



INTRODUCTION

While a number of policy issues saw action this week (including a trespassing bill aimed at curbing activist surveillance of agriculture facilities and a teen tanning ban), the news on Jones St. was dominated by the release, on Thursday morning, of the House Appropriations Subcommittees' budget proposals. With the unexpected news last week that the State had a \$400 million surplus for the 2015-2016 fiscal year and \$600 million for 2016-17 (rather than a \$273 million deficit for 2015-16 that was projected as late as March), the pressure for each Subcommittee to find cuts in their specific subject areas was greatly reduced. While some reductions were proposed (many of which were eliminations of state positions that have been vacant for extended periods), most of the painful cuts that advocates, organizations, and State agencies had been bracing for were nowhere to be found.

Most Subcommittees finished the work of hearing and voting on proposed amendments to their proposals fairly quickly, with the Education K-12 Subcommittee (which took up several dozen proposed amendments, the majority of which were offered by members of the Democratic minority and were voted down) as the lone exception, going well into the afternoon. The K-12 budget was one of the biggest beneficiaries of the budget surplus, with a 3.3% (\$269 million) proposed increase.

Given the obvious relief and the dearth of major policy changes in the budget proposals, this was relatively drama-free as budget releases go. The drama to come will almost certainly be once the House passes its budget next week and the Senate begins its work on the changes, big and small, that are expected.

Now that the Subcommittees have completed their work, the disparate proposals will be crafted by the Appropriations "Big Chairs" and staff into a single document over the weekend. The full \$2.2 billion budget proposal, which will be posted online Sunday night or Monday morning, is expected to include priorities that were not reflected in the separate Subcommittee proposals, including a raise for starting teachers and, potentially, a tax rebate for consumers.



NORTH CAROLINA COLLEGE OF EMERGENCY PHYSICIANS



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The budget will be heard in the House Finance Committee on Monday afternoon, the full House Appropriations Committee on Tuesday and is expected to be on the floor for votes Wednesday and Thursday. Members can offer amendments at each stage along the way, but must include a way to pay for any changes that would increase spending. We will continue to monitor the budget process at every stage for any changes that would affect you or your priorities. Specific relevant provisions from the Subcommittee proposals are below:

- The House budget proposal does NOT include any reductions in Medicaid provider rates! This is welcome news after battling reductions over the last several years. The budget also provides more than \$30 million in "new" money for a variety of mental health services, including: community mental health initiatives, Paramedicine/ER diversion pilot projects (14 sites), funds for the new Broughton Hospital, additional three way psychiatric beds, funding for behavioral health crisis units, and the creation of a crisis bed registry to provide real-time information on the number of child, adolescent, and adult beds available at each licensed inpatient facility in the State. The proposal also would require that funds from the sale of Dorothea Dix Hospital to be deposited in a Trust Fund for Mental health, Developmental Disabilities, and Substance Abuse Services.
- The proposal also provides funding for automation, training, and equipment in the Medical Examiner's Office as well as the implementation of an electronic death records system (North Carolina is one of the last states that does not have death certificates electronically and still does them by hand).
- The proposal requires the Department of Health and Human Services, Division of Medical Assistance to develop and issue a request for proposal for a contract beginning January 1, 2016, for the statewide management of Medicaid nonemergency medical transportation services.
- And finally, the proposal includes funding for Medicaid Reform, over \$2.5 million the first year and over \$3.7 million the next year, even though how that Medicaid Reform will look has not been resolved between the House and Senate. The provision does say that the program will shift utilization risk from the State under a capitated model.

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