines
  - Composition to represent participating counties
- Boards of county commissioners make appts.
- LMEs  $\geq$  1.25 M pop flexibility for board size/compensation
- S208 establishes LME county commissioner advisory board, with 1 county commissioner from each county in the LME

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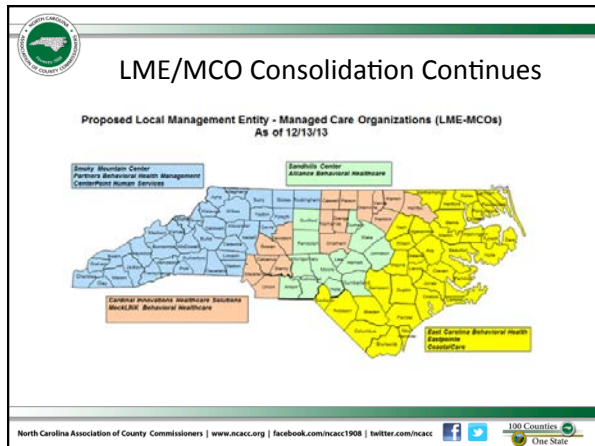
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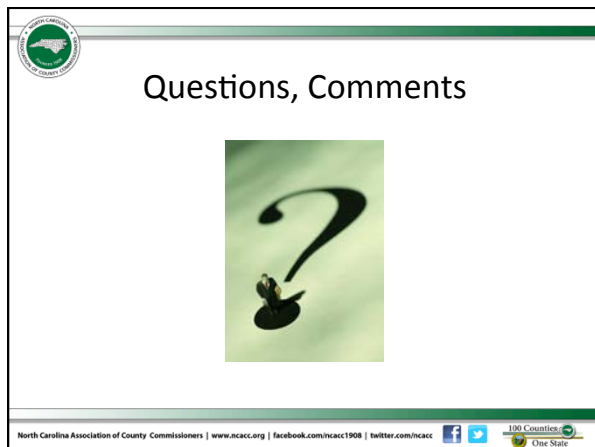
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