Use of Dorothea Dix Hospital Property Funds to Increase Short-Term, Inpatient Behavioral Health Bed Capacity in Rural Areas of the State with the Highest Need

Session Law 2016-94, Section 12F.4.(d)

Report to the
Joint Legislative Oversight Committee on Health and Human Services

and

The Fiscal Research Division

By
North Carolina Department of Health and Human Services

December 19, 2018
Reporting Requirements

SECTION 12F.4.(d) Beginning November 1, 2017, the Department of Health and Human Services shall annually report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section.

SECTION 12F.4.(a) It is the intent of the General Assembly to increase short-term, inpatient behavioral health bed capacity in rural areas of the State with the highest need. Toward that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year, the sum of eighteen million dollars ($18,000,000) shall be used to pay for any renovation or building costs associated with the following:

1. The construction of new licensed short-term, inpatient behavioral health beds.
2. The conversion of existing inpatient acute care beds into licensed short-term, inpatient behavioral health beds.
3. A combination of subdivision (1) and subdivision (2) of this subsection.

Introduction

The Secretary of the Department of Health and Human Services was responsible for selecting hospitals in the three State regions for institutional services (Eastern Region, Central Region, and Western Region) to receive funds allocated under Session Law 2016-94, Section 12F.4.(a) for the construction, conversion, or both of short-term, inpatient behavioral health beds in rural areas of the State. Furthermore, any hospital unit or other location with short-term, inpatient behavioral health beds constructed or converted with funds allocated under subsection (a) of this section should be named in honor of Dorothea Dix.

The Department of Health and Human Services posted a Request for Applications (RFA) in December 2016, and re-posted it in February 2017 and June 2017, pursuant to the legislative requirements above.

Request for Applications

Four eligible applications were submitted in response to the first posting, and one eligible application was submitted after each of the second and third postings of the RFA. The applications all proposed to convert or construct new psychiatric/substance use beds in rural counties. Three applicants were selected for awards serving Avery, Franklin, and Robeson Counties. Table 1: Dorothea Dix Property Funds Project Award Amounts and Proposed Psychiatric Beds lists the hospitals selected, award amounts, location of proposed beds, and the number and type of proposed beds. Table 1, on the next page, also includes the corresponding local management entity/managed care organization (LME/MCO) for each hospital that will be responsible for referrals of persons who are indigent or have Medicaid, and for care coordination of persons who will be discharged from the hospital beds.
The Department of Health and Human Services awarded at least one hospital in each of the three State regions to receive funds for the Dorothea Dix Property Funds Projects. Two of the three hospitals selected, DLP Maria Parham and Charles A. Cannon, Jr. Memorial Hospital, initiated planning and will begin design development and/or construction by the first half of State Fiscal Year 2018. The approval of the award for the third hospital, Southeastern Regional Medical Center, is under review due to changes in administrative priorities, lack of funding to complete the project, and impact of Hurricane Florence. As of October 15, 2018, zero new beds are currently operational with the Dorothea Dix Property Hospital funds.

**Summary**

Table 1: Dorothea Dix Property Funds Project Award Amounts and Proposed Psychiatric Beds

<table>
<thead>
<tr>
<th>Contractor (Hospital Applicant)</th>
<th>Award Amount</th>
<th>Contractor’s Location of Proposed Beds</th>
<th>Number/Type of Proposed Beds</th>
<th>Contract Execution Date*</th>
<th>LME/MCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles A. Cannon, Jr. Memorial Hospital</td>
<td>$6,503,478</td>
<td>Linville, Avery County</td>
<td>27 beds (adult and child/adolescent)</td>
<td>October 2018</td>
<td>Vaya Health</td>
</tr>
<tr>
<td>Duke LifePoint (DLP) Maria Parham*</td>
<td>$10,103,500</td>
<td>Louisburg, Franklin County (former Franklin Regional Medical Center)</td>
<td>33 beds (adults)</td>
<td>August 2018</td>
<td>Cardinal Innovations Healthcare Solutions</td>
</tr>
<tr>
<td>Southeastern Regional Medical Center</td>
<td>$1,393,014</td>
<td>Lumberton, Robeson County</td>
<td>16 beds (adults)</td>
<td>Award under review</td>
<td>Eastpointe Human Services</td>
</tr>
<tr>
<td>----</td>
<td>$17,999,992</td>
<td>----</td>
<td>76 beds</td>
<td>----</td>
<td>----</td>
</tr>
</tbody>
</table>

* Executed contract between hospital applicant and NC Department of Health and Human Services