

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

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**SENATE DRS85228-RC-12 (03/12)**

Short Title: LMEs Handle Case Management.

(Public)

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Sponsors: Senator Nesbitt.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO MAKE CASE MANAGEMENT AN ADMINISTRATIVE FUNCTION  
TO BE IMPLEMENTED BY LOCAL MANAGEMENT ENTITIES AND TO  
APPROPRIATE FUNDS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 122C-115.4 reads as rewritten:

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

(a) Local management entities are responsible for the management and oversight of the public system of mental health, developmental disabilities, and substance abuse services at the community level. An LME shall plan, develop, implement, and monitor services within a specified geographic area to ensure expected outcomes for consumers within available resources.

(b) The primary functions of an LME are administrative, are designated in this subsection, and shall not be conducted by any other entity unless the LME voluntarily enters into a contract with that entity under subsection (c) of this section. The primary functions include all of the following:

- (1) Access for all citizens to the core services described in G.S. 122C-2. In particular, this shall include the implementation of a 24-hour a day, seven-day a week screening, triage, and referral process and a uniform portal of entry into care.
- (2) Provider endorsement, monitoring, technical assistance, capacity development, and quality control. An LME may remove a provider's endorsement if a provider fails to meet defined quality criteria or fails to provide required data to the LME.
- (3) Utilization management, utilization review, and determination of the appropriate level and intensity of services including the review and approval of the person centered plans for consumers who receive

1 State-funded services. Concurrent review of person centered plans for  
2 all consumers in the LME's catchment area who receive Medicaid  
3 funded services.

4 (4) Authorization of the utilization of State psychiatric hospitals and other  
5 State facilities. Authorization of eligibility determination requests for  
6 recipients under a CAP-MR/DD waiver.

7 (5) Care coordination and quality management. This function includes the  
8 direct monitoring of the effectiveness of person centered plans. It also  
9 includes the initiation of and participation in the development of  
10 required modifications to the plans for high risk and high cost  
11 consumers in order to achieve better client outcomes or equivalent  
12 outcomes in a more cost-effective manner. Monitoring effectiveness  
13 includes reviewing client outcomes data supplied by the provider,  
14 direct contact with consumers, and review of consumer charts.

15 (6) Community collaboration and consumer affairs including a process to  
16 protect consumer rights, an appeals process, and support of an  
17 effective consumer and family advisory committee.

18 (7) Financial management and accountability for the use of State and local  
19 funds and information management for the delivery of publicly funded  
20 services.

21 (8) Case management. This function requires the LME to conduct an  
22 independent assessment of a consumer's service needs, to provide the  
23 consumer with referrals to providers who offer the appropriate services  
24 based upon the assessment, and to monitor the services provided as  
25 required under subdivision (5) of this subsection. The LME shall  
26 provide the consumer's assessment to any provider chosen by the  
27 consumer so the provider can develop a person-centered plan for the  
28 consumer.

29 (c) Subject to subsection (b) of this section and to all applicable State and federal  
30 laws and rules established by the Secretary, an area authority, or county program or  
31 consolidated human services agency-LME may contract with a public or private entity  
32 for the implementation of LME functions articulated under designated under  
33 (b) of this section. Nothing in this subsection shall be construed to supersede the  
34 authority of an LME to be the sole entity with the authority to implement the functions  
35 designated in subsection (b) of this section.

36 (d) Except as provided in G.S. 122C-142.1 and G.S. 122C-125, the Secretary  
37 may not remove from an LME or designate another entity as also eligible to implement  
38 any function enumerated under subsection (b) of this section unless all of the following  
39 applies:

40 (1) The LME fails during the previous three months to achieve a  
41 satisfactory outcome on any of the critical performance measures  
42 developed by the Secretary under G.S. 122C-112.1(33).

43 (2) The Secretary provides focused technical assistance to the LME in the  
44 implementation of the function. The assistance shall continue for at

1 least six months or until the LME achieves a satisfactory outcome on  
2 the performance measure, whichever occurs first.

- 3 (3) If, after six months of receiving technical assistance from the  
4 Secretary, the LME still fails to achieve or maintain a satisfactory  
5 outcome on the critical performance measure, the Secretary shall enter  
6 into a contract with another LME or agency to implement the function  
7 on behalf of the LME from which the function has been removed.

8 (e) Notwithstanding subsection (d) of this section, in the case of serious financial  
9 mismanagement or serious regulatory noncompliance, the Secretary may temporarily  
10 remove an LME function after consultation with the Joint Legislative Oversight  
11 Committee on Mental Health, Developmental Disabilities, and Substance Abuse  
12 Services.

13 (f) The Commission shall adopt rules regarding the following matters:

- 14 (1) The definition of a high risk consumer. Until such time as the  
15 Commission adopts a rule under this subdivision, a high risk consumer  
16 means a person who has been assessed as needing emergent crisis  
17 services three or more times in the previous 12 months.  
18 (2) The definition of a high cost consumer. Until such time as the  
19 Commission adopts a rule under this subdivision, a high cost consumer  
20 means a person whose treatment plan is expected to incur costs in the  
21 top twenty percent (20%) of expenditures for all consumers in a  
22 disability group.  
23 (3) The notice and procedural requirements for removing one or more  
24 LME functions under subsection (d) of this section."

25 **SECTION 2.** There is appropriated from the General Fund to the  
26 Department of Health and Human Services to be allocated to the Division of Mental  
27 Health, Developmental Disabilities, and Substance Abuse Services the sum of five  
28 million dollars (\$5,000,000) for the 2007-2008 fiscal year and the sum of five million  
29 dollars (\$5,000,000) for the 2008-2009 fiscal year. The funds shall be used to  
30 supplement State funds appropriated for LME administrative costs and to pay for LMEs  
31 to conduct case management as provided in G.S. 122C-115.4 of Section 1 of this act.  
32 The Division shall recalculate the LME administrative cost model and develop quality  
33 measures for the case management function. The Division shall report its findings to the  
34 General Assembly and to the Joint Legislative Oversight Committee on Mental Health,  
35 Developmental Disabilities, and Substance Abuse Services by October 1, 2007.

36 **SECTION 3.** This act becomes effective July 1, 2007, and applies to  
37 assessments conducted on or after that date.