

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

H

D

HOUSE DRH10455-RCz-18A\* (03/09)

Short Title: Strengthen Local Management Entities (LMEs). (Public)

Sponsors: Representatives Insko; Alexander, Barnhart, Earle, England, Justice, and Steen.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO CLARIFY AND STRENGTHEN THE ROLE OF LOCAL  
3 MANAGEMENT ENTITIES AS RECOMMENDED BY THE JOINT  
4 LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH,  
5 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 122C-3 is amended by adding a new subdivision to read:  
8 **"§ 122C-3. Definitions.**

9 ~~As used in this Chapter, unless another meaning is specified or the context clearly~~  
10 ~~requires otherwise, the following terms have the meanings specified:~~The following  
11 definitions apply in this Chapter:

12 ...

13 (20b) "Local management entity" or "LME" means an area authority, county  
14 program, or consolidated human services agency. An LME is not a  
15 unit of local government, and the term refers to functional  
16 responsibilities rather than governance structure."

17 **SECTION 2.** G.S. 122C-111 reads as rewritten:  
18 **"§ 122C-111. Administration.**

19 The Secretary shall administer and enforce the provisions of this Chapter and the  
20 rules of the Commission and shall operate State facilities. An area director or program  
21 director shall (i) manage the public mental health, developmental disabilities, and  
22 substance abuse system for administer the programs of the area authority or county  
23 program, as applicable, program according to the local business plan, and (ii) enforce  
24 applicable State laws, rules of the Commission, and rules of the Secretary. The  
25 Secretary in cooperation with area and county program directors and State facility  
26 directors shall provide for the coordination of public services between area authorities,

1 county programs, and State facilities. The area authority or county program shall  
2 monitor the provision of mental health, developmental disability, and substance abuse  
3 services for compliance with the law, which monitoring shall not supersede or duplicate  
4 the regulatory authority or functions of agencies of the Department."

5 **SECTION 3.** G.S. 122C-115.2(a) reads as rewritten:

6 "**§ 122C-115.2.** ~~Business~~ LME business plan required; content, process, certification.

7 (a) Every county, through an area authority or county program, shall provide for  
8 the development, review, and approval of ~~a~~ an LME business plan for the management  
9 and delivery of mental health, developmental disabilities, and substance abuse services.  
10 ~~A~~ An LME business plan shall provide detailed information on how the area authority  
11 or county program will meet State standards, laws, and rules for ensuring quality mental  
12 health, developmental disabilities, and substance abuse services, including outcome  
13 measures for evaluating program effectiveness. The business plan shall be in effect for  
14 at least three State fiscal years."

15 **SECTION 4.** Article 4 of Chapter 122C is amended by adding a new section  
16 to read:

17 "**§ 122C-115.4. Responsibilities of local management entities.**

18 (a) Local management entities are responsible for the administration and  
19 management of the public system of mental health, developmental disabilities, and  
20 substance abuse services at the community level. An LME plans, develops, implements,  
21 and monitors services within a specified geographic area for both insured and uninsured  
22 individuals.

23 (b) The core functions of an LME include all of the following:

- 24 (1) Access for all citizens to core services through the implementation of a  
25 24-hour a day, seven-day a week screening, triage, and referral process  
26 and a uniform portal of entry into care.
- 27 (2) Provider endorsement, monitoring, technical assistance, and capacity  
28 development. An LME may remove as a choice a provider who fails to  
29 meet defined quality criteria or fails to provide data required for  
30 monitoring client outcomes.
- 31 (3) Utilization review and determination of the appropriate level and  
32 intensity of services for all State-funded services, authorization of  
33 recipients of services under a Medicaid waiver, review and approval of  
34 all person-centered plans, utilization management for all services, care  
35 coordination, quality management, and authorization of State  
36 psychiatric hospital and other State facility bed days.
- 37 (4) Community collaboration and consumer affairs including assurance of  
38 rights, appeals, establishment of, and support for an effective  
39 consumer and family advisory committee.
- 40 (5) Financial management and accountability including information  
41 management for the delivery of publicly funded services for mental  
42 illness, developmental disabilities, and substance abuse.

43 (c) An area authority or county program may contract with any public or private  
44 entity for the implementation of some or all of the LME responsibilities articulated

1 under this section. A consolidated human services agency may contract with any public  
2 or private entity for the implementation of some or all of the LME responsibilities  
3 subject to the requirements of G.S. 122C-127. The Secretary may not remove any  
4 responsibility enumerated under subsection (b) of this section absent an individualized  
5 finding that a particular area authority or county program is not providing minimally  
6 adequate services under G.S. 122C-124.1 or is in imminent danger of failing financially  
7 under G.S. 122C-125. The notice and procedural requirements of G.S. 122C-124.1 and  
8 G.S. 122C-125 shall apply to the findings."

9 **SECTION 5.** Effective July 1, 2009, G.S. 122C-115.4(b) as enacted in  
10 Section 4 of this act reads as rewritten:

11 "(b) The core functions of an LME include all of the following:

- 12 (1) Access for all citizens to core services through the implementation of a  
13 24-hour a day, seven-days a week screening, triage, and referral  
14 process and a uniform portal of entry into care.
- 15 (2) Provider endorsement, monitoring, technical assistance, and capacity  
16 development. An LME may remove as a choice a provider who fails to  
17 meet defined quality criteria or fails to provide data required for  
18 monitoring client outcomes.
- 19 (3) Utilization review and determination of the appropriate level and  
20 intensity of services for all ~~state-funded~~ services, authorization of  
21 recipients of services under a Medicaid waiver, review and approval of  
22 all person-centered plans, utilization management for all services, care  
23 coordination, quality management, and authorization of State  
24 psychiatric hospital and other State facility bed days.
- 25 (4) Community collaboration and consumer affairs including assurance of  
26 rights, appeals, establishment and support for an effective consumer  
27 and family advisory committee.
- 28 (5) Financial management and accountability including information  
29 management for the delivery of publicly funded services for mental  
30 illness, developmental disabilities, and substance abuse."

31 **SECTION 6.** G.S. 122C-118.1 reads as rewritten:

32 "**§ 122C-118.1. Structure of area board.**

33 (a) An area board shall have no fewer than 11 and no more than 25 members. In  
34 a single-county area authority, the members shall be appointed by the board of county  
35 commissioners. Except as otherwise provided, in areas consisting of more than one  
36 county, each board of county commissioners within the area shall appoint one  
37 commissioner as a member of the area board. These members shall appoint the other  
38 members. The boards of county commissioners within the multicounty area shall have  
39 the option to appoint the members of the area board in a manner other than as required  
40 under this section by adopting a resolution to that effect. The boards of county  
41 commissioners in a multicounty area authority shall indicate in the business plan each  
42 board's method of appointment of the area board members in accordance with  
43 G.S. 122C-115.2(b). These appointments shall take into account sufficient citizen  
44 participation,—~~equitable~~ representation of the disability groups, and equitable

1 representation of participating counties. Individuals appointed to the board shall include  
2 an individual with financial ~~expertise or expertise~~, a county finance officer, an  
3 individual with expertise in management or business, and an individual representing the  
4 interests of children. A member of the board may be removed with or without cause by  
5 the initial appointing authority. Vacancies on the board shall be filled by the initial  
6 appointing authority before the end of the term of the vacated seat or within 90 days of  
7 the vacancy, whichever occurs first, and the appointments shall be for the remainder of  
8 the unexpired term.

9 (b) ~~At least~~ Not more than fifty percent (50%) of the members of the area board  
10 shall represent the following:

11 (1) A physician licensed under Chapter 90 of the General Statutes to  
12 practice medicine in North Carolina who, when possible, is certified as  
13 having completed a residency in psychiatry.

14 (2) A clinical professional from the fields of mental health, developmental  
15 disabilities, or substance abuse.

16 (3) ~~A~~ At least one family member or ~~an~~ individual from a citizens'  
17 ~~organizations~~ organization composed primarily of consumers or their  
18 family members, representing the interests of individuals:

19 a. With mental illness; ~~and~~

20 b. In recovery from addiction; ~~and~~ or

21 c. With developmental disabilities.

22 (4) ~~Openly~~ At least one openly declared ~~consumers;~~ consumer:

23 a. With mental illness; ~~and~~

24 b. With developmental ~~disabilities;~~ and disabilities; or

25 c. In recovery from addiction.

26 (c) The board of county commissioners may elect to appoint a member of the  
27 area authority board to fill concurrently more than one category of membership if the  
28 member has the qualifications or attributes of more than one category of membership.

29 (d) Any member of an area board who is a county commissioner serves on the  
30 board in an ex officio capacity. The terms of county commissioners on an area board are  
31 concurrent with their terms as county commissioners. The terms of the other members  
32 on the area board shall be for ~~four~~ three years, except that upon the initial formation of  
33 an area board ~~one-fourth~~ one-third shall be appointed for one year, ~~one-fourth~~ one-third  
34 for two years, ~~one-fourth~~ for three years, and all remaining members for ~~four~~ three  
35 years. Members ~~other than county commissioners~~ shall not be appointed for more than  
36 two consecutive terms. Board members serving as of July 1, 2006, may remain on the  
37 board for one additional term.

38 (e) Upon request, the board shall provide information pertaining to the  
39 membership of the board that is a public record under Chapter 132 of the General  
40 Statutes."

41 **SECTION 7.** G.S. 122C-115.1(g) reads as rewritten:

42 "(g) In a single-county program, an advisory committee shall be appointed by the  
43 board of county commissioners and shall report to the county manager. The  
44 appointments shall take into account sufficient citizen participation, equitable

1 representation of the disability groups, and equitable representation of participating  
2 counties. ~~At least fifty percent (50%) of the~~ The membership shall conform to the  
3 requirements in ~~G.S. 122C-118.1(b)(1)-(4)~~. G.S. 122C-118.1. In a multicounty program,  
4 the advisory committee shall be appointed in accordance with the terms of the interlocal  
5 agreement."

6 **SECTION 8.** G.S. 122C-115.1(a) reads as rewritten:

7 "**§ 122C-115.1. County governance and operation of mental health, developmental**  
8 **disabilities, and substance abuse services program.**

9 (a) A county may operate a county program for mental health, developmental  
10 disabilities, and substance abuse services as a single county or, pursuant to Article 20 of  
11 Chapter 160A of the General Statutes, may enter into an interlocal agreement with one  
12 or more other counties for the operation of a multicounty program. An interlocal  
13 agreement shall provide for the following:

- 14 (1) Adoption and administration of the program budget in accordance with  
15 Chapter 159 of the General Statutes.
- 16 (2) Appointment of a program director to carry out the provisions of  
17 G.S. 122C-111 and duties and responsibilities delegated by the county.  
18 Except when specifically waived by the Secretary, the program  
19 director shall meet the following minimum qualifications:
  - 20 a. Masters degree,
  - 21 b. Related experience, and
  - 22 c. Management experience.
- 23 (3) A targeted minimum population of 200,000 or a targeted minimum  
24 number of five counties served by the program.
- 25 (4) Compliance with the provisions of this Chapter and the rules of the  
26 Commission and the Secretary.
- 27 (5) Written notification to the Secretary prior to the termination of the  
28 interlocal agreement.
- 29 (6) Appointment of an advisory committee. The interlocal agreement shall  
30 designate a county manager to whom the advisory committee shall  
31 report. The interlocal agreement shall also designate the appointing  
32 authorities. The appointing authorities shall make appointments that  
33 take into account sufficient citizen participation, equitable  
34 representation of the disability groups, and equitable representation of  
35 participating counties. At least fifty percent (50%) of the membership  
36 shall conform to the requirements provided in  
37 ~~G.S. 122C-118.1(b)(1)-(4)~~. G.S. 122C-188.1."

38 **SECTION 9.** Effective January 1, 2007, G.S. 122C-115.1(a), as amended by  
39 Section 8 of this act reads as rewritten:

40 "**§ 122C-115.1. County governance and operation of mental health, developmental**  
41 **disabilities, and substance abuse services program.**

42 (a) A county may operate a county program for mental health, developmental  
43 disabilities, and substance abuse services as a single county or, pursuant to Article 20 of  
44 Chapter 160A of the General Statutes, may enter into an interlocal agreement with one

1 or more other counties for the operation of a multicounty program. An interlocal  
2 agreement shall provide for the following:

- 3 (1) Adoption and administration of the program budget in accordance with  
4 Chapter 159 of the General Statutes.
- 5 (2) Appointment of a program director to carry out the provisions of  
6 G.S. 122C-111 and duties and responsibilities delegated by the county.  
7 Except when specifically waived by the Secretary, the program  
8 director shall meet all the following minimum qualifications:
  - 9 a. ~~Masters degree, degree.~~
  - 10 b. ~~Related experience, and experience.~~
  - 11 c. Management experience.
  - 12 d. Any other qualifications required under the job classification  
13 adopted by the State Personnel Commission.
- 14 (3) A targeted minimum population of 200,000 or a targeted minimum  
15 number of five counties served by the program.
- 16 (4) Compliance with the provisions of this Chapter and the rules of the  
17 Commission and the Secretary.
- 18 (5) Written notification to the Secretary prior to the termination of the  
19 interlocal agreement.
- 20 (6) Appointment of an advisory committee. The interlocal agreement shall  
21 designate a county manager to whom the advisory committee shall  
22 report. The interlocal agreement shall also designate the appointing  
23 authorities. The appointing authorities shall make appointments that  
24 take into account sufficient citizen participation, equitable  
25 representation of the disability groups, and equitable representation of  
26 participating counties. The membership shall conform to the  
27 requirements provided in G.S. 122C-118.1."

28 **SECTION 10.** Effective January 1, 2007, G.S. 122C-115.1(f) reads as  
29 rewritten:

30 "(f) In a single-county program, the program director shall be appointed by the  
31 county manager. In a multicounty program, the program director shall be appointed in  
32 accordance with the terms of the interlocal agreement.

33 Except when specifically waived by the Secretary, the program director in a single  
34 county program shall meet all the following minimum qualifications:

- 35 (1) Masters degree.
- 36 (2) Related experience.
- 37 (3) Management experience.
- 38 (4) Any other qualifications required under the job classification adopted  
39 by the State Personnel Commission."

40 **SECTION 11.** Effective January 1, 2007, G.S. 122C-121(d) reads as  
41 rewritten:

42 "(d) Except when specifically waived by the Secretary, the area director shall meet  
43 all the following minimum qualifications:

- 44 (1) ~~Masters degree, degree.~~

- 1 (2) Related ~~experience;~~ and experience.
- 2 (3) Management experience.
- 3 (4) Any other qualifications required under the job classification adopted
- 4 by the State Personnel Commission."

5 **SECTION 12.** Effective July 1, 2007, G.S. 122C-115(a) reads as rewritten:

6 "**§ 122C-115. Duties of counties; appropriation and allocation of funds by counties**

7 **and cities.**

8 (a) A county shall provide mental health, developmental disabilities, and

9 substance abuse services through an area authority or through a county program

10 established pursuant to G.S. 122C-115.1. The catchment area of an area authority or a

11 county program shall contain either a minimum population of at least 200,000 or a

12 minimum of six counties. To the extent this section conflicts with G.S. 153A-77(a), the

13 provisions of G.S. 153A-77(a) control."

14 **SECTION 13.** Effective July 1, 2007, G.S. 122C-115.1(a), as amended by

15 Sections 8 and 9 of this act, reads as rewritten:

16 "**§ 122C-115.1. County governance and operation of mental health, developmental**

17 **disabilities, and substance abuse services program.**

18 (a) A county may operate a county program for mental health, developmental

19 disabilities, and substance abuse services as a single county or, pursuant to Article 20 of

20 Chapter 160A of the General Statutes, may enter into an interlocal agreement with one

21 or more other counties for the operation of a multicounty program. An interlocal

22 agreement shall provide for the following:

- 23 (1) Adoption and administration of the program budget in accordance with
- 24 Chapter 159 of the General Statutes.
- 25 (2) Appointment of a program director to carry out the provisions of
- 26 G.S. 122C-111 and duties and responsibilities delegated by the county.
- 27 Except when specifically waived by the Secretary, the program
- 28 director shall meet all the following minimum qualifications:
- 29 a. Masters degree.
- 30 b. Related experience.
- 31 c. Management experience.
- 32 d. Any other qualifications required under the job classification
- 33 adopted by the State Personnel Commission.
- 34 ~~(3) A targeted minimum population of 200,000 or a targeted minimum~~
- 35 ~~number of five counties served by the program.~~
- 36 (4) Compliance with the provisions of this Chapter and the rules of the
- 37 Commission and the Secretary.
- 38 (5) Written notification to the Secretary prior to the termination of the
- 39 interlocal agreement.
- 40 (6) Appointment of an advisory committee. The interlocal agreement shall
- 41 designate a county manager to whom the advisory committee shall
- 42 report. The interlocal agreement shall also designate the appointing
- 43 authorities. The appointing authorities shall make appointments that
- 44 take into account sufficient citizen participation, equitable

1 representation of the disability groups, and equitable representation of  
2 participating counties. The membership shall conform to the  
3 requirements provided in G.S. 122C-118.1."

4 **SECTION 14.** G.S. 122C-117(c) reads as rewritten:

5 "(c) Within 30 days of the end of each quarter of the fiscal year, the area director  
6 and finance officer of the area authority shall provide to the finance officer of the  
7 county, or in the case of a multicounty area authority, the finance officers of each  
8 county, the quarterly report of the area authority. The report shall include a budgetary  
9 statement and balance sheet that details the assets, liabilities, and fund balance of the  
10 area authority. The county finance officer shall review the report and may make  
11 comments regarding the finances of the area authority before the report is provided to  
12 each member of the board of county commissioners ~~the quarterly report~~ of the area  
13 authority. This information shall be presented in a format prescribed by the county. At  
14 least twice a year, this information shall be presented in person and shall be read into  
15 the minutes of the meeting at which it is presented. In addition, the area director or  
16 finance officer of the area authority shall provide to the board of county commissioners  
17 ad hoc reports as requested by the board of county commissioners."

18 **SECTION 15.** G.S. 122C-115.1(e) reads as rewritten:

19 "(e) Within 30 days of the end of each quarter of the fiscal year, the program  
20 director and finance officer of the county program shall present to the finance officer of  
21 the county, or in the case of a multicounty program, the finance officers of each county,  
22 the quarterly report of the county program. The report shall include a budgetary  
23 statement and balance sheet that details the assets, liabilities, and fund balance of the  
24 county program. The county finance officer shall review the report and may make  
25 comments regarding the finances of the program before the report is provided to each  
26 member of the board of county ~~commissioners a budgetary statement and balance sheet~~  
27 ~~that details the assets, liabilities, and fund balance of the county program.~~  
28 ~~commissioners.~~ This information shall be read into the minutes of the meeting at which  
29 it is presented. The program director or finance officer of the county program shall  
30 provide to the board of county commissioners ad hoc reports as requested by the board  
31 of county commissioners."

32 **SECTION 16.** G.S. 153A-149(c)(22) reads as rewritten:

33 "(c) Each county may levy property taxes for one or more of the purposes listed in  
34 this subsection up to a combined rate of one dollar and fifty cents (\$1.50) on the one  
35 hundred dollars (\$100.00) appraised value of property subject to taxation. Authorized  
36 purposes subject to the rate limitation are:

37 ...

38 (22) Mental Health. – To provide for the county's share of the cost of  
39 maintaining and administering services offered ~~by-by, to,~~ or through  
40 the area mental health, developmental disabilities, and substance abuse  
41 authority. authority or the county program for mental health,  
42 developmental disabilities, and substance abuse services."

43 **SECTION 17.** G.S. 153A-247 reads as rewritten:

44 "**§ 153A-247. Provision for public health and mental health.**



1 A county may provide for and regulate the public health ~~pursuant to~~ under Chapter  
2 130A of the General Statutes and any other law authorizing local public health activities  
3 and may provide mental health~~[,] mental retardation, health, developmental disabilities,~~  
4 and substance abuse ~~programs pursuant to Chapter 122C of the General~~  
5 ~~Statutes.~~ programs."

6 **SECTION 18.** G.S. 122C-115.2(b)(1) reads as rewritten:

7 "(b) Business plans shall include the following:

8 (1) Description of how the following core administrative functions will be  
9 carried out:

- 10 a. Planning. – Local services plans that identify service gaps and  
11 methods for filling the gaps, ensure the availability of an array  
12 of services based on consumer needs, provision of core  
13 services, equitable service delivery among member counties,  
14 and prescribing the efficient and effective use of all funds for  
15 targeted services. Local planning shall be an open process  
16 involving key stakeholders.
- 17 b. Provider network development. – Ensuring available, qualified  
18 providers to deliver services based on the business plan.  
19 Development of new providers and monitoring provider  
20 performance and service outcomes. Provider network  
21 development shall address consumer choice and fair  
22 competition. For the purposes of this section, a "qualified  
23 provider" means a public or private provider who meets the  
24 provider qualifications as defined by rules adopted by the  
25 Secretary.
- 26 c. Service management. – Implementation of uniform portal  
27 process. Service management shall include appropriate level  
28 and intensity of services, management of State  
29 hospitals/facilities bed days, utilization management, case  
30 management, and quality management. If services are provided  
31 directly by the area authority or county program, then the plan  
32 shall indicate how consumer choice and fair competition in the  
33 marketplace is ensured.
- 34 d. Financial management and accountability. – Carrying out  
35 business functions in an efficient and effective manner,  
36 cost-sharing, and managing resources dedicated to the public  
37 system.
- 38 e. Service monitoring and oversight. – Ensuring that services  
39 provided to consumers and families meet State outcome  
40 standards and ensure quality performance by providers in the  
41 network.
- 42 f. Evaluation. – Self-evaluation based on statewide outcome  
43 standards and participation in independent evaluation studies.

1 g. Collaboration. – Collaborating with other local service systems  
 2 in ensuring access and coordination of services at the local  
 3 level. Collaborating with other area authorities and county  
 4 programs and the State in planning and ensuring the delivery of  
 5 services.

6 h. Access. – Ensuring access to core and targeted services."

7 **SECTION 19.** G.S. 122C-141 is amended by adding a new subsection to  
 8 read:

9 "(d) A county may be a qualified public provider and may, under Article 20 of  
 10 Chapter 160A of the General Statutes, enter into an interlocal agreement with one or  
 11 more other counties to operate as a qualified public provider."

12 **SECTION 20.** G.S. 122C-112.1(a) reads as rewritten:

13 "**§ 122C-112.1. Powers and duties of the Secretary.**

14 (a) The Secretary shall do all of the following:

- 15 (1) Oversee development of the State Plan for Mental Health,  
 16 Developmental Disabilities, and Substance Abuse Services.
- 17 (2) Enforce the provisions of this Chapter and the rules of the Commission  
 18 and the Secretary.
- 19 (3) Establish a process and criteria for the submission, review, and  
 20 approval or disapproval of LME business plans submitted by area  
 21 authorities and counties for the management and provision of mental  
 22 health, developmental disabilities, and substance abuse services.
- 23 (4) Adopt rules specifying the content and format of LME business plans.
- 24 (5) Review business plans and, upon approval of the LME business plan,  
 25 certify the submitting area authority or county program to provide  
 26 mental health, developmental disabilities, and substance abuse  
 27 ~~services.~~services in the applicable catchment area.
- 28 (6) Establish comprehensive, cohesive oversight and monitoring  
 29 procedures and processes to ensure continuous compliance by area  
 30 authorities, county programs, and all providers of public services with  
 31 State and federal policy, law, and standards. Procedures shall include  
 32 performance measures and report cards for each area authority and  
 33 county program.
- 34 (7) Conduct regularly scheduled monitoring and oversight of area  
 35 authority, county programs, and all providers of public services.  
 36 Monitoring and oversight shall include compliance with the program  
 37 business plan, core administrative functions, and fiscal and  
 38 administrative practices and shall also address outcome measures,  
 39 consumer satisfaction, client rights complaints, and adherence to best  
 40 practices.
- 41 (8) Make findings and recommendations based on information and data  
 42 collected pursuant to subdivision (7) of this subsection and submit  
 43 these findings and recommendations to the applicable area authority  
 44 board, county program director, board of county commissioners,

- 1 providers of public services, and to the Local Consumer Advocacy  
2 Office.
- 3 (9) Assist area authorities and county programs in the establishment and  
4 operation of community-based programs.
- 5 (10) Operate State facilities and adopt rules pertaining to their operation.
- 6 (11) Develop a unified system of services provided ~~in area, county, and at~~  
7 the community level, by State facilities, and by providers enrolled or  
8 under a contract with the ~~State.~~ State and an area authority or county  
9 program.
- 10 (12) Adopt rules governing the expenditure of all funds for mental health,  
11 developmental disabilities, and substance abuse programs and services.
- 12 (13) Adopt rules to implement the appeal procedure authorized by  
13 G.S. 122C-151.2.
- 14 (14) Adopt rules for the implementation of the uniform portal process.
- 15 (15) Except as provided in G.S. 122C-26(4), adopt rules establishing  
16 procedures for waiver of rules adopted by the Secretary under this  
17 Chapter.
- 18 (16) Notify the clerks of superior court of changes in the designation of  
19 State facility regions and of facilities designated under G.S. 122C-252.
- 20 (17) Promote public awareness and understanding of mental health, mental  
21 illness, developmental disabilities, and substance abuse.
- 22 (18) Administer and enforce rules that are conditions of participation for  
23 federal or State financial aid.
- 24 (19) Carry out G.S. 122C-361.
- 25 (20) Monitor the fiscal and administrative practices of area authorities and  
26 county programs to ensure that the programs are accountable to the  
27 State for the management and use of federal and State funds allocated  
28 for mental health, developmental disabilities, and substance abuse  
29 services. The Secretary shall ensure maximum accountability by area  
30 authorities and county programs for rate-setting methodologies,  
31 reimbursement procedures, billing procedures, provider contracting  
32 procedures, record keeping, documentation, and other matters  
33 pertaining to financial management and fiscal accountability. The  
34 Secretary shall further ensure that the practices are consistent with  
35 professionally accepted accounting and management principles.
- 36 (21) Provide technical assistance, including conflict resolution, to counties  
37 in the development and implementation of area authority and county  
38 program business plans and other matters, as requested by the county.
- 39 (22) Develop a methodology to be used for calculating county resources to  
40 reflect cash and in-kind contributions of the county.
- 41 (23) Adopt rules establishing program evaluation and management of  
42 mental health, developmental disabilities, and substance abuse  
43 services.

- 1 (24) Adopt rules regarding the requirements of the federal government for  
2 grants-in-aid for mental health, developmental disabilities, or  
3 substance abuse programs which may be made available to area  
4 authorities or county programs or the State. This section shall be  
5 liberally construed in order that the State and its citizens may benefit  
6 from the grants-in-aid.
- 7 (25) Adopt rules for determining minimally adequate services for purposes  
8 of G.S. 122C-124.1 and G.S. 122C-125.
- 9 (26) Establish a process for approving area authorities and county programs  
10 to provide services directly in accordance with G.S. 122C-141.
- 11 (27) Sponsor training opportunities in the fields of mental health,  
12 developmental disabilities, and substance abuse.
- 13 (28) Enforce the protection of the rights of clients served by State facilities,  
14 area authorities, county programs, and providers of public services.
- 15 (29) Adopt rules for the enforcement of the protection of the rights of  
16 clients being served by State facilities, area authorities, county  
17 programs, and providers of public services.
- 18 (30) Prior to requesting approval to close a State facility under  
19 G.S. 122C-181(b):
- 20 a. Notify the Joint Legislative Commission on Governmental  
21 Operations, the Joint Legislative Committee on Mental Health,  
22 Developmental Disabilities, and Substance Abuse Services, and  
23 members of the General Assembly who represent catchment  
24 areas affected by the closure; and
- 25 b. Present a plan for the closure to the members of the Joint  
26 Legislative Committee on Mental Health, Developmental  
27 Disabilities, and Substance Abuse Services, the House of  
28 Representatives Appropriations Subcommittee on Health and  
29 Human Services, and the Senate Appropriations Committee on  
30 Health and Human Services for their review, advice, and  
31 recommendations. The plan shall address specifically how  
32 patients will be cared for after closure, how support services to  
33 community-based agencies and outreach services will be  
34 continued, and the impact on remaining State facilities. In  
35 implementing the plan, the Secretary shall take into  
36 consideration the comments and recommendations of the  
37 committees to which the plan is presented under this  
38 subdivision.
- 39 (31) Ensure that the State Plan for Mental Health, Developmental  
40 Disabilities, and Substance Abuse Services is coordinated with the  
41 Medicaid State Plan and NC Health Choice."

42 **SECTION 21.** The Department of Health and Human Services shall reduce  
43 by ten percent (10%) annually the administrative funding for area authorities and county  
44 programs that do not comply with Sections 12 and 13 of this act. The funds withdrawn

1 for LME administrative functions shall be reallocated to the same area authority or  
2 county program to be used to provide mental health, developmental disabilities, and  
3 substance abuse services.

4 **SECTION 22.** The Office of State Personnel shall develop a job  
5 classification for director of an area authority or county program that reflects the skills  
6 required of an individual operating a local management entity. The Office of State  
7 Personnel shall also review the job classifications for area authority and county program  
8 finance officers to determine whether they reflect the skills necessary to manage the  
9 finances of a local management entity. The Commission shall adopt a job classification  
10 for director and any new or revised job classifications for finance officers no later than  
11 December 31, 2006. The requirements of the job classifications shall apply to persons  
12 hired by an area authority or county program on or after January 1, 2007.

13 **SECTION 23.** The Department of Health and Human Services (Department)  
14 shall recalculate the LME systems management allocations for State fiscal year  
15 2006-2007 to include funds for each LME to implement 24-hour, seven-days a week  
16 screening, triage, and referral and the review and approval of all person-centered plans.  
17 The funds shall be used by LMEs to implement those functions.

18 The Department shall also review the LME's responsibilities described in  
19 G.S. 122C-115.4 in Section 4 of this act and recalculate the LME systems management  
20 allocations for State fiscal year 2006-2007 to provide sufficient funds for LMEs to fully  
21 implement those functions. To the extent there remains any reduction in administrative  
22 funding between the 2005-2006 and 2006-2007 fiscal years LME systems management  
23 allocations, those funds shall be reallocated to those LMEs that will experience a  
24 reduction in their administrative budgets. The LMEs shall use the funds to provide  
25 mental health, developmental disabilities, and substance abuse services.

26 **SECTION 24.** There is appropriated from the General Fund to the  
27 Department of Health and Human Services the sum of twenty thousand dollars  
28 (\$20,000) for the 2006-2007 fiscal year to provide training to area authority and county  
29 program board members under G.S 122C-119.1.

30 **SECTION 25.** Unless otherwise specified, this act becomes effective July 1,  
31 2006.