

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

**H**

**D**

**HOUSE DRH30588-LNz-309A\* (4/2)**

Short Title: Recommendations of MH/DD/SA Oversight Comm. (Public)

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Sponsors: Representative Insko.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO ENACT VARIOUS LAWS TO IMPROVE THE MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES SYSTEM, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES.

The General Assembly of North Carolina enacts:

**SECTION 1.1. Expenditure of Service Dollars.** – For the purpose of mitigating cash-flow problems that many non-single-stream LMEs experience at the beginning of each fiscal year, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the timing and method by which allocations of service dollars are distributed to each non-single-stream LME. To this end, the allocations shall be adjusted such that at the beginning of the fiscal year, the Department shall distribute not less than one-twelfth of the LME's continuation allocation and subtract the amount of the adjusted distribution from the LME's total reimbursements for the fiscal year.

**SECTION 1.2.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of six million dollars (\$6,000,000) for the 2008-2009 fiscal year. These funds shall be used to support LMEs in establishing additional regionally purchased and locally hosted substance abuse programs. Funds appropriated shall be for the purpose of developing and enhancing the American Society of Addiction Medicine (ASAM) continuum of care at the community level. The Department of Health and Human Services shall work with LMEs in establishing these programs.

**SECTION 1.3.(a)** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental

1 Disabilities, and Substance Abuse Services, the sum of six hundred seventy-five  
2 thousand dollars (\$675,000) for the 2008-2009 fiscal year. These funds shall be used to  
3 contract with an outside vendor for technical assistance to LMEs that are not meeting  
4 the standards necessary for single-stream funding.

5 **SECTION 1.3.(b)** The Department shall encourage the conversion of the  
6 remaining non-single-stream LMEs to single-stream funding as soon as possible. The  
7 Department shall also develop standards for the removal of single-stream designation  
8 for those LMEs that do not continue to comply with the applicable requirements for  
9 single-stream funding.

10 **SECTION 1.4.** The Department of Health and Human Services shall  
11 simplify the current State Integrated Payment and Reporting System (IPRS) to  
12 encourage more providers to serve State-paid clients.

13 **SECTION 1.5.** The Department of Health and Human Services shall create a  
14 reporting system for both single-stream funding and non-unit-cost reimbursement  
15 funding that is readily comprehensible and integrates with payment systems.

16 **SECTION 1.6.** The Department of Health and Human Services shall  
17 determine why there have been under- and over-expenditure of State service dollars by  
18 LMEs and shall take the action necessary to address the problem. In making its  
19 determination, the Department shall consult with LMEs and providers. Not later than  
20 January 1, 2009, the Department shall report to the House of Representatives  
21 Appropriations Subcommittee on Health and Human Services, the Senate  
22 Appropriations Committee on Health and Human Services, the Fiscal Research  
23 Division, and the Joint Legislative Oversight Committee on Mental Health,  
24 Developmental Disabilities, and Substance Abuse Services on actions taken to address  
25 the problem of LME under- and over-expenditure of service dollars.

26 **SECTION 1.7.(a)** There is appropriated from the General Fund to the  
27 General Assembly the sum of one million dollars (\$1,000,000) for the 2008-2009 fiscal  
28 year. These funds shall be used to retain the services of an independent consultant to  
29 perform a services gap analysis of the Mental Health, Developmental Disabilities, and  
30 Substance Abuse Services System. In developing the Request for Proposal (RFP), the  
31 Fiscal Research Division shall require the independent consultant to report on or before  
32 May 1, 2009, its findings and recommendations to the House of Representatives  
33 Appropriations Subcommittee on Health and Human Services, the Senate  
34 Appropriations Committee on Health and Human Services, the Joint Legislative  
35 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
36 Abuse Services, and the Fiscal Research Division.

37 **SECTION 1.7.(b)** In developing its work plan, the Joint Legislative Program  
38 Evaluation Oversight Committee may include a thorough performance evaluation of the  
39 State's mental health agencies in the Department of Health and Human Services,  
40 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services  
41 and the Division of Medical Assistance. The performance evaluation shall be  
42 completed not later than May 1, 2009.

43 **SECTION 2.1.(a) State-Operated Services.** – In order to temporarily  
44 address high admissions to adult acute unit beds in the State psychiatric hospitals, the

1 Secretary of the Department of Health and Human Services may open and operate on a  
2 temporary basis the Central Regional Hospital Wake Unit on the Dorothea Dix Campus  
3 and may maintain the Wake Unit on the Dix Campus until beds become available in the  
4 system.

5 **SECTION 2.1.(b)** G.S. 122C-181(a)(1) reads as rewritten:

6 "**§ 122C-181. Secretary's jurisdiction over State facilities.**

7 (a) Except as provided in subsection (b) of this section, the Secretary shall  
8 operate the following facilities:

9 (1) Psychiatric Hospitals:

10 a. Cherry Hospital.

11 a1. **(Contingent effective date, see Editor's note)** Central  
12 Regional Hospital.

13 b. **(Contingent repeal date, see Editor's note)** Dorothea Dix  
14 Hospital.

15 c. **(Contingent repeal date, see Editor's note)** John Umstead  
16 Hospital.

17 d. Broughton Hospital.

18 e. The Central Regional Hospital Wake Unit on the Dorothea Dix  
19 Campus."

20 This subsection expires upon the earlier of July 1, 2009, or the availability of  
21 beds at Central Regional Hospital.

22 **SECTION 2.1.(c)** There is appropriated from the General Fund to the  
23 Department of Health and Human Services the sum of five million two hundred  
24 seventy-four thousand dollars (\$5,274,000) for the 2008-2009 fiscal year. These  
25 onetime funds shall be used to support the temporary opening and operation of the  
26 Central Regional Hospital Wake Unit on the Dorothea Dix Campus.

27 **SECTION 2.2.(a)** G.S. 130A-383(a) reads as rewritten:

28 "**§ 130A-383. Medical examiner jurisdiction.**

29 (a) Upon the death of any person resulting from violence, poisoning, accident,  
30 suicide or homicide; occurring suddenly when the deceased had been in apparent good  
31 health or when unattended by a physician; occurring in a jail, prison, correctional  
32 ~~institution~~institution, State facilities operated in accordance with Part 5 of Article 4 of  
33 Chapter 122C of the General Statutes; or in police custody; occurring pursuant to  
34 Article 19 of Chapter 15 of the General Statutes; or occurring under any suspicious,  
35 unusual or unnatural circumstance, the medical examiner of the county in which the  
36 body of the deceased is found shall be notified by a physician in attendance, hospital  
37 employee, law-enforcement officer, funeral home employee, emergency medical  
38 technician, relative or by any other person having suspicion of such a death. No person  
39 shall disturb the body at the scene of such a death until authorized by the medical  
40 examiner unless in the unavailability of the medical examiner it is determined by the  
41 appropriate law enforcement agency that the presence of the body at the scene would  
42 risk the integrity of the body or provide a hazard to the safety of others. For the limited  
43 purposes of this Part, expression of opinion that death has occurred may be made by a

1 nurse, an emergency medical technician or any other competent person in the absence of  
2 a physician."

3 **SECTION 2.2.(b)** G.S. 122C-31 is amended by adding the following new  
4 subsection to read:

5 "**§ 122C-31. Report required upon death of client.**

6 ...

7 (g) In addition to the reporting requirements specified in subsections (a) through  
8 (e) of this section, and pursuant to G.S. 130A-383, every State facility shall report the  
9 death of any client of the facility, regardless of the manner of death, to the medical  
10 examiner of the county in which the body of the deceased is found."

11 **SECTION 2.2.(c)** There is appropriated from the General Fund to the  
12 Department of Health and Human Services the sum of one hundred fifty-five thousand  
13 two hundred twenty-six dollars (\$155,226) for the 2008-2009 fiscal year. These funds  
14 shall be used for one additional public health nurse consultant position and other costs  
15 associated with the increased investigatory requirements of this section.

16 **SECTION 2.2.(d)** The Commission for Mental Health, Developmental  
17 Disabilities, and Substance Abuse Services shall study the current death reporting  
18 requirements under G.S. 122C-26(5)(c) and assess the need for any additional reporting  
19 requirements or modifications to existing rules or procedures. The Commission shall  
20 report its findings to the Joint Legislative Oversight Committee on Mental Health,  
21 Developmental Disabilities, and Substance Abuse Services not later than November 1,  
22 2008.

23 **SECTION 2.3.** There is appropriated from the General Fund to the  
24 Department of Health and Human Services, Division of Mental Health, Developmental  
25 Disabilities, and Substance Abuse Services, the sum of thirty million dollars  
26 (\$30,000,000) for the 2008-2009 fiscal year. These funds shall be used to expand the  
27 Hospital Utilization Pilot Program statewide in a manner that maintains local control of  
28 funds and bed allocations, with a goal of reducing the use of State psychiatric hospital  
29 beds for those individuals staying two weeks or less.

30 **SECTION 2.4.(a)** There is appropriated from the General Fund to the  
31 Department of Health and Human Services, Division of Mental Health, Developmental  
32 Disabilities, and Substance Abuse Services, the sum of one million one hundred  
33 thirty-four thousand one hundred sixty-eight dollars (\$1,134,168) for the 2008-2009  
34 fiscal year to implement three pilot programs of the Transitional Residential Treatment  
35 Program. One pilot program shall be located in each of the State's three State  
36 psychiatric hospital catchment areas.

37 **SECTION 2.4.(b)** The Department of Health and Human Services, Division  
38 of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall  
39 develop and implement a plan for discharge planning at the local level for all disability  
40 groups. The Department shall implement its plan as soon as possible.

41 **SECTION 2.5.(a)** There is appropriated from the General Fund to the  
42 Housing Trust Fund the sum of ten million dollars (\$10,000,000) for the 2008-2009  
43 fiscal year for the Housing 400 Initiative in order to reduce the need for State  
44 psychiatric hospitals in the long term.

1           **SECTION 2.5.(b)** There is appropriated from the General Fund to the  
2 Department of Health and Human Services, Division of Mental Health, Developmental  
3 Disabilities, and Substance Abuse Services, the sum of two million five hundred  
4 thousand dollars (\$2,500,000) for the 2008-2009 fiscal year to continue operating  
5 support for an estimated 500 units of the Housing 400 Initiative in order to reduce the  
6 need for State psychiatric hospitals in the long term. It is the intent of the General  
7 Assembly that these funds shall be appropriated on a recurring basis.

8           **SECTION 2.6.** Not later than October 1, 2008, the Department of Health  
9 and Human Services, Division of Medical Assistance, shall provide for automatic  
10 reenrollment of Medicaid recipients whose Medicaid eligibility had been cancelled  
11 because of admission to the hospital. The purpose of automatic reenrollment is to  
12 ensure that upon release from the hospital the eligible Medicaid recipient will have  
13 uninterrupted access to care and medications under the Medicaid program.

14           **SECTION 2.7.** The Department of Health and Human Services, Division of  
15 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall, within  
16 available resources, implement the tiered CAP-MR/DD waiver program in accordance  
17 with Section 10.49(dd) of S.L. 2007-323. The Department shall implement the program  
18 with four tiers: (i) up to ten thousand dollars (\$10,000); (ii) between ten thousand one  
19 dollars (\$10,001) and twenty-five thousand dollars (\$25,000); (iii) between twenty-five  
20 thousand one dollars (\$25,001) and seventy-five thousand dollars (\$75,000); and (iv)  
21 greater than seventy-five thousand dollars (\$75,000).

22           **SECTION 2.8.** The North Carolina Institute of Medicine shall study and  
23 report on the transition for persons with developmental disabilities from one life setting  
24 to another, including barriers to transition and best practices in successful transitions.  
25 The IOM should conduct this study using funds appropriated for IOM studies in the  
26 2007 Session. The study should encompass at least the following topics: (i) the  
27 transition for adolescents leaving high school, including adolescents in foster care and  
28 those in other settings; (ii) the transition for persons with developmental disabilities who  
29 live with aging parents; and (iii) the transition from the developmental centers to other  
30 settings.

31           **SECTION 2.9.** The Department of Health and Human Services shall review  
32 State-County Special Assistance rates to establish an appropriate rate for special care  
33 units for persons with a mental health disability, including individuals with Traumatic  
34 Brain Injury (TBI), and shall review current rules pertaining to special care units for  
35 persons with a mental health disability to determine if additional standards are  
36 necessary. Effective July 1, 2008, care provided to individuals with Traumatic Brain  
37 Injury shall be paid at the special care unit rate paid for care of persons with a mental  
38 health disability. The Department shall report its findings and recommendations to the  
39 House of Representatives Appropriations Subcommittee on Health and Human  
40 Services, the Senate Appropriations Committee on Health and Human Services, the  
41 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,  
42 and Substance Abuse Services, and the Fiscal Research Division not later than January  
43 1, 2009.

1           **SECTION 3.1. Community Services.** – In order to ensure accountability for  
2 services provided and funds expended for community services, the Department of  
3 Health and Human Services, Division of Mental Health, Developmental Disabilities,  
4 and Substance Abuse Services, shall develop a tiered rate structure to replace the  
5 blended rate currently used for community support services. Under the new tiered  
6 structure, services that are necessary but do not require the skill, education, or  
7 knowledge of a qualified professional should not be paid at the same rate as services  
8 provided by qualified skilled professionals. The Department shall report on the  
9 development of the structure to the Joint Legislative Oversight Committee (LOC) on  
10 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than  
11 October 1, 2008. The Department shall not implement the tiered rate structure until  
12 after it has consulted with the LOC.

13           **SECTION 3.2.** The Department of Health and Human Services, Division of  
14 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall  
15 develop a service authorization process that separates the assessment function from the  
16 service delivery function at the LME level. In developing the process, the Department  
17 shall consider as an option separate LME assessment centers, the duties of which would  
18 include care coordination. The Department shall report on the development of the  
19 service authorization process to the Joint Legislative Oversight Committee (LOC) on  
20 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than  
21 October 1, 2008. The Department shall not implement the service authorization process  
22 until after it has consulted with the LOC.

23           **SECTION 3.3.(a)** The Department of Health and Human Services shall  
24 conduct a thorough study of the service authorization, utilization review, and utilization  
25 management processes and shall develop a plan to return the service authorization,  
26 utilization review, and utilization management functions to LMEs for all clients. Not  
27 later than February 1, 2009, the Department shall report its findings and  
28 recommendations to the House of Representatives Appropriations Subcommittee on  
29 Health and Human Services, the Senate Appropriations Committee on Health and  
30 Human Services, the Joint Legislative Oversight Committee on Mental Health,  
31 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research  
32 Division. The Department shall comply with the requirements of S.L. 2007-323, Section  
33 10.49(ee). The Department shall not contract with an outside vendor for service  
34 authorization, utilization review, or utilization management functions, or otherwise  
35 obligate the State for these functions beyond June 30, 2009. The Department shall  
36 require LMEs to include in their service authorization, utilization management, and  
37 utilization review a review of assessments, as well as person centered plans and random  
38 or triggered audits of services and assessments.

39           **SECTION 3.3.(b)** The Department shall require that the licensed  
40 professional that signs a medical order for behavioral health services must indicate on  
41 the order whether the licensed professional (i) has had direct contact with the consumer,  
42 and (ii) has reviewed the consumer's assessment. This requirement shall take effect no  
43 later than October 1, 2008.

44           **SECTION 3.4.(a)** G.S. 122C-151.4 reads as rewritten:

1 **"§ 122C-151.4. Appeal to State MH/DD/SA Appeals Panel.**

2 (a) Definitions. – The following definitions apply in this section:

3 (1) "Appeals Panel" means the State MH/DD/SA Appeals Panel  
4 established under this section.

5 (1a) "Client" means an individual who is admitted to or receiving public  
6 services from an area facility. "Client" includes the client's personal  
7 representative or designee.

8 (1b) "Contract" means a contract with an area authority or county program  
9 to provide services, other than personal services, to clients and other  
10 recipients of services.

11 (2) "Contractor" means a person who has a contract or who had a contract  
12 during the current fiscal year. year, or whose application for  
13 endorsement has been denied by an area authority or county program.

14 (3) "Former contractor" means a person who had a contract during the  
15 previous fiscal year.

16 (b) Appeals Panel. – The State MH/DD/SA Appeals Panel is established. The  
17 Panel shall consist of three members appointed by the Secretary. The Secretary shall  
18 determine the qualifications of the Panel members. Panel members serve at the pleasure  
19 of the Secretary.

20 (c) Who Can Appeal. – The following persons may appeal to the State  
21 MH/DD/SA Appeals Panel after having exhausted the appeals process at the appropriate  
22 area authority or county program:

23 (1) A contractor or a former contractor who claims that an area authority  
24 or county program is not acting or has not acted within applicable  
25 State law or rules in denying the contractor's application for  
26 endorsement or in imposing a particular requirement on the contractor  
27 on fulfillment of the contract;

28 (2) A contractor or a former contractor who claims that a requirement of  
29 the contract substantially compromises the ability of the contractor to  
30 fulfill the contract;

31 (3) A contractor or former contractor who claims that an area authority or  
32 county program has acted arbitrarily and capriciously in reducing  
33 funding for the type of services provided or formerly provided by the  
34 contractor or former contractor;

35 (4) A client or a person who was a client in the previous fiscal year, who  
36 claims that an area authority or county program has acted arbitrarily  
37 and capriciously in reducing funding for the type of services provided  
38 or formerly provided to the client directly by the area authority or  
39 county program; and

40 (5) A person who claims that an area authority or county program did not  
41 comply with a State law or a rule adopted by the Secretary or the  
42 Commission in developing the plans and budgets of the area authority  
43 or county program and that the failure to comply has adversely

1 affected the ability of the person to participate in the development of  
2 the plans and budgets.

3 (d) Hearing. – All members of the State MH/DD/SA Appeals Panel shall hear an  
4 appeal to the Panel. An appeal shall be filed with the Panel within the time required by  
5 the Secretary and shall be heard by the Panel within the time required by the Secretary.  
6 A hearing shall be conducted at the place determined in accordance with the rules  
7 adopted by the Secretary. A hearing before the Panel shall be informal; no sworn  
8 testimony shall be taken and the rules of evidence do not apply. The person who appeals  
9 to the Panel has the burden of proof. The Panel shall not stay a decision of an area  
10 authority during an appeal to the Panel.

11 (e) Decision. – The State MH/DD/SA Appeals Panel shall make a written  
12 decision on each appeal to the Panel within the time set by the Secretary. A decision  
13 may direct a contractor, an area authority, or a county program to take an action or to  
14 refrain from taking an action, but it shall not require a party to the appeal to pay any  
15 amount except payment due under the contract. In making a decision, the Panel shall  
16 determine the course of action that best protects or benefits the clients of the area  
17 authority or county program. If a party to an appeal fails to comply with a decision of  
18 the Panel and the Secretary determines that the failure deprives clients of the area  
19 authority or county program of a type of needed service, the Secretary may use funds  
20 previously allocated to the area authority or county program to provide the service.

21 (f) Chapter 150B Appeal. – A person who is dissatisfied with a decision of the  
22 Panel may commence a contested case under Article 3 of Chapter 150B of the General  
23 Statutes. Notwithstanding G.S. 150B-2(1a), an area authority or county program is  
24 considered an agency for purposes of the limited appeal authorized by this section. If  
25 the need to first appeal to the State MH/DD/SA Appeals Panel is waived by the  
26 Secretary, a contractor may appeal directly to the Office of Administrative Hearings  
27 after having exhausted the appeals process at the appropriate area authority or county  
28 program. The Secretary shall make a final decision in the contested case."

29 **SECTION 3.4.(b)** The Department of Health and Human Services shall  
30 adopt guidelines for LME periodic review and re-endorsement of providers to ensure  
31 that only qualified providers are endorsed and that LMEs hold those providers  
32 accountable for the Medicaid and State-funded services they provide.

33 **SECTION 3.5.(a)** Effective October 1, 2008, the catch line of G.S. 108A-79  
34 reads as rewritten:

35 "**§ 108A-79. Appeals.**~~Appeals of county level decisions.~~"

36 **SECTION 3.5.(b)** Effective October 1, 2008, Article 4 of Chapter 108A of  
37 the General Statutes is amended by adding the following new section to read:

38 "**§ 108A-79.1. Appeals by Medicaid applicants and recipients.**

39 (a) An action by the Department to deny, terminate, suspend, or reduce Medicaid  
40 eligibility, or to deny, terminate, suspend, or reduce Medicaid services is a "contested  
41 case" subject to the provisions of Chapter 150B of the General Statutes, except as  
42 provided by this section. At the time of providing the notice required under subsection  
43 (b) of this section, the Department shall file a petition with the Office of Administrative



1 Hearings to determine the Medicaid applicant's or recipient's rights, duties, or  
2 privileges.

3 (b) In addition to the notice requirements of G.S. 150B-23, the Department shall  
4 provide within 30 days of its decision written notice to the aggrieved applicant or  
5 recipient, or the applicant's or recipient's legal guardian, which notice shall include:

6 (1) An explanation of the Department's decision.

7 (2) A clear and concise statement of what service is being reduced,  
8 terminated, or denied and the basis upon which the decision was made.

9 (3) A statement that the Department has filed a petition for administrative  
10 review of its decision in the Office of Administrative Hearings, and  
11 that the applicant or recipient has 30 days from the date of the  
12 Department's decision to decide whether or not to proceed with the  
13 hearing.

14 (4) A clear explanation of how the hearing will proceed, what is required  
15 of the applicant in order to proceed or to decline to proceed, and that  
16 the applicant or recipient may be represented by an attorney or other  
17 person at the hearing. The notice shall further state that representation  
18 by an attorney may be available from Disability Rights of NC legal  
19 services, and attorneys working with mediation centers throughout the  
20 State.

21 (5) A statement that the recipient will continue to receive Medicaid  
22 services at the level provided on the day immediately preceding the  
23 Department's decision pending a final decision.

24 (6) The telephone number of a contact person at the Department to  
25 respond in a timely fashion to applicant or recipient questions.

26 (7) A brochure supplied by the North Carolina Protection and Advocacy  
27 System that explains the rights of applicants and recipients under the  
28 State Medical Assistance Program, including the rights to appeal  
29 decisions of the Department."

30 **SECTION 3.6.** The Department of Health and Human Services, Division of  
31 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall study  
32 Medicaid waivers, including 1915(b) and (c) waivers, for all LMEs. In cases where  
33 Medicaid waivers are not appropriate for an LME, the Department shall identify and  
34 recommend strategies to increase LME flexibility to provide case management,  
35 assessment, limit provider networks, or other innovative approach for managing care.  
36 Not later than March 1, 2009, the Department shall report its findings and  
37 recommendations to the House of Representatives Appropriations Subcommittee on  
38 Health and Human Services, the Senate Appropriations Committee on Health and  
39 Human Services, the Joint Legislative Oversight Committee on Mental Health,  
40 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research  
41 Division.

42 **SECTION 3.7.(a)** The Secretary of the Department of Health and Human  
43 Services shall develop a detailed plan for General Assembly review on its  
44 recommendation to merge, consolidate, or establish regional arrangements or consortia

1 of LMEs. In developing the plan, the Secretary shall consult with LMEs to obtain input  
2 on the feasibility and effectiveness of potential mergers and the time frame needed to  
3 fully implement the mergers, regional arrangements, or consortia at the local level. The  
4 Secretary shall provide the plan to the House of Representatives Appropriations  
5 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
6 Health and Human Services, the Joint Legislative Oversight Committee on Mental  
7 Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal  
8 Research Division not later than March 1, 2009.

9           **SECTION 3.7.(b)** The Secretary of the Department of Health and Human  
10 Services shall not take any action prior to January 1, 2010, that would result in the  
11 merger or consolidation of LMEs operating on January 1, 2008, or that would establish  
12 consortia or regional arrangements for the same purpose, except that LMEs that do not  
13 meet the catchment area requirements of G.S. 122C-115 as of January 1, 2008, may  
14 initiate, continue, or implement the LMEs' merger or consolidation plans to overcome  
15 noncompliance with G.S. 122C-115.

16           **SECTION 4. Effective date.** – This act becomes effective July 1, 2008.