

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2301*

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

Sponsors: Representatives Insko, Earle, England (Primary Sponsors); Blue, Brisson, Bryant, Coleman, Cotham, Faison, Farmer-Butterfield, Harrison, Hughes, Justus, Luebke, McLawhorn, Neumann, Parmon, Tarleton, Wainwright, and Weiss.

Referred to: Appropriations.

May 21, 2008

A BILL TO BE ENTITLED

1
2 AN ACT TO ENACT VARIOUS LAWS TO IMPROVE THE MENTAL HEALTH,
3 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES
4 SYSTEM, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT
5 COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,
6 AND SUBSTANCE ABUSE SERVICES.

7 The General Assembly of North Carolina enacts:

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

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

1 **SECTION 1.3.(a)** 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 six hundred seventy-five
4 thousand dollars (\$675,000) for the 2008-2009 fiscal year. These funds shall be used to
5 contract with an outside vendor for technical assistance to LMEs that are not meeting
6 the standards necessary for single-stream funding.

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

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

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

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

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

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

1 **SECTION 2.1.(a) State-Operated Services.** – In order to temporarily
2 address high admissions to adult acute unit beds in the State psychiatric hospitals, the
3 Secretary of the Department of Health and Human Services may open and operate on a
4 temporary basis the Central Regional Hospital Wake Unit on the Dorothea Dix Campus
5 and may maintain the Wake Unit on the Dix Campus until beds become available in the
6 system.

7 **SECTION 2.1.(b)** G.S. 122C-181(a)(1) reads as rewritten:
8 "**§ 122C-181. Secretary's jurisdiction over State facilities.**

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

11 (1) Psychiatric Hospitals:

12 a. Cherry Hospital.

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

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

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

19 d. Broughton Hospital.

20 e. The Central Regional Hospital Wake Unit on the Dorothea Dix
21 Campus."

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

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

29 **SECTION 2.2.(a)** G.S. 130A-383(a) reads as rewritten:
30 "**§ 130A-383. Medical examiner jurisdiction.**

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

1 purposes of this Part, expression of opinion that death has occurred may be made by a
2 nurse, an emergency medical technician or any other competent person in the absence of
3 a physician."

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

6 "**§ 122C-31. Report required upon death of client.**

7 ...

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

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

17 **SECTION 2.2.(d)** The Commission for Mental Health, Developmental
18 Disabilities, and Substance Abuse Services shall study the current death reporting
19 requirements under G.S. 122C-26(5)(c) and assess the need for any additional reporting
20 requirements or modifications to existing rules or procedures. The Commission shall
21 report its findings to the Joint Legislative Oversight Committee on Mental Health,
22 Developmental Disabilities, and Substance Abuse Services not later than November 1,
23 2008.

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

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

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

42 **SECTION 2.5.(a)** There is appropriated from the General Fund to the
43 Housing Trust Fund the sum of ten million dollars (\$10,000,000) for the 2008-2009

1 fiscal year for the Housing 400 Initiative in order to reduce the need for State
2 psychiatric hospitals in the long term.

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

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

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

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

33 **SECTION 2.9.** The Department of Health and Human Services shall review
34 State-County Special Assistance rates to establish an appropriate rate for special care
35 units for persons with a mental health disability, including individuals with Traumatic
36 Brain Injury (TBI), and shall review current rules pertaining to special care units for
37 persons with a mental health disability to determine if additional standards are
38 necessary. Effective July 1, 2008, care provided to individuals with Traumatic Brain
39 Injury shall be paid at the special care unit rate paid for care of persons with a mental
40 health disability. The Department shall report its findings and recommendations to the
41 House of Representatives Appropriations Subcommittee on Health and Human
42 Services, the Senate Appropriations Committee on Health and Human Services, the
43 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,

1 and Substance Abuse Services, and the Fiscal Research Division not later than January
2 1, 2009.

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

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

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

41 **SECTION 3.3.(b)** The Department shall require that the licensed
42 professional that signs a medical order for behavioral health services must indicate on
43 the order whether the licensed professional (i) has had direct contact with the consumer,

1 and (ii) has reviewed the consumer's assessment. This requirement shall take effect no
2 later than October 1, 2008.

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

4 **"§ 122C-151.4. Appeal to State MH/DD/SA Appeals Panel.**

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

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

8 (1a) "Client" means an individual who is admitted to or receiving public
9 services from an area facility. "Client" includes the client's personal
10 representative or designee.

11 (1b) "Contract" means a contract with an area authority or county program
12 to provide services, other than personal services, to clients and other
13 recipients of services.

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

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

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

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

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

31 (2) A contractor or a former contractor who claims that a requirement of
32 the contract substantially compromises the ability of the contractor to
33 fulfill the contract;

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

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

43 (5) A person who claims that an area authority or county program did not
44 comply with a State law or a rule adopted by the Secretary or the

1 Commission in developing the plans and budgets of the area authority
2 or county program and that the failure to comply has adversely
3 affected the ability of the person to participate in the development of
4 the plans and budgets.

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

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

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

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

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

37 "**§ 108A-79. Appeals.**~~Appeals of county level decisions.~~"

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

40 "**§ 108A-79.1. Appeals by Medicaid applicants and recipients.**

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

1 (b) of this section, the Department shall file a petition with the Office of Administrative
2 Hearings to determine the Medicaid applicant's or recipient's rights, duties, or
3 privileges.

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

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

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

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

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

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

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

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

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

43 **SECTION 3.7.(a)** The Secretary of the Department of Health and Human
44 Services shall develop a detailed plan for General Assembly review on its

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

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

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