REPORT OF THE INDEPENDENT REVIEWER

In The Matter Of

UNITED STATES OF AMERICA v. THE STATE OF NORTH CAROLINA

Case 5:12-cv-00557-F

Submitted By: Martha B. Knisley, Independent Reviewer

October 14, 2015

INTRODUCTORY COMMENTS

This is the second Annual Report issued on the status of compliance with the provisions of the Settlement Agreement (Agreement) in United States v. North Carolina (Case 5:12-cv-000557-F) signed on August 23, 2012. It is also the Baseline Report for this Independent Reviewer. The previous Independent Reviewer submitted the first Annual Report on May 19, 2014. The Report documents and discusses the State's efforts to meet obligations scheduled for completion by June 30, 2015.

The State has agreed to develop and implement effective measures to prevent inappropriate institutionalization and to provide adequate and appropriate public services and supports identified through person centered planning in the most integrated setting appropriate to meet the needs of individuals with serious mental illness, who are in or at risk of entry to an Adult Care Home (ACH) or State psychiatric hospital (SPH).

In many respects, this year has been one of continued foundation building, as the State continues its shift from a system based largely on the target population being provided services within institutional structures and resources to one that is consistent with the principles and operations of an integrated community-based system of supports. Much work remains for this change to occur system-wide for this target population. In the year ahead, it will be critical to continue a strong emphasis on building a strong foundation, making effective implementation and funding decisions, streamlining decision making processes and further developing strategies required for sustainability.

As recognized in the former Independent Reviewer's 2014 Annual Report[1], the tasks undertaken by the state agencies in this matter require a substantial commitment of leadership, energy and resources. The Department of Health and Human Services (DHHS) has demonstrated very good faith in meetings its obligations. The leadership of former Secretary, Aldona Wos, M.D., and her senior team most notably Jessica Keith, Special Advisor to the Secretary on the Americans with Disabilities Act (ADA) and lead staff for Transitions to Community Living Initiative (TCLI)[2], Dave Richard, formerly the Deputy Secretary for Behavioral Health and Developmental Disability Services and recently appointed Deputy Secretary for Medical Assistance and Lisa Corbett, Assistant General Counsel is clearly evident and greatly appreciated. Their accessibility and responsiveness is indicative of their commitment to meeting the terms of this Agreement. They have been

[1] the first reporting cycle was from August 23, 2012 to July 1, 2013. The first Reviewer submitted a Baseline Report after that cycle.

[2] title given the DHHS and LME/MCO initiatives to comply with this Settlement Agreement and build a fully integrated services and housing support system.

forthright and generous in their responses and support of the Independent Reviewer's role.

The DHHS staff has worked diligently and carefully to assist the Independent Reviewer with her requests for information and her questions about compliance efforts. State Healthcare facilities Operations staff and LME/MCO CEOs and their staff have graciously given their time, provided insight, have answered endless questions and responded to requests timely and thoroughly.

The North Carolina Housing Finance Agency (HFA) which also has actionable obligations under this Agreement has pledged commitment to meet their obligations. The Governor proposed and State Legislature continued to approve the funding (approximately $20 mil in FY 2015) required for the full implementation of the Settlement Agreement in the second full year of the Agreement. The State's FY 2016-2017 budget has not been passed but there are no indications the TCLI initiatives funding will be reduced.

The Local Management Entities/Managed Care Organizations, sometimes referred to as PIHPs [Pre-paid Health Plans] (LME/MCOs) have important obligations to the target population across a number of threshold requirements contained in the Settlement Agreement. Each of the LME/MCO Chief Executive Officers and their senior teams have personally voiced their commitment to meeting and sustaining these obligations to the Independent Reviewer. Evidence suggests they are working diligently to meet these commitments. Their staff too has worked diligently and carefully to assist the Independent Reviewer with her requests for information and her questions about compliance efforts.

North Carolina continues to be fortunate to have an articulate and well-informed group of stakeholders who are deeply committed to the principles and goals of the Settlement Agreement and who are energized and eager to participate in its actual implementation. This stakeholder involvement will be critical to the reform envisioned by the Parties in this the Settlement Agreement.

METHODOLOGY

For each compliance requirement, the state was asked to provide data and documentation of its work. The Department's progress in meeting the provisions of the Settlement Agreement was reviewed in work sessions and Parties' meetings over the past six months; through discussions with providers and community stakeholders; and through site visits to LME/MCOs, ACHs, supported apartments and individuals' residences, provider offices and state psychiatric hospitals.

Meetings were held with LME/MCO executive staff[3] and separate meetings with a number of Transition Coordinators in three of the catchment areas. Meetings were held with key staff in two of the three State Psychiatric Hospitals during site visits to the hospitals. Meetings were also held with key statewide stakeholder groups and coalitions, including but not limited to the Disability Rights Network, NAMI, The NC Council of Community Programs, the Mental Health Coalition, the Justice Center, the NC Coalition to End Homelessness, the UNC Center for Excellence in Community Mental Health and the UNC ACT Technical Assistance Center, key Supported Employment and other rehabilitation services providers, an ACT provider and representatives of clubhouse and rehabilitation agencies.

Frequent meetings were held with DHHS staff including but not limited to monthly "work days" with TCLI leadership and representatives from a number of Divisions, including Mental Health, Developmental Disabilities and Substance Abuse, Vocational Rehabilitation, Medical Assistance, Aging and Adult Services and State Operated Healthcare Facilities. The Reviewer traveled to a national Dartmouth Individualized Placement and Support (IPS) Supported Employment Center annual meeting, observed an IPS SE Fidelity Review for a portion of a review and held two focus groups with two LME/MCO staff (Cardinal Innovations and the Alliance Behavioral Health Care) regarding supported housing.

A number of reviews and documents including Monthly and Annual TCLI Reports, the former Reviewers reports, Fidelity Review summaries and contract documents, manuals and review documents covering the pertinent areas of compliance inquiries were reviewed. Upon request, the TCLI staff provided additional data for review, some of which is covered in this report.

[3] one LME/MCO CEO was on the phone due to extended medical leave. Her senior staff were present for the meeting. Likewise another CEO was called away for a family obligation and was also well represented by senior staff.

An introductory individual recipient review was conducted in three randomly selected LME/MCO catchment areas. Three review methods were used: (1) a review of individual recipient records including a review of Person Centered Plans and In Reach and Transition documents; (2) individual interviews with individual recipients using a short tool to summarize impressions and collect data consistently and (3) interviews and meetings with LME/MCO staff, service providers, family members, Adult Home and State Psychiatric Hospital staff. In a limited number of situations a phone interview rather than in person interview was conducted. The review was limited in scope given the brief time available during this reporting period.

A proportional random sampling method was used to ensure the review reflects the target population accurately across three LME/MCO catchment areas. Thirty five recipient names were drawn across randomly selected LME/MCO areas that cover approximately 50% of the state's population: the Cardinal Innovations (Cardinal), CenterPoint Human Resources (CenterPoint) and East Carolina Behavioral Health[4] (ECBH) catchment areas. The sample was also stratified to assure at least one individual in an ACH, one in their own home (supported housing), one who ahd moved to their own home but then returned to an ACH and one in a State Psychiatric Hospital were selected in each Area.

This review will be increased to 125 individuals prior to June 30, 2016 to build on the confidence level of the sample and for a review of individuals residing in the remaining five LME/MCO catchment areas. In FY 2016, this review will include a review of up to 25 individuals (up to 5 in each catchment area based on population size) with Diversion and Community Integration Plans (CIPs) enacted within 60 days of the review. Attempts will be made to visit or get reports on at least 30% of individuals over multiple review periods from FY 2015 to 2020 to measure individual progress over time. Individuals will be selected randomly and the sequencing of their reviews will vary overtime. In addition to the randomly selected individuals, the Reviewer met with two individuals not on their list. Both presented very complex issues and the Reviewer will follow their progress over time.

One experienced expert consultant, Elizabeth Jones (Expert) was retained during this reporting period to assist with individual recipient reviews. In preparation for these reviews, the Independent Reviewer submitted the review protocol to the Department for review and comment.

[4] The Coastal LME/MCO merged with East Carolina Behavioral Health to form Trillium on July 1, 2015. In this report ECBH is used since the merger did not occur until after this Report review period.

Compliance Assessment

This report assesses the State's compliance with each of the Settlement's substantive provisions as of June 30, 2015. The narrative portion of this report specifically addresses the provisions in the order they are listed in the Settlement Agreement: Supportive Housing Slots; Community Based Mental Health Services including Access, Person Centered Planning, ACT, Crisis, other services and PIHP responsibilities; Supported Employment (SE); Discharge and Transition Process including In-reach; Pre-screening and Diversion; and Quality Assurance and Performance Improvement. Critical issues and threshold items are highlighted. These issues have been discussed with the State and all are under review, discussion and planning. A complete listing of the Settlement's substantive provisions is attached as **Appendix A**. This report includes a section for broad recommendations although recommendations are also included with each provision.

With the exception of Supported Employment and two short meetings held during the first two weeks of July, all of the references to plans, data, meetings and activities refer only to actions taken, plans, meetings or data provided in or for the fiscal year ending June 30, 2015. Hopefully more planning has occurred this then but will reported in any Supplemental Report or in the 2016 Independent Reviewer's Annual Report

As stated by the first Reviewer, the Settlement is structured in a manner that acknowledges sustainable systems change requires time, attention and deliberative action. The parties acknowledge implementing and sustaining the structure, systems and services for individuals with serious mental illness will occur in important incremental phases as outlined in the Settlement. The Settlement's last substantive deadline occurs on July 1, 2020.

Where possible, this report references substantive issues raised by the first Reviewer and progress on remedying problems and making progress on foundational issues. However much time has passed since the first full report was issued, and there have been both progress and setbacks that alter the findings and recommendations.

The Introduction to the **Substantive Provisions (III)** of the Settlement Agreement states "the State agrees to develop and implement effective measures to prevent inappropriate institutionalization and to provide adequate and appropriate public services and supports identified through person centered planning in the most integrated setting appropriate to meet the needs of individuals with SMI, who are in or at risk of entry to an adult care home, pursuant to the details and timelines" of the specific provisions of the Settlement Agreement.

This paragraph is instructive for two reasons. One, in some instances the State has met the annual obligations as set forth in the Agreement but the measures do not appear to be effective as evidenced by other related obligations not being met. For example, the State may have established processes and procedures to implement a specific measure in accordance with the Settlement but if those processes and procedures are not "effective" the State will not be able be considered in full compliance with the provision. Likewise, if services and supports are available, but are not "adequate and appropriate", the State may not be in full compliance with the provision. When the finding in this report is based on one of these two qualifiers, this will be identified.

Individual Assessments: Information regarding findings of the individuals is referenced throughout the Report in the Sections relevant to the findings. Below is a general description of the sample and specific issues related to the sample that has broader relevance:

Gender and Age: Of the thirty-five (35) individuals randomly selected, twenty two (22) were men and thirteen (13) were women. Eighteen individuals (18) were age 51 and older; none were over seventy (70). Five (5) were under the age of 30, three (3) between age 31-40, and (9) between the age 41-50.

Residence/ Placement: Of the 35 recipients, thirteen (13) were living in their own home; ten (10) in ACHs; four (4) in a state psychiatric hospital and five (all men) living in other locations: one (1) in his mother's apartment, (1) in his grandmother's home, (1) in jail, (1) was homeless and (1) was living in a motel. Seven of the ten ACHs visited were in poor condition although visits were not conducted for the purpose of inspecting facilities so health and safety issues were not explored.

Six (6) individuals in the sample were not interviewed although information was gathered on all the recipients. Two family Guardians refused to allow the Reviewer to speak to the individual although the Reviewer spoke to one Guardian. Of the information available on 30 individuals, twenty one (21) or 70% had Guardians.

Two (2) lived an extremely long distance from their designated catchment area so phone interviews were conducted with Transition Coordinators in the catchment areas where they are receiving services. One had left the program and the Transition Coordinator provided information. One was missing; one was hospitalized and in such condition that an interview could not be conducted and the other individual was hospitalized during the period of time interviews were being conducted. Information was provided by Transition

Coordinators for both those individuals. Two individuals had mobility problems and almost all had one or more chronic health conditions which is not unusual for individuals in this age cohort with their histories.

A draft of this report was submitted to the Parties for comment on as specified in the Settlement Agreement, Exhibit A., IV., J.-M.

COMPLIANCE FINDINGS

I. COMMUNITY-BASED SUPPORTIVE HOUSING SLOTS

The State is obligated to be in compliance with measure in Section III. B. 1-2 (a.-e.) to develop and implement measures to ensure that individuals with SMI and SPMI residing in an institution (ACH or SPH or being diverted from ACHs) are given priority for the receipt of Housing Slots as defined in this Agreement. Further the State is obligated to provide access to at least 708 Housing Slots as defined in this Agreement by July 1, 2015 and 3,000 slots by July 1, 2020. The Agreement is specific to priorities, exclusions and Housing Slot attributes.

Meeting the obligations of these provisions will require a massive effort on the part of the State agencies and LME/MCOs to overcome barriers and gain cooperation from Guardians, providers, property owners and managers and landlords. Compliance is also in part dependent on the State being in compliance with Community Based Services, Discharge and Transition Planning and Diversion requirements. Without timely well organized planning, sufficient, individualized services delivered when needed, especially during the housing "pre-tenancy" phase (described below) and effective community based services during all three phases of tenancy, the State will not be able to meet and sustain compliance with provisions under this section.

There is clear indication the State has focused on priorities in Section III B. 2. e. The State's data reveals Priority 5 Individuals (being considered for admission to an ACH) are two and a half times (2 1/2) more likely to get a Housing Slot as an individual residing in an ACH that is an IMD (Institution for Mental Disease), slightly more likely to get a slot if residing in an ACH that is not classified as an IMD but five times more likely to get a slot than if being discharged from a SPH. LME/MCOs began In Reach while in the SPH in FY 2015. The SPH In Reach began are trending up sharply at the beginning of the FY 2015 year; there were one hundred and eighty four (184) in the first nine months but only 21 referrals in the last three (3) months of FY 2015. The numbers for individuals exiting ACH

and SPH are so low in overall comparison with individuals being diverted that it appears in practice they are not receiving priority. The State is in compliance for individuals being diverted. Only 257 out of 4,359 individuals either diverted or not diverted got Housing Slots. Individuals being diverted are almost three times as likely to be admitted to an ACH rather than diverted. These findings raise compliance questions for other provisions and will be discussed in other sections below.

The State's compliance with Section III.B.3.a. was measured by a review of data and reports, individual reviews, key informant meetings and focus groups. The state is in (low) partial compliance for this measure with 59% (417/708) of the required Housing Slots filled in FY 14-15. This finding is made with some considerable caution specifically related to obligations for future years. The State is in partial compliance (low) with Section III. B.5. Forty eight percent (48%) of the Housing Slots have been provided to individuals in Category 4 and 5 (Section III.B.3. d. & e.). The State will fall short of meeting its obligation for filling slots in these categories by at least 200 Housing Slots.

Filling the exact number of slots as required in this Agreement or in any housing program requires refilling a substantial number of Housing Slots that are vacated over the course of eight years. The State filled 519 Housing Slots using TCLI and Key funds for rental subsidies before turnover. According to the June 2015 TCLI monthly report, 102 individuals (20%) have left units since the onset of the program. This means that to have met the 2015 Housing Slot obligation the individuals would have received 708 initial slots plus at least 102 more Housing Slots or more if the same Slots were vacated more than once. Every year the number of Slots to be refilled increases, and at the current turnover rate, the State would be required to fill at a minimum 250 slots by June, 2020. Individuals may move or lose their housing near or at the end of June each year, so allocating the exact number of Housing Slots that need to be filled each year is not sufficient to meet the this Agreement's annual obligation. Should the State be in this situation, they would need to fill Housing Slots more quickly. This requires managing this process carefully, making a concerted effort to re-house individuals when possible and reporting their continuous process of filling slots. The Reviewer will carefully consider how well the State manages this process in future compliance reviews.

One method used to manage filling slots to predict and allocate Housing Slots based on the program's "churn" rate. Housing programs calculate their "churn" rate (the number of households that leave their housing unit annually) how many Housing Slots are vacated on turnover that can be refilled. It is recommended the State allocate Housing Slots monthly based on this factor. The Reviewer has provided information to the State on factoring in and

reporting this rate.

Individuals leave housing for a number of positive, negative and other reasons. Twenty nine (29) individuals returned to ACHs after moving into Supportive Housing. Typically for this age and disability, cohort death is one of the leading reasons for separation from any type of institution or housing and this is the case for this cohort. Nineteen (19) individuals died after moving into Supportive Housing. Twelve (12) moved to live with family and twenty (20) moved into their own home (with no Housing Slot) or left the state.; some individuals may have moved before being evicted since eviction will have an impact on where they can rent again. The remaining twenty two individuals moved to a mental health group home (6), were admitted to a state psychiatric hospital (4), moved to a skilled nursing facility (4), were incarcerated (3), went to an Oxford House; (1) were admitted to medical hospital (1) or Assisted Living Facility (1) and left but whereabouts unknown (2).

The goal for turnover at the two year mark in Supportive Housing is typically set at 85% and the State reported being at 71% at that point. The goal for housing stability after five years is 70%. TCLI Monthly Reports identify where individuals are moving but not why so it is not possible for the Reviewer to analyze the reasons individuals are giving up their TCLI Housing Slot without additional information. Where individuals in the TCLI program moved post Supportive Housing is consistent with what is reported in other states although the 20 individuals returning to ACHs does appears above what would be expected. Some states track negative leavers to determine the number of those who leave their rental unit (give up their slot) that are re-engaged and return to housing (get a Slot) and count re-housing toward housing tenure. It would be instructive to identify the "positive" reasons and "negative" reasons leave Supportive Housing. It is recommended the State analyze these reasons as part of their QI and Performance Plan and require the LME/MCOs to do the same. The Reviewer can then not only review the reasons why the Slots were turned over but the State's analysis and response to turnover.

Per legislative mandate, $2.97 million of the TCLI funds for Housing Slots unspent in previous years was transferred to the HFA to be deposited in the Community Living Housing Fund[5] The HFA in consultation with DHHS, is responsible for administering the Community Living Housing Fund. The budget language provides direction for the target population and gives DHHS responsibility for identifying priority catchment areas; other criteria for how the funds are to be used. It is recommended the HFA and DHHS will develop criteria for leveraging those funds in communities where affordable housing availability

[5] North Carolina State Budget Act 143C: G.S. 122E-3.1.

is limited, in neighborhoods with properties that are accessible and will accommodations to the target population, and demands for housing are the high as part of a comprehensive housing strategy.

On a positive note, the TCLI and the DHHS Housing staff are focused and taking actions necessary for the State to come into compliance on this threshold measure. They are attempting to develop a working actionable housing plan and to engage the HFA as a full partner in this endeavor with some mixed success.

This Reviewer met with the HFA Director and senior staff twice (in January and early July) and with senior staff on multiple occasions. In the second meeting with the Director, the Reviewer described the state's obligation including the HFA's obligation in this Agreement in some detail including participation of the HFA in other states with remedial agreements. During the second meeting, The HFA leadership appeared to be somewhat puzzled by the State's legal obligation including the HFA's obligation for compliance. The Reviewer had inquired earlier about the extent of understanding among leadership in affected organizations that had been informed of these obligations including the HFA and was told they had been informed. Therefore, the HFA leadership being puzzled was somewhat perplexing. However reiterating this obligation will hopefully be helpful for the State to move forward without hesitation to developing and implementing an actionable housing plan for the TCLI target population.

This report includes a more detailed analysis of the issues that impact the State's success with filling Housing Slots because many questions have been raised about what is needed for the State to come into compliance with these provisions.

Success in meeting Supported Housing requirements can be assessed across a number of benchmarks and dimensions. Some benchmarks and dimensions are comparable across regions and states. Other benchmarks and dimensions such as availability of affordable housing have face validity. Suitability of housing is important but more subjective, often tied to what an individual requests or what is the norm in the community where they want to live. Suitability is tied closely to safety which can be measured more objectively. Other dimensions might be challenging for the State to demonstrate success during the foundational period for this Agreement despite focused attention and improvement. The Settlement Agreement has been in effect for three years although this appears to be the first time these issues have been highlighted as part of a compliance review. The State will be expected to demonstrate improvement on an ongoing, consistent basis going forward. Improvement will also contribute to

overall compliance. However unless the availability and access issues can be improved substantially, improvement on the other items will not result in the State's coming into Compliance with the Housing Slot provision during this Settlement Agreement period.

1. The lack of available, accessible and affordable housing. There are nearly 300,000 extremely low income (ELI)[6] renters in North Carolina and there only 32 affordable and available rental units per 100 ELI households statewide. There is some variation across catchment areas in Housing Slots filled as a percentage based on the state's population. It appears there is a direct correlation between the number of units filled and availability of affordable units per capita in catchment areas with major urban areas[7]. The most affluent areas of the state have an average of 24.5 affordable and available rental units per 100,000 while the least affluent have an average of 39.5 affordable and available rental units per 100,000[8].

Both Cardinal and Alliance staffs report more challenges with finding suitable housing in their most affluent counties, which is also reflected in their having the lowest placement rates and placing few individuals in housing per capita than other LME/MCOs. ECBH had the highest rate per capita and placed the highest overall (after the merger) although they have challenges with finding "decent" housing accessible to transportation and amenities. The other LME/MCOs placement rates more closely matched their per capita population equivalencies. These findings do not appear to be an indication of LME/MCO performance; rather it appears this is more related to the state's disparities in availability of affordable housing units. This is the only measure where Cardinal and Alliance fall below the other LME/MCOs. Further study is needed to determine if this correlation is correct.

Access: Access refers to the ability of the target population to become eligible and be approved for suitable, safe, affordable housing of their choice in a timely manner. For this Report these issues are broken out into two descriptions. The first is related solely to access barriers specific to an individual's history and disabling condition. The second is related to staff roles and responsibilities for getting eligibility established and making timely referrals and is discussed in #2 below.

Housing and services administrators are constantly working on reducing eligibility barriers associated with an individual's history and disabling condition. Success with reducing these barriers is generally associated with the following: 1) state and local

[6] Extremely low income households are those with incomes at 30% or less of the area median income.
[7] the exception to this finding are Durham, Buncombe and Cumberland Counties.
[8] 2015 State Housing Profiles. The National Low Income Housing Coalition (2015).

housing officials exerting leadership and influence where appropriate with owners and property managers to accept referrals using all the tools at their disposal including encouraging and monitoring accommodations for individuals with disabilities in accordance with Title II of the ADA. This includes urging owners to accept referrals and creating incentives or opportunities. There is very little difference across states regardless of the state's "culture" for the need for this type of leadership; and 2) service systems minimizing the rent burden and providing contingency funds for individuals with disabilities with extremely low incomes to gain access to housing.

The "access" problem was cited by the LME/MCOs as the second highest barrier to housing only after the problem finding suitable housing. Of the one hundred and eighty three TCLI applicants (183) [since the inception of the TCLI program[9]] for Low Income Housing Tax Credit (LIHTC) targeted units, only 63 or 34% got access to the Targeted unit and only 21% of the referrals resulted in placements. An average of 1.6 referrals were made for each individual referred for to the Targeted Program. Thirty two (32) or 50% were denied because of poor credit, criminal history, both or other. Of these 32%, eleven (11) were referred from facilities (ACH, SPH or other hospitals or jail). Of the remaining referents three moved in with family, made other arrangements or found other housing. Twenty percent (20%)[10] more individuals with disabilities accessed a targeted unit prior to the Settlement Agreement (2010-2012) than after (2013-2015). Six of the 10 counties with the greatest TCLI housing demand have less than 70% of their targeted units filled (May 2015). Overall 24% of units are unfilled in the counties for which individuals have stated they are interested in the targeted units.

The TCLI staff and the NC HFA staff report providing incentives to housing developers and owners and increasing the rent standard. There appears to be reluctance to using all the tools available including those used by other states to increase the acceptance rate of the TCLI referents in the LIHTC properties. On the first point states have (1) established new priorities and modified their QAP with a variety of strategies, have routinely educated their development community in the *Olmstead* and ADA requirements and have engaged their development community in making these changes; (2) provided technical and ongoing support to referral entities to ensure they request Reasonable Accommodation and they establish working relationships with Owners and Property Managers.

[9] 13% of all housing placements.

[10] 2015 numbers were only available through April 2015 when this information was obtained but were the remaining months were calculated at the same rate as January-April so this percent may be higher or lower by a few percentage points.

Transition Coordinators report they are concerned with the level and type of rejection received by LIHTC property owners and property managers with no regard for accommodating individuals with disabilities who are going to have some difficulties with credit and criminal charges (even minor charges).

The State recently added TCLI funding to increase the number of Regional Housing Coordinators. Increased staffing may help the proportion of TCLI referrals gaining access to units, but only if the amount of funds made available if increasing access is given priority. There is no established ratio for Regional Housing Coordinators to units although it does appear North Carolina has as many if not more staff devoted to this task than other states with comparable programs.

The question has been raised, what is the number of State Regional Housing Coordinators needed to assure Targeted Units are filled. Filling Targeted Units is a complex issue and not solely related to having a specific number of Regional Housing Coordinators. The number of Regional Housing Coordinators needed for this type of work is directly tied to how well all the responsibilities across the HFA, DHHS and LME/MCOs are defined, how much attention is given to accessibility to location of the units and clearly defined responsibilities of the HFA, owners and Property Managers as well as DHHS.

2. <u>LME/MCO Transition Coordinators, referring sources and service provider responsibilities and availability.</u> Transition Coordinators (or other designated staff) have responsibility for In Reach, Transition Planning including requesting a Housing Slot and making arrangements for an individual to become eligible for services and housing and to move into a Housing Slot. In most instances, the Transition Coordinators rely on a TCLI team member and/or the LME/MCO housing coordinator or specialist to identify potential Housing Slots. These staff were referred to as the "go to persons" who know landlords and property managers who "will take our" referrals.

Housing coordinators who have responsibility for locating housing in a particular county or region attended the housing focus groups in the Cardinal and Alliance catchment. Most of the staff in these roles had occupied these roles prior to LMEs becoming MCOs and several have been in these roles dating back a number of years. They rely on their "contacts" for referrals. Several reported being part of the local Continuum of Care (CoC) planning and oversight group and several reported being involved in local housing planning activities. The rate of filling Housing Slots varies from LME/MCO and varies within the LME/MCO catchment area.

Similarly placement numbers are lower in Guilford and Forsyth Counties. One Transition Coordinator explained this may because the housing staff had less success building relationships with landlords. Another reason may be related to the availability of affordable housing in the more affluent counties and yet another reason may be related to the tenure of staff resulting in better access in the smaller counties. Regardless these are the types of variables both the State and LME/MCOs should examine more thoroughly.

TCLI Housing Slot and LIHTC information reveals a higher number of placements in some counties within LME/MCO areas than their overall number which in part may be attributable to the experience and history some Housing Coordinators and staff have with local housing organizations, developers, landlords and property managers.

Service providers were not a part of these conversations and were conspicuously absent during site visits and in discussions regarding pre-tenancy and move-in issues. Referring sources such as providers and hospital staff are relying on Transition Coordinators for managing housing referrals. There was noticeable interest about housing options among state psychiatric hospital staff. DHS housing staff was always available for discussions. State DHS TCLI and Division of Adult and Aging Services are engaged in housing resource development and resource acquisition and active in pursuing utilization of the Targeted Units and other resources. However they are not in the best position to leverage specific resources that are needed beyond assuring TCLI Housing Slot funds and other funds are available for the program.

The overall delineation of responsibilities was noticeably unclear when first described to the Reviewer and remains unclear after multiple meetings, site visits and focus groups. After careful study, only one explanation remains: responsibilities are not clear.

3. Securing potential Supported Housing (Slots). A lack of suitable housing was a constant theme reported by staff from each of the LME/MCOs. In the introductory meetings with the LMEs/MCO leadership and in more detail with the three LME/MCOs where reviews were conducted or where housing forums were held, staff described at length what steps they take to find housing they can "offer" individuals (while they are in Transition planning or being diverted from ACHs). Their methods to finding housing vary. Staff and individuals who were seeking housing and individuals who are housed described their efforts to find housing. The references were strikingly consistent across all the LME/MCOs.

Staff reported challenges with individuals being denied a unit by an owner or landlord because of their background, either a criminal history, credit problem or other unspecified reasons. Most LME/MCO staff reported these denials occur most with tax credit developments property managers, and also reported there is a lack of available affordable units accessible to the TCLI target population on the Social Serve Housing Search website. Staff from four LME/MCOs reported they stopped looking at this Website. The Reviewer visited the Website on three different occasions and also found that it had fewer units than expected, especially in major urban areas, and that many individuals in the target population would be denied units.

The efforts of the DHHS Housing staff to assist in this process (both Housing and TCLI staff) were not cited as a problem but the two step process for housing referrals and steps to become eligible and secure needed services appears to be contributing to the length of time for the housing search and approval process. This slows down the number of individuals getting Supported Housing. The rationale for this two step process is understandable. Data collected to date confirms these challenges.

5. Housing arrangements. All the housing units visited by this Reviewer and the second expert were single occupancy. Seven individuals are no longer either living in an ACH, still hospitalized or living in supported housing at the time of the review. This represents 35% of individuals who exited ACHs, institutions or were diverted but had left a Supported housing unit where they had a TCLI "slot". One was living in his grandmother's home but was visited at his provider's office, one was visited but living in his mother's apartment, one was visited but living in a motel and four were not seen, one was in jail, two were living well outside their catchment area at the time their names were pulled for the sample and were not seen. Of those two, one was living in a trailer and another in an apartment and no longer in a TCLI Supported Housing Slot unit. Another individual's whereabouts were not known.

Of the individuals interviewed who were not living in an apartment with a TCLI Supported Housing slot, one was living in a very cramped apartment unit with his mother. She has a Housing Choice Voucher (HCV or Section 8) so while staying in the unit he had to be added to the lease. The apartment did not have closets. His daughters were visiting for the summer making the unit even more cramped.

Four individuals had been evicted from their TCLI's arranged housing (slot). It was difficult to ascertain after the fact if these evictions could have been avoided or if TCLI

arrangements could or should have been made rather than the other choices. As discussed above, the Reviewer is requesting "housing separation" be added as a Performance Improvement category.

6. Housing suitability. Of the thirteen individuals visited in their own homes, the quality of the housing and furnishings varied. The first Reviewer indicated that housing quality improved significantly from her first to her last visits. This variable (improvement) cannot be measured yet for this Reviewer because her visits in April, May and June 2015 were "baseline" visits. Since this Reviewer's visits will occur regularly, improvement can be measured. The first Reviewer referred to the majority of housing as "single occupancy, integrated and located in well maintained apartment/ townhouse type complexes". In this review, six apartment complexes where individuals were living were extremely well maintained and close to amenities.

Some staff and the individuals were quite creative in finding suitable furnishings and decorating or fixing up their living space. Recovery Innovations staff in the ECBH catchment area were noticeably involved in these efforts but CenterPoint and Cardinal staff were also quite involved as evidenced by their familiarity with arrangements when the Reviewer visited.

This Reviewer was reminded how much having your own home means to individuals but also what pride staff take in helping with moving sofas (too big for the doorway) or help hooking up cable. Staff were clearly assuring individuals get a choice of where to live and finding suitable alternatives. On one visit, the staff accompanying the Reviewer ran into other team members helping someone move into the same complex so we had the opportunity to watch a lease signing, and in doing so were able to observe the interaction of staff with the property manager and with each other. Two observations stand out. Staff appeared skillful in assisting an individual through the lease up process and in engaging the property manager. On one visit, a staff member was familiar with every detail, including the tenant's work on their flower bed. On most visits staff and tenants discussed outstanding repair and landlord issues. It was evident the Transition Coordinators were already familiar with these issues and attempts to resolve them prior to this visit.

In contrast, several rental units were marginal both in their condition and in their location. One gentleman was living in a sub street level unit in an older building with few amenities. It was apparent from the interview and from staff report that he was being taken advantage of by other residents. In another instance, staff reported the unit was

located in an area where drug traffic was reported to be high. In that instance, staff reported there were few options in neighborhoods or towns where the individual wanted to live. When driving with staff to visit tenants, the Transition Coordinators would talk about trying to find places that didn't have potential drug activity and how they worked to avoid those areas. One Transition Coordinator pointed out complexes known for drug activity saying this complex isn't on our list.

As noted by the first Reviewer the lack of public transportation and/or the inability of the individual to have the independent means of travel limits their ability to participate fully in community, employment or other activities. This was especially true in the ECBH catchment area but also a problem in several communities in the Cardinal catchment area.

7. Tenancy Supports: The Settlement Agreement is clear; a housing slot includes the housing unit, rental subsidy, and ongoing support. Tenancy support is essential to individuals living successfully in the community. As referenced above, the State contracted with the Quadel Consulting Corporation for tenancy supports. The contract expectation is that "tenancy support will complete at a minimum one contact per month in the persons apartment" (RFQ No. DHHS-28325-13, page 7).

There have been issues raised about the effectiveness of Tenancy Supports as contracted for and delivered by Quadel for some time, and the disconnect between Quadel and Transition Coordinators was apparent during interviews. The first Reviewer indicated there appears to be a general lack of understanding and/or confusion about the roles of Quadel Consulting Corporation (as the tenancy support agency) and ACT (or other providers) in the provision of specific services including ADL assistance, skill development, transportation for shopping for basic needs and coordination of treatment and supports. This is particularly acute when the transition team/coordinator is no longer involved (after 90 days).

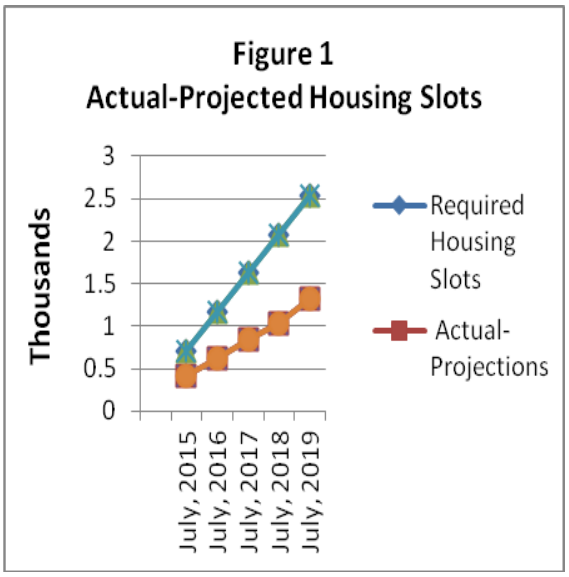
As referenced by the first Reviewer, one contact per month is not sufficient to meet the needs of an individual with serious mental illness who is trying to be successful in their own housing after transitioning from an institutional setting, particularly if there are identified ADL needs. There is a gap in the provision of skill development and assistance, and supports to help individuals manage to live independently.

Tenancy supports are not being consistently provided to residents in the manner envisioned by the Settlement. The "minimum" monthly visit became the maximum for the individuals interviewed and was reported to be the norm. One monthly visit for an individual moving

into their own home is insufficient, especially for individuals who have been institutionalized for a long period of time or for persons who do not have experience with managing their own home. Increasing the number of visits is not enough to solve the problem.

The first Reviewer indicated over a year ago the State should clarify the roles and responsibilities of its provider agencies and Quadel in the provision of the tenancy supports. But clarifying roles just like increasing visits would also not solve the problem. The key issue is the overlapping responsibility between the LME/MCOs and their contractors and the Quadel tenancy support staff. The State will be adding resources to the LME/MCO contracts although the details of these arrangements have known at this time. This will better affix responsibility with the LME/MCOs.

The State is in partial compliance but only slowly trending towards compliance with 417 of the 708 required housing slots being filled by July 1, 2015. After nearly three years, there are many unanswered questions about the State's potential to meet their Settlement Agreement obligations over time (Figure 1).



Only 54% of the required Housing Slots will be filled on June 30, 2020 at the current rate Slots are being filled. There is little indication the state has fully identified the course corrections necessary to come into compliance. DHHS appears prepared to take steps to try to do this, however, they can't do this alone as they are not in same position as the HFA to influence change in the affordable housing community and will need the HFA to take the lead on expanding housing "stock" through influence, leveraging compliance and technical expertise.

An analogy often used to describe the necessary antecedents to successful Supportive Housing for individuals with disabilities is that supported housing requires three spokes on a wheel--*capital* used to construct or rehabilitate housing, *subsidies* necessary for individuals with extremely low incomes to afford their own rental unit and *services* to assist a person to get and keep housing.

The purpose of the spoke is well known, it adds strength to rims that enable cars, trucks and bikes to travel over a roadway; it helps support weight and helps transfer power to the wheel so it can turn. There are countless examples of similarities between spokes and supported housing. The TCLI program is a more advanced than a simple spoke---the target population in this Settlement Agreement will need more assistance and more accommodations by services staff and administrators, property managers, landlords, owners and developers, by elected officials and local and state governments to gain access to housing---the spokes need to be stronger and more flexible. North Carolina has a good track record of standing up a supported housing program with its Targeted and Key program. Standing up those programs was just a starting point that while necessary and laudable is not sufficient for the State to meet the terms of this Agreement.

On several occasions the HFA staff pointed to issues with DHHS staffing, referrals and services availability. Those are all legitimate issues and are discussed in this report but changes in referral practices, services availability and staffing are separate from housing availability and accessibility. It is simply not a productive use of time and resources to focus only on referral issues. Regardless of where and how influence can be exerted or even where expertise lies the state agencies have joint responsibility to achieve compliance with the Housing Slot requirement in this Settlement.

The TCLI rental subsidy program relies almost exclusively on the private rental market. A state funded rental assistance program dedicated to this target population is necessary for the state to meet its obligations under this Agreement but it is not sufficient unless three conditions can be met. One, there is sufficient housing inventory available and accessible by type of housing needed, and if not currently available, it will be available over the span of time concurrent with the Settlement Agreement; two, it must be available where needed; and three, there is a guarantee the state appropriation will not be cut so long as the need is substantiated. States with remedial agreements are also beginning to diversify their rental assistance funding sources to assure the state is not the sole funding source for rental assistance for individuals with disabilities. The state is currently utilizing the state funded TCLI rental subsidies for 88% of the housing accessed by the target population.

The state has already turned down an opportunity to secure $12 million in Section 811 PRA funds to add rental assistance for individuals with disabilities citing problems with HUD's regulations. However all other states with Remedial Agreements who were successful in being awarded these funds have accepted the funds and are moving

forward. The other states concur there are legal and regulatory complexities that make this new program a challenge but they chose to remain in the program and have been given considerable assistance in their implementation. HUD offered concessions to the NC HFA which were rejected as insufficient. The NC HFA Director indicated in January he was confident the State could meet its Settlement Agreement requirements without these funds.

None of the States' PHAs have been asked to seek the required permission for a Tenant Selection Preference for the target population with the HUD Office of Fair Housing and Equal Opportunity (FHEO). This type of preference could provide the target population who apply for a Housing Choice Voucher (HCV) preference (going to top of the waiting list on a pre arranged schedule). The Georgia Department of Community Affairs (DCA) as the state's Balance of State PHA and selected PHAs have successfully sought approval for this preference for individuals in their remedial agreement target population as has the Virginia and Illinois State HFAs. While the PHAs are the organizations that make this request to the FHEO, the state housing agencies in those states have guided this process and in Georgia's case provided incentives in their LIHTC program for these requests. Over 170 individuals in the Georgia target population have received a HCV as a result of this effort.

During the past six months these indicators have been discussed with State officials and it appears there is considerable discussion underway regarding how this might be addressed. In April, the Reviewer requested a plan and provided a framework for a plan. The TCLI staff has energetically agreed that a plan would be helpful so achieving compliance would not be left to chance. The Reviewer has requested a draft in November and completed plan in December 2015. The Reviewer has requested the plan:

1. Identify the availability of quality affordable housing in locations where individuals in the target population will be living (by choice and availability of services and supports) and by the type of housing needed (i.e., mix of one-three bedroom units with majority being one bedroom, availability of accessible features, access to public transportation, to medical and behavioral health care, grocery shopping, banking and other public services).

2. Match housing availability with needed housing inventory by type and in locations where housing will not likely be available to meet projected need either because housing does not and will not exist at the level needed, it does not meet quality

standards and/or is not the type of housing needed.

3. Identify potential capital and rental funding sources, setting production goals and rental reduction strategies to maximize utilization of available sources for these purposes beyond the TCLI subsidies. This includes setting production goals and actionable steps to maximize funds and achieve greater affordability by reducing rental costs per unit and leveraging other resources dedicated to this population.

4. Establish an actionable plan with short and long term housing with financing, production, services and rental strategies. The actionable plan includes provisions for decision-making, policy setting; a maximization of resources informed by data and a thorough examination of alternatives and would be updated on a regular basis. The State has already identified barriers that might impede progress such as standardization of roles and responsibilities and clarity on feedback loops, simple, clear protocols and availability of services and has taken steps to eliminate or minimize the impediments. Steps to minimize and eliminate barriers and achieve the highest level of cooperation should be addressed in the Plan. The Plan should define the role of local organizations including LME/MCOs, DHHS Aging and Adult Services Housing Coordinators and TCLI staff and the NC HFA staff. The LME/MCOs can play a critical part in identifying and securing the interest of local officials but they will first need guidance and clarity on their role.

The actionable plan is predicated on full understanding of the SA, *Olmstead* decision and Title II of the Americans with Disabilities Act being recognized, promoted, enforced and followed. This requires a rigorous plan for each individual in the target population to assure their rights are protected as required in Title II of the Americans with Disabilities Act and affirmed by the Supreme Court decision in *Olmstead.*

These facts and assumptions were discussed with State housing agency officials, LME/MCOs, the DHHS staff and housing advocates. There is also information from other states with similar enforcement actions such as the reference to Tenant Selection Preferences above that may be helpful in identifying strategies. Likewise the combined efforts of state and local agencies, developers, housing organizations, LMEs/MCOS and service providers can have an exponential impact.

For Items SECTION III.B.4., the State has developed rules and established procedures for determining eligibility for the Housing Slots. Timeliness is a qualifier for this provision being considered effectively implemented and the process could be shortened and less

redundant. On a positive note the State is examining how this can be done more expeditiously and work underway as this report is being written is encouraging.

The State is in full compliance on Section III.B.7.a., as Housing Slots are virtually all permanent housing with Tenancy Rights. The State is also in full compliance on Section III.B.7.e. and (i.) B.7.g. (i) and (ii), B8. and B.9., as housing is largely scattered; priority is for single occupancy housing, is not used in congregate settings, and individuals have housing choices to the extent available and appropriate.

The State is in partial compliance with other items under Section B.7. including III.b.7.b., c., d. & f. The State has provided tenancy support services but these are not yet as flexible and available as needed and are not yet sufficient for residents to attain and maintain their housing tenancy as discussed above. TCLI staff is sufficiently cognizant of this provision and have been diligent and consistent in messages to the field and opportunities for training and technical assistance. Nonetheless as evidenced during recent Individual reviews, individuals are not always given the opportunity to interact with individuals who do not have disabilities.

Several individuals were placed in units where interaction with other individuals with disabilities was almost assured. One man was placed in a unit next door to another individual in the TCLI program but in a marginal residential area so interaction with neighbors is confined to the other individual in the TCLI program. Another man was placed in a building where individuals were not identified formally as being persons with disabilities but it was widely known and apparent the building was a rental property for that purpose. These were exceptions and as indicative of the paucity of available quality rental units rather than an attempt on the part of staff to place individuals in more segregated settings. The State will come into compliance with this requirement over time if more quality rental resources become available.

The Reviewer's visits and discussion with staff revealed that approximately half of the TCLI supported housing units provide opportunities for individuals' to access community activities at times, frequencies and with persons of their choosing. Six (6) of the thirteen (13) individuals living in their own home spoke positively about their access to community amenities and activities. Those six and four (4) others reported being visited by their family, staff or peers and being taken to activities, church, appointments and or shopping; one individual lives in a senior housing with a van available for short trips. One individual who just finished Peer Support Certification training has actually fixed up has his old car running. Even with these opportunities individuals referenced some limitations on their ability to

access community activities. This is another provision where it appears LME/MCO Transition Coordinators and Peer Support staff are making a good effort to assist individuals to get to appointments, activities and shopping.

The State is also only in partial compliance with provision for offering choice in their daily life activities, such as eating, bathing, sleeping, visiting and other typical daily activities. With a paucity of community providers and natural supports available, and tenancy support so limited, it remains difficult for the State to be in full compliance on III.B.7.b., c., and f.

II. COMMUNITY-BASED MENTAL HEALTH SERVICES

The State is providing access to an array of services and supports to enable individuals with SMI in or at risk of entry in adult care homes to transition to and live in community-based settings.

As referenced by the first reviewer in the 2014 Report the array and intensity of services is not yet sufficient for the state to meet the needs of the target population. There are strengths in the LME/MCO networks but these are variable by type of service, intensity, availability and appropriateness. Availability, by type and provider availability, is especially problematic in some areas of the state. The type of and intensity of services an individual receives is dependent on where an individual lives (catchment, county or community), where housing is available and intensity and appropriateness are more subject to provider performance and Transition Coordinators being assertive in making service arrangements.

The State is in partial compliance with Section III.C.1. and 2., but even partial compliance is rated "low" because of these weaknesses. The individual reviews revealed that possibly only eighteen (18) of the thirty-five (35) or 51% of the individuals in the sample were receiving necessary services. (Note. it was difficult to assess needed services for nine (9) individuals so this percentage could be higher but best case scenario no greater than 70% and based on interviews probably closer to 51%).

As stated in the introduction of this report, the extent and nature of those gaps will be explored further as reviews and interviews are expanded. Interviews with State staff, LME/MCO staff and stakeholders, site visit observations and a review of contracts and other documents confirmed the services array is limited especially in some areas of the state. The limitations appear to be: (1) a lack of available services and possibly State, LME/MCO and provider lack of understanding what services are important to provide. Supervisors play a

major role in assisting staff to learn and use their skills and knowledge to assist the individual to engage in their recover and participate in services; and (2) lack of staff making arrangements for available services and supports which requires more than just "coordinating" available services.

There were instances where individuals were living in more service rich areas of the state and not receiving necessary services but there are more rural pockets in the state where services are not available. The State and the LME/MCOs have an obligation to fill those gaps to the extent possible.

Section III.C.3.a.-d. refers to the services being evidenced based, recovery-focused, community based, flexible, helping individuals with crisis, and including natural supports. The State and LME/MCOs through training, fidelity reviews, supervision and contracts are making a strong effort to build these principles into every aspect of practice. From recent interviews there is not yet enough evidence that services are provided consistent with these principles to merit a finding of full compliance.

Section III. C. 4., refers to the State relying on the following community mental health services to satisfy the requirements of this Agreement: Assertive Community Treatment ("ACT") teams, Community Support Teams ("CST"), case management services, peer support services, psychosocial rehabilitation services, and any other services as set forth in Sections III.C.1. and 2. of this Agreement. The primary Community-Based Mental Health Services, CST, Crisis, Peer Support and ACT, must be adequately financed and available across pre-tenancy, move-in and post tenancy phases of Supported Housing. Each should include "tenancy support".

To the extent possible ACT teams should be competent in serving individuals with dual disorders and other co-morbidities. Given the age and health conditions of the target population, primary and specialty healthcare and nursing and/or personal care is also needed. CST services appear most lacking in availability and in intensity and interventions needed for individuals in the target population to be successful in the community and ACT appears to be provided more adequately during the post tenancy phase of service. Even then it appears the LME/MCO Transition Coordinators provide most of the housing related services interventions.

The Transition Coordinators fill the gaps epically for individuals who don't qualify for ACT. CST and other services are not adequate substitutes for a robust community service that combines a recovery oriented direct service case management/care coordination, illness

management, crisis prevention and rehabilitation interventions and that also includes assistance to get and keep housing as part of a individual's recovery plan. The first Reviewer referenced that with the exception of the transition period and the work of Transition Coordinators, there is no ongoing case management for individuals who have been placed from adult care homes or other restrictive settings to the community. It is essential that the State re-conceptualize its case management/care coordination function.

One other barrier is the problem with Medicaid "County of Origin" requirement. Thirty one percent (31%) or 11 of the 35 individuals pulled for this sample results in individuals are living or moving into a different county than where they are listed as enrolled for Medicaid purposes. This creates delays and logistical problems across LME/MCOs. In the ECBH catchment sample this was a problem for nearly 50% of the sample.

Section III.C.7. & 8., also references LME/MCO responsibilities. Section III.C.7. references both LME/MCO operations responsibilities and State monitoring responsibilities for capitated prepaid inpatient health plans ("PIHPs") as defined in 42 C.F.R. Part 438 for Medicaid-reimbursable mental health, developmental disabilities and substance abuse services pursuant to a 1915(b)/(c) waiver under the Social Security Act. This Section references the State as responsible for holding the PIHP and/or LMEs accountable for providing access to community-based mental health services in accordance with 42 C.F.R. Part 438, but the State remains ultimately responsible for fulfilling its obligations under the Agreement. These responsibilities will be referenced below and again in the review of Quality Management and Performance Review. The State appears to be in partial compliance with this provision. A materials review reveals the State is in full compliance with Section III.C. 8.

The newly developed Division of Medical Assistance-MCO contract effective beginning July 1, 2015 describes U.S. Department of Justice requirements (Section 15 beginning on pg. 54 of that Contract) including the following: (15-1) Staff; (15-2) Care Coordination; (15-3) Person Centered Planning; (15-4) Internal Quality Assurance/ Performance Improvement Programs; (15-5) Clinical Reporting Responsibilities; (15-6) Assertive Community Treatment [ACT]; (15-7) Peer Support Services; (15-8) Supported Employment; (15-9) One Time Transitional Supports; (15-10) Diversion Processes; and (15-11) Communication.

The descriptions comport with requirements of the Settlement Agreement. However, these requirements are not spelled out in the sections of this contract where the overall responsibilities of the PIHP are spelled out. For example, Coordination of Care is

referenced on pages 19-24 but the so called "DOJ Settlement Agreement" population Coordination of Care provisions are on page 55 and not inserted in the Coordination of Care section. This same pattern is followed in other sections. This makes it appear the "DOJ Settlement Agreement" population is separate and the target population is defined by a legal agreement instead by their special needs as other populations are referenced. This type of separation is what often leads to the subtle but powerful exclusion of the target population from the benefits the LME/MCOs provide other populations. Differences such as these send a message to LME/MCO staff, stakeholders and even some State staff.

Overtime the system and community will need to be more inclusive of this population and the staff who work in this program for the program to succeed. Future reviews will include the results of additional analysis to determine if there are differences in the quality and type of assistance individuals receive if they are part of the Settlement Agreement target population. The description (pg.55) appropriately references the DOJ Settlement Agreement population as a required "Special Healthcare Population".

The contract language also raises another flag. LME/MCOs are being asked to contract only with providers who are in fidelity to the TMACT model (Tool for Measurement of ACT) and providers who are in fidelity with the Individualized Placement and Support-Supported Employment (IPS-SE) model. Supposedly these requirements are to enable the State to be in accordance with the Settlement Agreement and current policy. The Settlement Agreement correctly requires fidelity for ACT and IPS to be the yardstick for individuals to be counted for compliance purposes. However, this language does not provide the guidance to LME/MCOs to expand their network. Expansion of the IPS provider network is arguably one of the most perplexing Settlement Agreement provisions for the State. This will be discussed again in the Supported Employment section of the report.

Beyond the contract language other issues persist. Network management oversight, network sufficiency, and provider requirements for pre-tenancy services need strengthening. County of origin problems slow down the process and interfere with access. There appears to be a direct correlation between the lack of services availability (including an array and intensity) especially pre-tenancy services and supports with the high numbers of individuals entering adult homes, those exiting state psychiatric hospitals without TCLI resources and low numbers of individuals agreeing to exit adult homes.

The State recognizes their Medicaid state Plan is not sufficient for individuals moving into Supportive Housing to get the level, intensity and type of services they require to move into community or be successfully diverted from institutions. This is in part related to the State not yet taking full advantage of what services (description and arrangements) can be delivered as part of the State's Medicaid Plan nor are services available within each LME/MCO area that could be provided under the State's current Medicaid state Plan. It should be noted changes in the State's Medicaid Plan are under discussion. Fortunately the Centers for Medicare and Medicaid Services recently issued an Informational Bulletin[11] (CIB) addressing these very issues.

This CIB was written to assist states in designing Medicaid benefits, and to clarify the circumstances under which Medicaid reimburses for certain housing-related activities, with the goal of promoting community integration for individuals with disabilities. The housing-related activities referenced in this CIB include a full range of flexible services and supports much needed for the individuals in this settlement Agreement's target population in the three phases, pre-tenancy, move-in and post tenancy sustaining services referenced in this Report. The CIB also describes the type of housing related collaborative activities needed for successful transition and long term support. State staff has signaled enthusiasm for the type of focused interventions included in the CIB which over time can be cost effective and lead to the type of successes needed for compliance with this Settlement Agreement. It is also recommended the State analyze their current ACT services description to add language reinforcing housing related activities.

Assertive Community Treatment (ACT) is more available, but even ACT needs to be more available in a few areas of the state. Through contract arrangements with LME/MCOs the State is providing each individual receiving a Housing Slot under this Agreement with access to services for which that individual is eligible that are covered under the North Carolina State Plan for Medical Assistance, the Centers for Medicare and Medicaid Services (“CMS”) approved Medicaid 1915(b)/(c) waiver, or the State-funded service array. However access to services does not necessarily happen prior to an individual exiting an institution which unwittingly places the Transition Coordinator into the primary provider role as referenced above.

This problem is often referenced as a consequence of institutions being Institutions for Mental Disease (IMDs) thus individuals don't qualify for services until they are discharged. This is not sufficient justification for provider services not being made available to individuals

prior to their exiting institutions. It is the responsibility of the State to make such services available prior to and at the point of discharge. There is also confusion about the "exiting' responsibilities and while not referenced repeatedly it is apparent that some individuals are not always getting services or medications when needed without Transition Coordinator intervention.

For Section C.3.a. - d. record reviews and staff individuals interviews demonstrated that State staff and LME/MCO leadership are reinforcing services meeting these standards. The State is continuously providing training on best practices, person centered planning, tenancy supports, motivational interviewing, CPR (eCPR), trauma informed care and psychosocial rehabilitation in addition to training offered to ACT and IPS providers. Training is mentioned here because of how noticeable staff skills are in the various best practices and how person centered staff have become in the process. The State and LME/MCOs can still improve and especially on "d." increasing and strengthening individuals networks of community and natural supports as well as their use of supports for crisis prevention and intervention.

A number of individuals interviewed were isolated in their apartments. Only three (3) individuals described participating in recreational activities, two (2) referenced volunteering and one (1) indicated they belonged to a club or organization. But there were notable exceptions including a young man volunteering as a wrestling coach at his old high school and an older woman who is very active again with her family and church activities. The State is in partial compliance with these provisions and as natural supports are strengthened can come into full compliance.

The State is in full compliance with Section III.C.6., person-centered service planning (PCPs). The State's shift to full review of PCPs undoubtedly helped the State achieve full compliance with this provision. However over the long term it is recommended the LME/MCOs take more responsibility for this level of review.

Assertive Community Treatment: The State is in full compliance with Section III.C.5. & C.9.c. referring to ACT teams adhering to the requirements of the applicable service definition, to TMACT and the number of teams and individuals served exceeding the July 1, 2015 obligation to contract with 37 teams and 3,727 individuals. On July 1, 2015 the State had 77 teams serving 5,054 individuals. According to the State's Annual Report, forty seven (47) teams scored above 3.6 on the TMACT and thirty-three (33) teams scored in the 3.0-3.6 range. It is likely teams scoring at 3.3 or below are marginally providing services required by individuals in this target population. To remain in the

network, hey should be monitored regularly by their LME/MCO to assure they are adequately serving individuals in the target population.

This fall the State will host an overview training on Integrated Dual Disorder Treatment (IDDT) and also begin to pilot IDDT implementation/improvement with outcome tracking. In the coming year the reviewer will analyze the availability of ACT in each catchment area, the availability and the performance of ACT teams in successfully diverting individuals from institutional placements and hospital admissions and contracting practices for low scoring and high scoring teams.

The Reviewer has been approached about contracting and authorization practices both by LME/MCOs and by providers and State staff. On one hand concerns were raised about LME/MCO practices and also about challenges contracting with low and high scoring teams. The reviewer has reported these issues to State staff and will continue to monitor these issues.

The Reviewer will observe a TMACT Fidelity review in the fall and has reviewed three (3) completed fidelity reports. The fidelity reviews appear to be comprehensive and objective reviews. The reports provide information for provider improvement, training needs and quality management. The UNC Center of Excellence in Community Mental Health (Center) continues to be reliable resource for training, consultation and fidelity reviews.

Crisis Services: In order to be in compliance with section III.C.10.a. of the Settlement, the State must require that the LME/MCOs develop a crisis service system that includes mobile crisis teams, walk-in crisis clinics, community hospital beds, and 24/7 crisis telephone lines. Section III.C.10.b. of the Settlement also specifies that the State will monitor crisis services and identify service gaps, and section III.C.10.c. specifies that crisis services will be provided in the least restrictive setting (including at the individual's residence whenever practicable), consistent with an already developed individual community-based crisis plan or in a manner that develops such a plan as a result of a crisis situation, and in a manner that prevents unnecessary hospitalization, incarceration or institutionalization".

DHHS made crisis services a priority in 2013 and established a well funded, well organized Crisis Solutions Initiative (CSI) in November 2013. The initiative aims to (1) work in partnership will all the stakeholders in the crisis system and (2) find ways to replicate and sustain successful models by eliminating barriers and establishing policy and funding to support those models. The DHHS structured a FY14-15 project list with the assistance of the LME/MCOs.

By May of 2015, all LME/MCOs had 24/7 Access Centers that provide screening, triage, referral and customer services functions. All 100 counties are served now by Mobile Crisis teams and thirteen (13) agencies provide Mobile Crisis Management services. Eighty three (83) counties reported some version of a walk-in crisis center and there are twenty two (22) facilities licensed as facility-Based Crisis Services Units. The State reports some variability in the role each unit plays locally. All the LME/MCOs support law enforcement Crisis Intervention Teams.

The State has identified key benchmarks and is collecting data to mark progress of various initiatives including reduction in emergency department admissions, wait times in emergency departments, and number of readmissions to emergency departments. Over $1.4 million in TCLI funding is being used to tailor and pilot Critical Time Intervention (CTI) for the target population. Four pilot sites have been selected and the initiative was launched in May 2015.

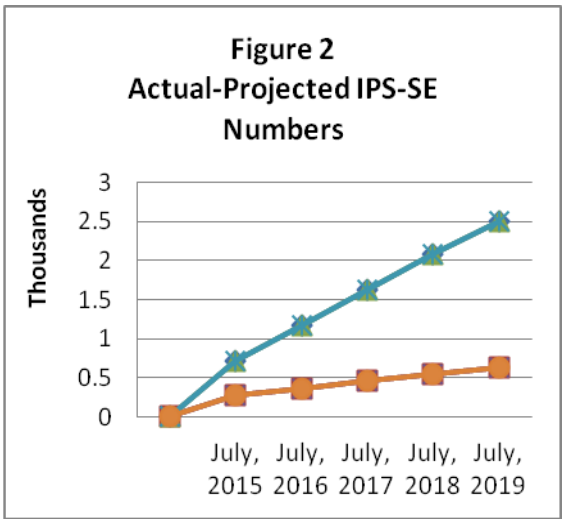
The State is compliance with Section III.C.10.a. and III.C.10.b. The Reviewer is deferring a score for III.C.10.c. for two reasons. One, the Reviewer has not yet been able to fully evaluate the extent to which crisis services are provided in the least restrictive setting consistent with individual crisis plans and in a manner that prevents unnecessary hospitalization, incarceration or institutionalization. There is little use of the crisis system (post supported housing) reported during the first round of individual reviews although extensive use prior to individuals securing supported housing was reported. Secondly the reviewer will assess the pilot CTI programs and Mobile Crisis to determine the extent these programs are effective for the target populations and report these findings at a later date.

III. SUPPORTED EMPLOYMENT

In Section III.D.1., the State is required to develop and implement measures to provide Supported Employment Services to individuals with SMI, who are in or at risk of entry to an adult care home, that meet their individualized needs. In Section III.D.2., Supported Employment Services are required to be provided with fidelity to an evidence-based supported employment model for supporting people in their pursuit and maintenance of integrated, paid, competitive work opportunities. The State selected the Individualized Placement Services (IPS-SE) model. The State is in full compliance with the Section III. D. 1. provision.

The State has not yet taken sufficient steps to develop and implement Supported Employment so that IPS (with fidelity) is available in a sufficient number of communities across the state.

The State is required to provide Supported Employment Services to a total of 708 individuals; by July 1, 2015 to be in compliance with Section III.D. 3. The State is not in compliance with this provision. The State has failed to meet the required obligations of this provision in each of the first three years this obligation has been in effect. Meeting this obligation continues to be a confounding and perplexing problem for the State. On September 30th, the State reported 274 individuals were receiving IPS-SE by 13 teams meeting IPS Fidelity on June 30, 2015 for an average of 21 individuals per team. At the present expansion rate, the State will only be at approximately 30% of its required obligation on July 1, 2019 (Figure 2).



The Reviewer assessed the State's efforts to meet the SE requirements extensively, including meeting multiple times with DHHS staff (including DVR), sat in several sessions of a IPS-SE Fidelity review, discussed challenges meeting the Supported Employment requirements with LME/MCOs, met with IPS and other Supported Employment providers on three separate occasions, reviewed materials, met with the new IPS Trainer at the UNC Mental Health Center of Excellence, attended a Johnson & Johnson IPS Supported Employment Annual Meeting, inquired about interest in supported employment in the individual reviews and discussed with Transition Coordinator.

The individual reviews revealed most individuals who have moved into their own apartment or home could potentially be successful in gaining employment with IPS-SE given sufficient encouragement and support. The Reviewer only interviewed 3 or 4 individuals who had moved, or were in process of moving, into a Supportive Housing unit who were unlikely to be able to participate in IPS-SE. Few have chosen to do so undoubtedly because of fear of failure or relapse, loss of benefits, or having lost interest in working again. Most people said "I'm not ready". With few exceptions, it was not clear how much encouragement individuals are getting to participate in IPS and on several occasions staff downplayed the importance of "work". Employment Specialists on ACT are not always fully or even actively engaged in employment related tasks. There were also several individuals still residing in ACHs and one individual visited in a SPH (who was already accepted into an IPS program) who expressed a desire to go to work. One young man has completed his GED since seen in May and another (seen at the SPH) is now employed as a computer technician.

There was confusion at the provider level on counting only the target population in the IPS-SE for TCLI reporting purposes or counting other individuals in the IPS-SE program. During a recent IPS-Fidelity Review the Reviewer sat in on a session wherein the IPS staff met with a therapist who was reviewing her caseload, none of whom are in the target population. On one hand the fidelity review is for teams who serve individuals across broader target population groups, but it did raise the question of how or if the State and providers are prioritizing the TCLI target population and utilization of TCLI targeted funding.

The State's work plan generated in the fall of 2014 is insufficient for the challenges presented with building the capacity of this service. Likewise the State's internal structure and training resources are not sufficient, timely or robust enough for the state to meet the Settlement Agreement requirements. Although, one encouraging note is the Division of Vocational Rehabilitation's participation in the initiative. In some ways it appears that the State and LME/MCOs envisioned IPS-SE becoming as robust and accepted as ACT without the same prolonged effort and support. Looking back, it took NC years to build a strong network of ACT providers and that effort was started well before the Settlement came into effect. ACT provider development was approached almost as a campaign with strong support in the advocacy and academic communities. It also has the benefit of being well funded and supported across DHHS and the broader healthcare community.

Providers report there is not sufficient funding for the service target population. To operate an IPS-SE program, providers are required to patch together funding from at least three different sources (which is required in most state systems today), B-3 services, state funds and VR funds. Providers also report there is a disconnect between the payment structure, rates and IPS-SE requirements and the need for a definition to be published. Providers also seem to have differences of opinion in how they can make the programs more financially feasible. Based on these observations, interviews and reports, the review reveals three major issues with recommendations:

1) Build stronger support for IPS-SE and ramp up the schedule to add providers and teams. There are large areas of the state where there is limited or no IPS-SE capacity and the number of individuals in the target population, the State is attempting to generate interest and provide support to improve financing services but these efforts need to be strengthened and given more visibility and higher priority. Promote IPS-SE through the advocacy and stakeholder community.

2) Create more capacity with ACT. ACT Teams could be a reliable source for supported employment that mirrors IPS-SE enough to qualify the team and individuals to be counted if

served by a qualified team. This would serve two purposes. One, it would expand the State's IPS capacity without the added expense and the inherent challenges with standing up a full team. Secondly it highlights the value of work for the ACT team and enables more individuals to qualify for the service.

By definition the ACT team cannot meet all the IPS fidelity standards. The State can take steps to mirror standards by requiring the ACT sub scale requirements (ST4), (ST5), (ST6) and (EP5) for Vocational Specialists be met at the "full credit" level. ACT Team supervisors and other team members would have to be oriented in and trained annually in IPS-SE, each ACT team would have to enter into an agreement with a certified IPS-SE provider for purposes of case reviews and joint problem solving and team building functions would require a second certification and DHHS approval. The Reviewer recommends a plan to include those action steps be proposed and reviewed by the Independent Reviewer, and if sufficient recommended, submitted to the Department of Justice for review.

3) Build capacity, target critical areas and increase teams, Improve the State, LME/MCO and provider infrastructure, clarify funding options, provide "business plan" support, strengthen LME/MCO contract requirements and set targets and concrete, actionable goals. In addition to providing a rationale and plan for ACT (as referenced above), the State should up-date the earlier IPS-SE Action Plan (with targets) and submit it to the Independent Reviewer and the Department of Justice.

III. DISCHARGE AND TRANSITION PROCESS

The Discharge and Transition section of the Settlement Agreement covers a wide range of tasks and action steps across the In Reach, Discharge and Transition Planning functions. These tasks overlap with the Pre-Tenancy and Move-In tasks associated with Housing Slots and the Community Mental Health Services tasks discussed above. The State has made significant progress in meeting the Discharge and Transition obligations. However many of these tasks are transformative and transactional which by their nature will require significant refinement, improvement and to some degree consolidation for the State to be in full Compliance with this section of the Settlement Agreement.

The State is in full compliance on Section III.E.1., 4.c.d.&e., 6., 8.a.&b., 9., 10., 13.a.&b. Two items are listed as deferred pending further review: Section III.d.(i.) and Section III. E.13c. - d.(i.-iv.) & E.14. The State is in Partial Compliance on the remaining items in this Section.

As referenced by the first Reviewer the State level transition team has been in full operation and under the leadership of Jessica Keith, Special Advisor to the Secretary on the ADA since her hiring right after the outset of this Settlement Agreement. The team is quite knowledgeable of the substantial obligations for In Reach, Discharge and Transition Planning, and even with the slow start on State Psychiatric Hospital In-Reach and Transition Planning, the team has been actively engaged in breaking down barriers, revising refining processes and timelines, and assisting local teams with these processes. These actions have enabled the State to be in Compliance with Section III.E.9. & 10.

The State is in Compliance with Section III. E.4.d. & e. because Peer Specialists appear to be available and involved in discharge planning. The State has provided additional funding in FY 2014 for LME/MCOs to hire 31 new Peer Housing Support Workers who provide regular education and information about benefits of supported housing to individuals living in ACHs and SPH. This is a doubling of the initial funds for 31 peer Support staff that was made available in FY 2012.

Likewise, the State more than doubled funding for LME/MCO Transition Coordinators since FY 2013 with funding to be added in July 2015. The LME/MCOs can hire an additional 44 Transition Coordinators. These additional staff will increase LME/MCO capacity to meet the requirements and multiple demands placed on the TCLI program. A question has been asked about how many Transitional Coordinators are needed to meet the terms of the Settlement Agreement. Determining the need for and adding more Transitional Coordinators should first be predicated on: (1) LME/MCOs giving priority not isolating TCLI (staff and functions) within the LME/MCO organization assuring sufficient support to the TCLI program; and (2) assuring necessary services are provided to individuals in the TCLI program so that Transition Coordinators are not burdened with in the direct service provider responsibilities and do not have engaged beyond the transition period unless absolutely necessary. If these steps are taken, determining the need for additional Transition Coordinators would be more accurate and appropriate.

During the initial individual reviews and focus groups conducted in April-June 2015, the Reviewer and the Expert met approximately 30 Peer Support and Transition Coordinators and LME/MCO TCLI leadership staff. They are the "strength" of this program (along with State TCLI staff). Their contributions exceed expectations. As referenced in the Community Mental Health Services section, they compensate for weaknesses of the community services system and the tenancy support services. As referenced in the introduction, the transformative and transactional tasks are critical for the state's success.

Almost all the Peer Support and Transition Coordinators the Reviewer and Expert met are fully and intuitively aware of not just their day-to-day duties but the importance of altering perceptions--that individuals have of themselves so they can make the decisions necessary to live successfully in the community and alter perceptions of ACH and SPH staff, of Guardians, providers and families. While they hope for continuous change that can lead to shorten timeframes for approvals, less paperwork and more rationale and person centered decisions, they do not allow system problems to deter their enthusiasm and hope. They seem to have a relatively healthy understanding that change takes time.

The State has made continuous progress with the number of individuals receiving In-Reach in ACHs since the beginning of the Settlement Agreement and in the past year increased this number by 1,861 individuals, a 33% increase which followed an increase of 1318 or 61% the previous year. However the rate has decreased to only an average of 21 individuals per month compared to 109 the previous five months. This slow down may be a result of the recognition that In-Reach staff could not keep pace with the numbers of individuals they were meeting each month and also keeping up with the requirement to see individuals again in 90 day increments. They were moving so rapidly it was difficult for them to engage with individuals such that they would agree to further discussions about the TCLI program. The June TCLI report lists 3,320 individuals in "in reach" status while only 228 are in Transition Planning or 6% of the total of the two groups.

Staff are now sending letters to individuals and see them if they receive a positive response that they want to discuss TCLI services and housing. This issue represents a dilemma. In-Reach is the beginning of the process for choosing community living for individuals residing in ACHs and for individuals being discharged from SPH. TCLI provides much needed resources to individuals to move into the community and into their own home. Without the first visit and frequent In-Reach visits, individuals will not be as positive about moving.

One issue quickly noticed by the Expert is that staff need to better understand what "no" mean. Sometimes its means "I'm not sure". Individuals can't always imagine a life outside the adult home and sometimes people don't "live to leave". When placed in an adult home, the individual receives sends a strong message they can't successfully live in their own home, This message is internalized so when asked an individual is unsure they can leave and says "no". With consistent support from In Reach and Transition staff, the individual can begin to consider moving and trust that staff will be there to help when needed.

The State is in full compliance with first requirement in this Section III.E.1., implementing procedures for ensuring that individuals with SMI in ACHs and SHPs are accurately and fully

informed about all community-based options. The Reviewer will continue to monitor this provision to assure individuals are "fully" informed. It is important the State and LME/MCOs continuously monitor these procedures to determine if they are fully implemented, that barriers to implementation are addressed and that procedures are refined if necessary.

The State is only in partial compliance on Sections III.E.2 and 3., largely because the State and LME/MCOs are still refining and improving these processes. This has been somewhat exacerbated by adding staff who are still in the learning process. This is also a strength because LME/MCOs can devote more resources to these tasks. The staff still are still overcoming the hurdles of low expectations, inertia (and even interference and discouragement) of the ACHs, lack of well organized services networks that impede the effectiveness of staff charged with these duties. As stated previously, the reviewer is encouraged with the Transitional and In Reach staff approach to these tasks.

Section III.E.4.a. and b. refer to discharge planning being conducted by transition teams that include persons knowledgeable about resources, services and opportunities in the community and professionals with subject matter expertise about accessing needed community mental health care including other types of care essential for a safe and successful transition to community living. The State is in partial compliance with both these provisions. TCLI teams appear very knowledgeable and eager to secure services and/or seek assistance but are limited by the breadth and level of their experience and knowledge of what is needed for a successful transition. This is primarily a foundational issue that will likely improve over time and the type and level of support staff have in making these transitions.

Section III.E.5 refers to the State psychiatric facility, the PIHP and/or LME transition coordinator working in concert with the facility lead. The State is fortunate to have very committed State Operated Healthcare Facilities staff assisting with building these partnerships. In the limited time spent with teams and in State psychiatric facilities it appears this is beginning to happen although after attending a quarterly TCLI/State psychiatric facility meeting at Broughton in April and discussing transition planning at Cherry in June it appears this effort is still in a foundational stage. This is reflected in the very low numbers of TCLI Housing (Slot) referrals from SPHs. Hospital-community transitions require a concerted, combined effort to build relationships, mutually developed targets and goals, a high level of coordination and clarity of required tasks and response times among the Transition Coordinators and SPH designees. The benchmark for compliance for this provision will be an increased number of referrals overtime. The State is improving its effort but is only in partial compliance with this obligation at this time.

Section III.E.6. refers to each individual being given the opportunity to participate as fully as possible in his or her treatment and discharge planning. The State appears to be fully complying with this provision.

Sections III.E. 7. (a.-d.) and 8. (a.-f.) refer to discharge planning. The State is in partial compliance with four of these items (Section III.E.7. a.-d.) and in full compliance with two provisions, (Section III. E.7.a. and b. and E.8 and 8.a). Findings are deferred for Section III.E.8. b., c. & d.(i), (ii.) and Section III.13.c. & d.(i.-iv.) and Section III. 14., pending further interviews and record reviews.

Progress is being made toward compliance with Section. E.7.c. - d. as staff are increasing skills in developing "effective" plans for individuals to move to a more integrated community setting. This comes with time, willingness to embrace recovery as possible, and a shift in staff skill sets. A rating on Section III.E.8.b., c. & d. is deferred because the Reviewer has not reviewed a sufficient number of records and conducted enough interviews to make an informed judgment.

Section III.E.13. of the Settlement is clear that the State should engage in in-reach and education with the County Departments of Social Services. As noted by the first Reviewer, their engagement is important to the successful implementation of the Settlement provisions. The first Reviewer stated that "based on anecdotal evidence and the lack of information available to the Reviewer, this section is determined to be not in compliance with the provisions of the Settlement". This Reviewer concurs there continue to be unsolicited reports that suggest county staff, particularly Public and agency Guardians, remain an impairment to planning and successful discharge. The reviewer will make a more in-depth review to determine the validity and potential extent and nature of these impediments. The Reviewer will report findings and make a definitive compliance rating and until then a compliance rating is deferred. Even before this review occurs, the State should increase opportunities to meaningfully engage with their county colleagues and to monitor the referral processes by counties to ACHs. Likewise a finding is deferred on Section III.14., pending further review.

IV. PRE-SCREENING AND DIVERSION

The State continued to use the Pre-Admission Screening and Resident Review (PASRR) process to screen all individuals with serious mental illness referred to ACHs for admission as instituted on January 1, 2013 in accordance with Section III F. 1 of the

Settlement Agreement. The State reported their continued refinement of this process to ensure individuals with serious mental illness were screened in a timely manner to minimize multiple transitions.

Beginning in January 2013 through June 30, 2015, 4,545 second level screens were conducted and 5,681 screenings[12] were processed. Based on reported data, there have been an average of 189 second level screenings per month since January 2013. DHHS reports the percentage of individuals who have been diverted is twenty one percent (21%) and that thirty-nine (39) more individuals were in the Diversion status in June 2015 than in May 2015 which represents a modest improvement. More significantly the trend in PASRR completions is on a noticeably upward swing. There were 618 (33%) more PASRRs in April-June June than in January-March 2015 which shows continuous improvement.

DHHS readily admits data base and reporting flaws so the numbers reported in 2013 and 2014 may be inaccurate. Going forward the two indicators that should be tracked carefully are the number of second level screens per month and the number and percentage of diversions.

The State reported they began technical assistance in August 2014 with TA being devoted to data compliance with the Diversion section of the TransITions database as well as providing response to Diversion and Community Integration Plans (CIP's). According to State and LME/MCO staff, the amount of missing and incorrect information was leading not just to reporting but it drastically affected the LME/MCO diversion response. Staff report individuals being admitted without being assessed as a result of misinformation and reporting issues. The State appears to be diligent in their monitoring of these issues and CIPs and providing TA and feedback to the LME/MCOs.

The most significant shift though in this part year has been the State's decision to contract with Earthmark to complete all CIPs as part of the level II Comprehensive Clinical Assessment and screening process. The State updated the CIP and Guidelines to meet the needs of the new level II screening process for Earthmark. Training was conducted and the PASRR manual has been revised to include the revised and updated CIP forms and guidelines. The process to make this shift appeared thorough and the State is very hopeful this will reduce the laborious and ineffectual process previously in place.

[12] according to DHHS, number of screenings is not the same as number of persons screened.

The first Reviewer reported the State was not in compliance with the Pre-Screening and Diversion provisions of the Settlement Agreement. The State has made some progress with these provisions and has come into partial compliance on all these provisions. The Reviewer will conduct a more thorough review of these provisions in January 2016 after the new Earthmark contract has been in effect for over six months. This review will include a selected review of CIPs as referenced in the Methodology section of this Report. The State should also continue its trend analysis and reviews to determine opportunities for training, process refinement and/or identified areas for system improvement.

The recently awarded PASRR contract to Earthmark is a significant step and may lead to substantial change in the number of individuals assessed and diverted. However the request for PASRRs is troubling as it does not appear the system is providing adequate crisis services and community support services to reduce such requests. State level TCLI staff is aware of the systems limitations that lead to these requests and their steps this year to change the PASRR process is a very good step in the right direction.

V. QUALITY ASSURANCE AND PERFORMANCE IMPROVEMENT

The State appears to have made improvements in their Quality Assurance (QA) and Performance Improvement (PI) requirements. This assessment though is made without the benefit of any assessment of these processes prior to January 2015 so this Reviewer cannot measure improvements, just current performance. However, the first Reviewer mostly reported on the State's plans for a comprehensive quality assurance and performance improvement monitoring system so this report can provide an assessment of those new systems.

The State has set about building infrastructure and processes to accomplish this multifaceted task. A pre-requisite for accomplishing this task is developing uniform applications for data collection, tracking and monitoring and establishing standard reporting and developing protocols. The State and LME/MCOs have worked on these developments. Reports and feedback are beginning to reflect this work.

There are still significant Quality Management challenges. The most apparent are the multiple work efforts underway that create redundancies, drain significant time and resources, create confusion and lead to more errors than necessary. In part this can be attributed to the demands placed on the State to stand up Supported Housing, Supported

Employment and other services infrastructure and contracts, Diversion, In Reach, Transition Planning and Crisis Services in a short amount of time. There are two other factors: One is the recognition the LME/MCO system is still in its transformative stage of development in North Carolina. There a number of promising indicators this system can be effective over time and the development and performance of the MCO/LME system will in all likelihood be a positive contributing factor when the State comes into full compliance with this Settlement Agreement. The second, is the extent to which the system has to grow and be more responsive to the target population. There were very serious shortcomings in North Carolina's disability services and housing systems that led to the investigation of potential *Olmstead* violations and subsequently to this voluntary Settlement Agreement. This is not a judgment of the system, but rather recognition that building a Quality Management system that can meet the requirements of this Settlement will require significant resources and time.

There are many examples of these challenges. A prime example of how differences in goals and pressure can influence reporting is seen with the reporting of Supported Employment numbers. The Settlement Agreement requirements are clear and the State has been clear that LME/MCOs only report target population requirements, yet numbers being reported include individuals not in the target population. From site visits, it is clear LME/MCOs are invested in Supported Employment being available to their various target populations. This is commendable, but not a valid reason for such a disconnect. As this report is being written, reporting Supported Employment remains an elusive and puzzling challenge. It is true there have been multiple attempts to become clear on the "diversion" population. However two and a half years into this Agreement implementation, this number is still being reported incorrectly. There are challenges on measuring performance when "county of origin" and other issues create repeated delays and when the repetitiveness of documents and plans beginning with In Reach, Transition, discharge planning and community based documents (assessments, plans, etc.) consume time and energy.

These documents reflect transformational, transactional and decision-making processes. When these processes are separated, they tend to become duplicative, and staff begins to view these interactions, transitions and decisions as being separate and tend to under estimate the value of joint cross-party responsibilities to outcomes. Needed improvements are more often seen as being the responsibility of another party not a joint responsibility. Behavioral health and other human service delivery systems are notable for how reporting and contract expectations and outcomes break down when two more systems are involved, especially when payment is tied to certain outputs and outcomes.

Examples include individuals with dual disorders or co-morbidities, mental health (rehabilitation) services and vocational rehabilitation and person centered discharge planning with choice which often takes time and a great deal of patience versus the affordable housing system which functions with short deadlines to fill vacant units. On the surface these issues may appear to be unrelated to reporting and quality management but in practice they are hidden within formal processes and are very connected. For the State to be successful in meeting the terms of this Settlement Agreement, there will need to be common goals and clear continuous improvement objectives, alignment of transactional and transformative processes and only minor and inconsequential redundancies and inefficiencies. Quality management can be used to achieve these requirements and better outcomes for the target population.

So with these issues in mind, the State still has work to do to build uniform applications and to establish common tools and protocols that can influence joint decision making. The State is encouraged to approach Quality Management in this manner.

The State is in partial compliance with Sections III.G.1., developing and implementing a quality assurance and performance system to ensure that community-based placements and services are developed in accordance with this Agreement. The State is building a more effective system. But this provision reads that this QA and PI monitoring system must be developed and implemented to "ensure that community-based placements and services are developed in accordance with this Agreement and those individuals receiving services or Housing Slots are provided the services and supports they need for their health, safety and welfare". The system is not sufficiently developed yet to ensure this happens consistently and effectively. Full compliance with this provision requires more than implementation of a QA and PI system and may take years for the State to achieve full compliance. The establishment of the "root cause analysis" process for TCLI is an example of a positive step in QA.

The State is in compliance with Section III.G.2. The Transition Oversight Committee meets regularly and "actively and continuously" monitors progress. The Settlement Agreement does not require the Aging and Adult Services and Disability Services (VR) to be a member but DHHS includes them. The State has worked diligently to assure there are management reports that capture the requirements of the Settlement Agreement.

The State is in partial compliance with sub-tasks of the Section III.G.3 (a.-g.). Improvements in reporting, data accuracy and timeliness are needed for the foreseeable future. Four items are deferred until the Reviewer can review further. The Reviewer will be requesting a review

of the data tracking systems in the next six months. From a preliminary review, it appears data system is capable of enabling the state to meet G.3. requirements with some additional design changes, with the exception of developing a housing transactional-clearinghouse system which will take considerable planning and testing.

The six month review will include an assessment of the capability of tracking and managing outputs and performance across multiple initiatives in one report rather than multiple reports requiring multiple inputs. It will also be an opportunity to assess the potential for the State to improve on cross system, transformational and transitional responsibilities including the housing transactional-clearinghouse system. To clarify, Section III.G.3.d. requires the State to develop and implement a dashboard for daily decision support. Daily decision support should not include the state compiling a daily report but rather having the capacity to answer questions quickly, within a day if possible. It is much more important for the state to manage by looking at trends, response to change and potential outlier data.

For Section G.6., LME/MCO performance is measured on PHIP and/or LME policies and processes, documentation, services as identified on the items listed as Section G.6. (a.-j.). The Reviewer has requested to be advised of the EQR schedule to assess the quality and thoroughness of these reviews as it pertains to the target population and LME/MCO performance. The reviewer has not been advised of when this can be scheduled and until such time will defer compliance ratings for Section G.6. As referenced above, the Reviewer requested a draft of the MCO contract but was not provided a copy until after the 2015 contracts were signed. The State will need to respond to the Reviewers comments and may agree to make changes in the MCO contract which may result in yet a second review of the EQR process based on those changes which could not occur until FY 2017.

Section III. G.7. refers to the State's capacity and actions to aggregate and analyze data collected by the State, LME/MCOs, and the EQR organization on the outcomes of this Agreement. The State has done a very good job of using data to take action to better meet goals. There are a number of examples of how the State has taken action. One in particular was the shift in approach to In Reach contacts which may over time enable In Reach and Transition staff to focus more attention on building trust and confidence with individuals who show signs of being more ready to move and taking steps to help with the shift from going through the motions of Transition Planning. Other examples include the shifts being made at the LME/MCO level and State level to increase In-Reach for individuals in State Psychiatric Hospitals and the increase in PASRRs being processed.

The State is in Partial Compliance with this requirement and can come into compliance when able to demonstrate action across multiple major threshold requirements simultaneously. The State will need support from LME/MCOs for this to occur and State staff across multiple DHHS Divisions will need to demonstrate commitment and capacity to make these shifts.

Lastly, the State is in compliance with Sections G.8.a. and b. The State has published an Annual TCLI report detailing the quality of services through data collected through QA and PI, the contracting process, the EQRs and outcome data.

Summary of Findings and Recommendations

There are many recommendations listed in each Report Section. Compliance Ratings in Appendix A. also describe findings and recommendations. After six months of orientation and review, it is clear the requirements of this Settlement Agreement are achievable with strong leadership, continued financial support and changes in practice, resource allocation and contractual commitments. But more than resources and leadership, success is achievable when staff and supporters recognize and believe recovery is possible and recognize that nurturing recovery and instilling hope is the greatest contribution they can make.

Below are five major Findings and Recommendations for key threshold requirements:

(1) The State is making slow but steady progress across most threshold provisions in the Settlement Agreement. TCLI program funding requests have been honored and TCLI, DHS leadership and LME/MCO leadership is strong.

(2) The State is out of compliance with two Supported Employment provisions. This report outlines changes needed to ameliorate major Supported Employment leadership, infrastructure, funding, and performance and capacity issues with lack of IPS-SE capacity being the most critical shortcoming. One option for expanding capacity is also referenced. A Supplemental Report will be issued within three months to detail and update progress and further Supported Employment findings and recommendations.

(3) The State is in danger of falling further behind in meeting threshold requirements for Housing Slots. Supported Housing is not a resource that can be added quickly. It requires leadership, careful planning and widespread support from the housing owners, developers, landlords and property managers as well as strong support from state and local leaders. It

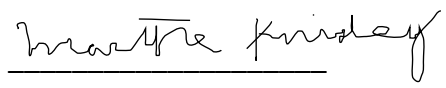
requires breaking down access barriers and building a strong referral and services network. The State has voiced commitment to meeting this threshold requirement but there is not yet a clear plan on how this will be accomplished. Data analysis and experience suggest this won't happen without a significant mid course correction. A Plan needs to be submitted and reviewed on the timeframes referenced in this Review to better assess the State's ability to meet these requirements.

(4) There are significant gaps in the array, intensity and availability of community mental health services. The State can take a number of steps to fill these gaps including changing and/or creating more robust direct services case management, building greater support services, tenancy supports and crisis services capacity. LME/MCO infrastructure and leadership is essential and leadership especially from the DHS Divisions of Mental Health, Substance Abuse and Developmental Disabilities and Medical Assistance.

(5) Access to Community Mental Health Services, Supported Housing Slots and other resources is greater for individuals in the sub-target population being diverted from ACHs than for individuals residing in ACHs and much greater than for individuals exiting State Psychiatric Hospitals. Part of this difference is related to operational and institutional barriers, staff perceptions of individual readiness for individuals already institutionalized compared to difficulties experienced by the "diversion" population. Unfortunately some of this is due to Guardian resistance or structural eligibility deterrents. Regardless of the reasons for this problem, it creates the potential for a new (or redo of the old) two or even three tiered system with access and choice based on where you reside or are have been placed. Once again it points to the disparities in the system and to services and resources not being determined by choice or need.

State staff is committed to preventing this potential new or (old) reality. This can be prevented with strong support, new and re-allocated resources, better infrastructure, effective services and a broad consensus for change.

Respectfully Submitted,



Martha B. Knisley
Independent Reviewer

Date: 10/16/2015

Appendix A
Settlement Agreement Compliance Ratings

SUMMARY OF COMPLIANCE				
Settlement Agreement Reference		**Provision**	**Rating**	**Comments**
III. A.		The State agrees to develop and implement effective measures to prevent inappropriate institutionalization and to provide adequate and appropriate public services and supports identified through person centered planning in the most integrated setting appropriate to meet the needs of individuals with SMI, who are in or at risk of entry to an adult care home.		
III. B.		**COMMUNITY-BASED SUPPORTED HOUSING SLOTS**		
III.B.1.		The State will develop and implement measures to provide individuals access to community-based supported housing.		
III.B.2		Priority for the receipt of housing slots will be given to the following individuals:		
1.	III.B.2.a.	Individuals with SMI who reside in an adult care home determined by the State to be an IMD	Partial Compliance	Individuals in this group have access to State funded slots but number of slots utilized remain low.
2.	III. B.2.b.	Individuals with SPMI who reside in an adult care home licensed for at least 50 beds and in which 25% or more of the residents has a mental illness	Partial Compliance	Individuals in this group have access to State funded slots but number of slots utilized remain low.
3.	III.B.2.c.	Individuals with SMI who reside in an adult care home licensed for between 20 and 49 beds and in which 40% or more of the residents has a mental illness	Partial Compliance	Individuals in this group have access to State funded slots but number of slots utilized remain low.
4.	III.B.2.d.	Individuals with SMI who reside who are or will be discharged from a State psychiatric hospital and who are homeless or have unstable housing	Partial Compliance	Individuals in this group have access to State funded slots but number of slots utilized remain low.
5.	III.B.2.e.	Individuals diverted from entry into adult care homes pursuant to the preadmission screening and diversion provisions of Section III(F).	Compliance	Data suggests and site visits reflect priority is given to this group.
III.B.3.		The State will provide access to 3000 housing slots in accordance with the following schedule:		
The State did not meet the housing access requirements in 2013 but met its obligation in 2014; each year a new row will be added to report the State's performance in meeting the SA Housing slots requirements.				
6.	III.B.3.a.	By July 1, 2015 the State will provide Housing slots to at least 708 individuals.	Partial Compliance (Low)	The State has not meet this obligation for this fiscal year. At the current rate slots are being filled, the State will fall short of the required number of housing slots at the end of the Agreement by approximately 41%. The State has indicated it will develop an actionable plan to meet the obligation. A detailed outline has not yet been submitted for your review.
7.	III.B.5.	One thousand slots will be provided to individuals described in Section III.(B)(2)(d) and (E)	Partial Compliance (Low)	Forty eight percent (48%) of the slots have been provided to individuals in Category 5; the State will fall short of meeting its obligation for filling slots by 300 slots.

	III.B.7.	Housing Slots will be provided for individuals to live in settings that meet the following criteria:		
8.	III.B.7.a	They are permanent housing with Tenancy Rights	Compliance	There is strong indication "post" tenancy rights are being monitored closely.
9.	III.B.7.b.	They include tenancy support services that enable residents to attain and maintain integrated, affordable housing. Tenancy supports offered to people living in supported housing are flexible and are available as needed and desired, but are not mandated as a condition of tenancy	Partial Compliance (Low)	To date the tenancy support services provided by the State's contractor have not been provided to the extent needed for residents to attain and maintain integrated, affordable housing. Tenancy supports appear to be largely provided by TCLI staff and others with some variation depending on the LME/MCO catchment area focus.
10.	III.B.7.c.	They enable individuals with disabilities to interact with individuals without disabilities to the fullest extent possible	Partial Compliance (High)	TCLI staff have been cognizant of this requirement as part of their assistance to individuals in making time consuming but essential housing choices.
11.	III.B.7.d.	They do not limit individuals' ability to access community activities at times, frequencies and with persons of their choosing	Partial Compliance	As stated above, housing availability is limited; this may also result in some individuals have limited access to communities activities.
12.	III.B.7.e. and (i.)	They are scattered site housing, where no more than 20% of the units in any development are occupied by individuals with a disability known to the State (Up to 250 Housing Slots may be in disability - neutral developments, that have up to 16 units, where more than 20%)	Compliance	The DHHS staff have been particularly mindful of this requirement when they are asked to approve housing where slots exceed these percentages. DHHS is sometimes cast as inflexible when this requirement and rationale is clear.
13.	III.B.7.f.	They afford individuals choice in their daily life activities, such as eating, bathing, sleeping, visiting and other typical daily activities	Partial Compliance	There is not substantial evidence there are sufficient arrangements being made to assist individuals who have challenges in meeting self care and daily activities.
14.	III.B.7.g.(i.) and (ii.)	The priority is for single-site housing. *does not include full text*	Compliance	No additional comments
15.	III.B.8.	Housing Slots made available under this Agreement cannot be used in adult care homes, family care homes, group homes, nursing facilities, boarding homes, assisted living residences, supervised living settings, or any setting required to be licensed	Compliance	No additional comments
16.	III.B.9.	Individuals will be free to choose other appropriate and available housing options, after being fully informed of all options available.	Compliance	No additional comments
III. C.		**COMMUNITY BASED MENTAL HEALTH SERVICES**		
17.	III. C. 1.	The State shall provide access to the array and intensity of services and supports necessary to enable individuals with SMI in or at risk of entry in adult care homes to successfully transition to and live in community-based settings. The State shall provide each individual receiving a Housing Slot under this Agreement with access to services for which that individual is eligible that are covered under the North Carolina State	Partial Compliance (low)	The array and intensity of services available remains limited and variable depending on where an individual lives (catchment, county or community) and where housing is available. Network management oversight, network sufficiency, provider requirements for pre-tenancy services needs strengthening. County of origin problems slow down the process and interfere with access. There appears to be a direct correlation between the lack of services

		Plan for Medical Assistance, the Centers for Medicare and Medicaid Services ("CMS") approved Medicaid 1915(b)/(c) waiver, or the State-funded service array.		availability (including an array and intensity) especially pre-tenancy services and supports with the high numbers of individuals entering adult homes, those exiting State psychiatric hospitals without TCLI resources and low numbers of individuals agreeing to exit adult homes.
18.	III. C. 2.	The State shall also provide individuals with SMI in or at risk of entry to adult care homes who do not receive a Housing Slot under this Agreement with access to services for which that individual is eligible that are covered under the North Carolina State Plan for Medical Assistance, the CMS-approved Medicaid 1915(b)/(c) waiver, or the State funded service array. Services provided with State funds to non-Medicaid eligible individuals who do not receive a Housing Slot shall be subject to availability of funds and in accordance with State laws and regulations regarding access to those services.	Partial Compliance (low)	Same as above
19.	III. C.3.a.- d.	The services and supports referenced in Sections III(C)(1) and (2), above, shall: a. be evidence-based, recovery-focused and community-based; b. be flexible and individualized to meet the needs of each individual; c. help individuals to increase their ability to recognize and deal with situations that may otherwise result in crises; and d. increase and strengthen individuals' networks of community and natural supports, as well as their use of these supports for crisis prevention and intervention.	Partial Compliance	More evidenced is required that services are provided consistent with these principles to merit a full compliance finding.
20.	III. C. 4.	The State will rely on the following community mental health services to satisfy the requirements of this Agreement: Assertive Community Treatment ("ACT") teams, Community Support Teams ("CST"), case management services, peer support services, psychosocial rehabilitation services, and any other services as set forth in Sections III(C)(1) and (2) of this Agreement.	Partial Compliance	The State is relying on these services but there is some variation about their availability, accessibility and quality across LME/MCOs. The variation is related to: network approach, lack of providers in some geographic areas, authorization practices, financing constraints and/or to services either not being offered either being consistent with recipient need.

21.	III. C. 5.	All ACT teams shall operate to fidelity to either, at the State's determination, the Dartmouth Assertive Community Treatment ("DACT") model or the Tool for Measurement of Assertive Community Treatment ("TMACT"). All providers of community mental health services shall adhere to requirements of the applicable service definition.	Compliance	This provision will be continually reviewed as individual reviews are conducted and Fidelity reviews are observed to determine if this rating Is correct.
22.	III. C. 6.	A person-centered service plan shall be developed for each individual, which will be implemented by a qualified professional who is clinically responsible for ensuring that all elements and components of the plan are arranged for the recipient in a coordinated manner. Individualized service plans will include psychiatric advance directives and/or crisis plans so that such measures can be incorporated into the response to any behavioral health crisis.	Compliance	With 100 % PCP verification, the State has come into Compliance with this requirement. Over time this level of verification review should not be necessary. If it remains necessary, there are larger systemic issues that need to be addressed.
23.	III. C. 7.	The State *has implemented* capitated prepaid inpatient health plans ("PIHPs") as defined in 42 C.F.R. Part 438 for Medicaid-reimbursable mental health, developmental disabilities and substance abuse services pursuant to a 1915(b)/(c) waiver under the Social Security Act. The State will monitor services and service gaps and, through contracts with PIHP and/or LMEs, will ensure that the number and quality of community mental health service providers is sufficient to allow for successful transition of individuals with SMI, who are in or at risk of entry to an adult care homes, to supported housing, and for their long-term stability and success as tenants in supported housing. The State will hold the PIHP and/or LMEs accountable for providing access to community-based mental health services in accordance with 42 C.F.R. Part 438, but the State remains ultimately responsible for fulfilling its obligations under the Agreement.	Partial Compliance	The PIHP (MCO) contracts are now in place statewide but the provisions in the MCO contracts do not yet adequately reinforce target population priority as a "special needs population". Network management oversight, network sufficiency, pre-tenancy responsibility and provider contract management needs to be strengthened.
24.	III. C. 8.	Each PIHP and/or LME will provide publicity, materials and training about the crisis hotline, services, and the availability of information for individuals with limited English proficiency, to every beneficiary consistent with federal requirements at 42 C.F.R. § 438.10 as		

		well as to all behavioral health providers, including hospitals and community providers, police departments, homeless shelters, and department of corrections facilities. Peer supports, enhanced ACT, including employment support from employment specialists on ACT teams for individuals with SMI, Transition Year Stability Resources, Limited English Proficiency requirements, crisis hotlines and treatment planning will be implemented in coordination with the current PIHP implementation schedule. Finally, each PIHP and/or LME will comply with federal requirements related to accessibility of services provided under the Medicaid State Plan that they are contractually required to provide. *The State will remain accountable for implementing and fulfilling the terms of this Agreement*	Compliance	A materials review reveals the State is full compliance with this provision.
25.	III. C. 9.	Assertive Community Treatment Team Services: ACT teams will be expanded contingent upon timely CMS approval of a State Plan Amendment ("SPA") requiring all ACT teams to comply with a nationally recognized fidelity model (e.g., DACT or TMACT), if one is necessary. By July 1, 2013, all individuals receiving ACT services will receive services from employment specialists on their ACT teams. *The State has selected the TMACT as their fidelity model*	Partial Compliance	The State is making progress on ACT implementation but work is still underway (and will be for some time) to assure the teams are effective and available to individuals in the target population across the entire State. The Reviewer will review the number of contracts and contract issues FY 2016.
The State met the requirements for the number of persons served by ACT in 2013 and 2014; each year a new row will be added to report the State's performance in meeting the ACT team requirements.				
26.	III.C.9.c.	By July 1, 2015, the State will increase the number of individuals served by ACT teams to 37 teams serving 3,727 individuals at any one time, using the TMACT model	Compliance	The number of teams operating at fidelity to TMACT exceeds the FY 2015 obligation.
27.	III.C.10.a.	Crisis Services: The State shall require that each PIHP and/or LME develops a crisis service system that includes crisis services sufficient to offer timely and accessible services and supports to individuals with SMI experiencing a behavioral health crisis. The services l willi include mobile crisis teams, walk-in crisis clinics, community hospital beds, and 24-hour-per-day/7-days per week	Partial Compliance	A crisis system is in place although not all services listed here are available in all counties or sufficient to meet expanding community needs.
28.	III. C. 10.b.	The State will monitor crisis services and identify service gaps. The State will develop and implement effective measures to address any gaps or weaknesses identified.	Compliance	This is place with Crisis Solutions Collaborative

29.	III.C.10.c.	Crisis services shall be provided in the least restrictive setting (including at the individual's residence whenever practicable), consistent with an already developed individual community-based crisis plan or in a manner that develops such a plan as a result of a crisis situation, and in a manner that prevents unnecessary hospitalization, incarceration or institutionalization.	Deferred	The extent to which crisis services are provided in the least restrictive setting consistent with crisis plan and in a manner that prevents unnecessary hospitalization, incarceration and institutionalization was not reviewed during this baseline period and there was not enough information from individual reviews to make a finding with this provision.
III. D.		**SUPPORTED EMPLOYMENT**		
30.	III.D.1.	The State will develop and implement measures to provide Supported Employment Services to individuals with SMI, who are in or at risk of entry to an adult care home, that meet their individualized needs. Supported Employment Services are defined as services that will assist individuals in preparing for, identifying, and maintaining integrated, paid, competitive employment. Services offered may include job coaching, transportation, assistive technology assistance, specialized job training, and individually-tailored supervision.	Partial Compliance (Low)	The State is slowly making progress to develop and implement measures, build an adequate IPS-SE network but the IPS-SE capacity is still limited and measures not yet effective.
31.	III.D.2.	Supported Employment Services will be provided with fidelity to an evidence-based supported employment model for supporting people in their pursuit and maintenance of integrated, paid, competitive work opportunities. Supported Employment Services will be assessed by an established fidelity scale such as the scale included in the Substance Abuse and Mental Health Services Administration supported employment toolkit.	Compliance	The State only included services provided by IPS providers who meet fidelity.
32.	III.D.3.	By July 1, 2013, the State will provide Supported Employment Services to a total of 100 individuals; by July 2, 2014, the State will provide Supported Employment Services to a total of 250 individuals; by July 1, 2015, the State will provide Supported Employment Services to a total of 708 individuals; by July 1, 2016 , the State will provide Supported Employment Services to a total of 1,166 individuals; by July 1, 2017, the State will provide Supported Employment Services to a total of 1,624 individuals; by July 1, 2018, the State will provide Supported Employment Services to a total of 2,082 individuals; and by July 1, 2019, the State will provide Supported Employment	Non Compliance	The State has failed in each of the first three years of this agreement period to meet its annual obligation for this item. The failure appears to be the result of a number of foundational issues, slow capacity building efforts and the State's inability to fully grasp and overcome systemic barriers including : 1. overcoming systemic low expectations by providers and LME/MCOs for the target population to be employable which appears to lead to low recipient self expectations; 2. too few supported employment providers---that can meet fidelity to IPS, across large areas of the State; 3. inadequate capacity building/investment strategies at both the State and LME/MCO levels; 4. reimbursement challenges; and 5. slow awareness by the DHHS Divisions

		Services to a total of 2,500 individuals.		(Vocational Rehabilitation, Medical Assistance and DMH/DDD/SA can better work together to achieve better outcomes and compliance. DHHS has demonstrated a growing awareness of how to resolve these issues and has begun to do so although progress will be slow..
III. E.		**DISCHARGE AND TRANSITION PROCESS**		
33.	III.E.1	The State will implement procedures for ensuring that individuals with SMI in, or later admitted to, an adult care home or State psychiatric hospital will be accurately and fully informed about all community-based options, including the option of transitioning to supported housing, its benefits, the array of services and supports available to those in supported housing, and the rental subsidy and other assistance they will receive while in supported housing.	Compliance	The procedures for ensuring individuals will be accurately and fully informed in accordance with this requirement are in place. Compliance with procedures or even refinement of procedures is needed.
34.	III.E.2.	In-Reach: The State will provide or arrange for frequent education efforts targeted to individuals in adult care homes and State psychiatric hospitals. The State will initially target in-reach to adult care homes that are determined to be IMDs. The State may temporarily suspend in-reach efforts during any time period when the interest list for Housing Slots exceeds twice the number of Housing Slots required to be filled in the current and subsequent fiscal year. The in-reach will include providing information about the benefits of supported housing; facilitating visits in such settings; and offering opportunities to meet with other individuals with disabilities who are living, working and receiving services in integrated settings, with their families, and with community providers. The in-reach will be provided by individuals who are knowledgeable about community services and supports, including supported housing, and will not be provided by operators of adult care homes. The State will provide in-reach to adult care home residents on a regular basis, but not less than quarterly.	Partial Compliance	In Reach continues to be a major challenge as the State and LME/MCOs work to balance the number of In Reach contacts with the quality and desired outcome of those contacts. Applying the "no isn't always no" is a axiom for an effective In Reach approach. Coming into compliance with this item will require time and staff increasing their knowledge and skills especially motivational interviewing skills.

35.	III.E.3.	The State will provide each individual with SMI in, or later admitted to, an adult care home, or state psychiatric hospital operated by the Department of Health and Human Services, with effective discharge planning and a written discharge plan. The goal of discharge planning is to assist the individual in developing a plan to achieve outcomes that promote the individual's growth, well being and independence, based on the individual's strengths, needs, goals and preferences, in the most integrated setting appropriate in all domains of the individual's life (including community living, activities, employment, education, recreation, healthcare& relationships).	Partial Compliance	It is somewhat difficult to score this item in the baseline period. The first Reviewer referenced challenges with discharge planning. Staff need to improve "effectiveness" not just with the written plan but also with execution. Unfortunately the paucity of available community services options create challenges for the State to come into compliance with this item. The State and the LME/MCOs are making a concerted to improve the quality and effectiveness of discharge planning.
III.E.4		Discharge planning will be conducted by transition teams that include:		
36.	III.E.4.a.	persons knowledgeable about resources, supports, services and opportunities available in the community, including community mental health service providers;	Partial Compliance	Same as above reference
37.	III.E.4.b.	professionals with subject matter expertise about accessing needed community mental health care, and for those with complex health care needs, accessing additional needed community health care, therapeutic services and other necessary services and supports to ensure a safe and successful transition to community living;	Partial Compliance	Same as above reference
38.	III. E.4.c.	persons who have the linguistic and cultural competence to serve the individual;	Compliance	
39.	III. E. 4. d.	Peer specialists when available	Compliance	
40.	III. E. 4. e.	(with the consent of the individual), persons whose involvement is relevant to identifying the strengths, needs, preferences, capabilities, and interests of the individual and to devising ways to meet them in an integrated community setting.	Compliance	The availability of peer specialists is a major strength of the program and the State and LME/MCOs should continue to give peer services expansion a high priority.
41.	III.E.5	For individuals in State psychiatric facilities, the PIHP and/or LME transition coordinator will work in concert with the facility team. The PIHP and/or LME transition coordinator will serve as the lead contact with the individual leading up to transition from an adult care home or State psychiatric hospital, including during the transition team meetings and while administering the required transition process.	Partial Compliance	There are many details and communication challenges. Coming into full compliance will be challenging and take time but there is ample evidence this continues to be a priority.

42.	III.E.6	Each individual shall be given the opportunity to participate as fully as possible in his or her treatment and discharge planning.	Compliance	There was ample evidence individuals are being given the opportunity to participate as fully as possible in treatment and discharge planning.
	III. E.7	Discharge planning:		
43.	III.E.7.a.	begins at admission	Partial Compliance	Information to begin planning at this point is has been refined and provided although progress is being made on this provision.
44.	III.E.7.b.	is based on the principle that with sufficient services and supports, people with SMI or SPMI can live in an integrated community setting;	Partial Compliance	Not all Staff and Public and agency Guardians ascribe to this principle so in theory this is State position, in practice it is not reality.
45.	III.E.7.c.	assists the individual in developing an effective written plan to enable the individual to live independently in an integrated community setting;	Partial Compliance	Improvements can still be made in developing plans that are going to be effective.
46.	III.E.7.d.	is developed and implemented through an effective written plan to enable the individual has a primary role and is based on the principle of self-determination.	Partial Compliance	This is the State's position but not consistently practiced.
47.	III.E.8	The discharge planning process will result in a written discharge plan that:	Compliance	Planning documents have been improved and while considered laborious enable the State to be in compliance with this and following three items.
48.	III.E.8.a.	identifies the individual's strengths, preferences, needs, and desired outcomes;	Compliance	See above
49.	III.E.8.b.	identifies the specific supports and services that build on the individual's strengths and preferences to meet the individual's needs and achieve desired outcomes, regardless of whether those services and supports are currently available;	Compliance	See above
50.	III.E.8.b.	identifies the specific supports and services that build on the individual's strengths and preferences to meet the individual's needs and achieve desired outcomes, regardless of whether those services and supports are currently available;	Compliance	See above
51.	III.E.8.c.	includes a list of specific providers that can provide the identified supports and services that build on the individual's strengths and preferences to meet the individual's needs and achieve desired outcomes;	Partial Compliance	Specific lists are quite limited because of availability and adequacy of provider networks.
52.	III.E.8.d.	documents any barriers preventing the individual from transitioning to a more integrated setting and sets forth a plan for addressing those barriers;	Partial Compliance	Barriers are often documented but plans are sometimes limited; there are many exceptions where staff have worked with individuals to eliminate barriers and develop very creative plans.

53.	III.E.8.d.(i)	Such barriers shall not include the individual's disability or the severity of the disability.	Partial Compliance	There is some evidence this view still exists; the Reviewer's visits have been limited to date so the extent to which severity is considered a barrier is not yet known.
54.	III.E.8.d.(ii.)	For individuals with a history of re-admission or crises, the factors that led to re-admission or crises shall be identified and addressed	Partial Compliance	Staff were able to articulate triggers although not always successfully addressed
55.	III.E.8.e.	sets forth the date that transition can occur, as well as the timeframes for completion of all needed steps to effect the transition; and	Partial Compliance	Many performance issues and obstacles still exist creating delays many delays in transition and discharge planning.
56.	III.E.8.f.	prompts the development and implementation of needed actions to occur before, during, and after the transition.	Partial Compliance	Same issue as above transitions are still slowed by actions not being taken in a timely or satisfactory manner.
57.	III.E.9	The North Carolina Department of Health and Human Services ("DHHS") will create a transition team at the State level to assist local transition teams in addressing and overcoming identified barriers preventing individuals from transitioning to an integrated setting. The members of the DHHS transition team will include individuals with experience and expertise in how to successfully resolve problems that arise during discharge planning and implementation of discharge plans.	Compliance	The transition team is operating and fully functional.
58.	III.E.10.	The DHHS transition team will ensure that transition teams (both State hospital facility staff and leadership and PIHP and/or LME Transition Coordinators) are adequately trained. It will oversee the transition teams to ensure that they effectively inform individuals of community opportunities. The training will include training on person-centered planning. The DHHS transition team will assist local transition teams in addressing identified barriers to discharge for individuals whose teams recommend that an individual remain in a State hospital or adult care home, or recommend discharge to a less integrated setting (e.g., congregate care setting, family care home, group home, or nursing facility). The DHHS transition team will assist local transition teams in to identify barriers to discharge for individuals whose teams cannot agree on a plan, are having difficulty, or need assistance in developing a plan to meet an individual's needs.	Partial Compliance	Training has been occurring on a regular basis. The quality of the training is good but needs to be continued given the enormity of systems and practice issues. State staff assist local transition teams on an ongoing basis although State level barriers still exist and the degree to which the Division of Social Services/ County DSS offices is as involved as needed is yet to be determined.

59.	III.E.11.	If the individual chooses to remain in an adult care home or State psychiatric hospital, the transition team shall identify barriers to placement in a more integrated setting, describe steps to address the barriers and attempt to address the barriers (including housing). The State shall document the steps taken to ensure that the decision is an informed one and will regularly educate the individual about the various community options open to the individual, utilizing methods and timetables described in Section III(E)(2).	Partial Compliance	Transition teams are documenting barriers and steps being taken to address barriers but the extent to which barriers can be eliminated and timeliness of removing barriers is an ongoing issue.
60.	III.E.12	The State will re-assess individuals with SPMI who remain in adult care homes or State psychiatric hospitals for discharge to an integrated community setting on a quarterly basis, or more frequently upon request; the State will update the written discharge plans as needed based on new information and/or developments.	Partial Compliance	Challenges with meeting this requirement are documented in this report. it will likely be some time before In Reach capacity and effectiveness can be achieved.
III.E.13.d.		The State will undertake the following procedures with respect to individuals with SMI in an adult care home that has received a notice that it is at risk of a determination that it is an IMD, in addition to any other applicable requirements under this Agreement:		
61.	III. E. 13.a.	Within 90 days of signing this Agreement, the State will work with PIHP and/or LMEs to develop requirements and materials for in-reach and transition coordinators and teams.	Compliance	This requirements of provision and the next two provisions are being met although there are challenges with timelines and assignments. Transition teams are doing a good job of maintaining contact once the transition process is initiated.
62.	III.E.13.b.	Within 180 days after the Agreement is signed, PIHP and/or LMEs will begin to conduct ongoing in-reach to residents in adult care homes and State psychiatric hospitals, and residents will be assigned to a transition team, consistent with Section III(E)(2).	Compliance	See above
63.	III.E.13.c.	Transition and discharge planning for an individual will be completed within 90 days of assignment to a transition team. Discharge of assignment to a transition team provided that a Housing Slot, as described in Sections II(A) and III(B), is then available. If a Housing Slot is not available within 90 days of assignment to the transition team, the transition team will maintain contact and work with the individual on an ongoing basis until the individual transitions to community-based housing as described in Section III(B)(7).	Compliance	See above

III.E.13.d.		The State will undertake the following procedures with respect to individuals with SMI in an adult care home that has received a notice that it is at risk of a determination that it is an IMD, in addition to any other applicable requirements under this Agreement:		
64.	III.E.3.d.(ii.)	The LME and/or PIHP will connect individuals with SMI who wish to transition from the at-risk adult care home to another appropriate living situation. The LME and/or PIHP will also link individuals with SMI to appropriate mental health services. For individuals with SMI who are enrolled in a PIHP, the PIHP will implement care coordination activities to address the needs of individuals who wish to transition from the at-risk adult care home to another appropriate living situation.	Partial Compliance	This provision is being implemented but the reference to referring individuals to appropriate mental health services is a challenge when necessary services do not exist or are not included in an LME/MCO network.
65.	III.E.13.d. (iii.)	The State will use best efforts to track the location of individuals who move out of an adult care home on or after the date of the at- risk notice. If the adult care home initiates a discharge and the destination is unknown or inappropriate as set forth in N.C. Session Law 2011-272, a discharge team will be convened.	Compliance	The State and LME/MCOs are using best efforts to track individuals after moving out of ACHs or after the date of the at-risk notice as evidenced when the Reviewer was conducting reviews.
66.	III.E.13.d.(iv.)	Upon implementation of this Agreement, any individual identified by the efforts described in Section III(E)(13)(d)(iii) who has moved from an adult care home determined to be at risk of an IMD determination shall be offered in-reach, person-centered planning, discharge and transition planning, community-based services, and housing in accordance with this Agreement. Such individuals shall be considered part of the priority group established by Section III(B)(2)(a).	Deferred	The Reviewer does not yet have sufficient information to rate this provision or the next provision.
67.	III.E.14.	The State and/or the LME and/or the PIHP shall monitor adult care homes for compliance with the Adult Care Home Residents' Bill of Rights requirements contained in Chapter 131D of the North Carolina General Statutes and 42 C.F.R. § 438.100, including the right to be treated with respect, consideration, dignity, and full recognition of his or her individuality and right to privacy; to associate and communicate privately and without restriction with people and groups of his or her own choice; to be encouraged to exercise his or her rights as a resident and a citizen; to be permitted to make complaints and suggestions without fear of coercion or retaliation; to maximum flexibility to exercise choices; to receive information	deferred	See above

		on available treatment options and alternatives; and to participate in decisions regarding his or her health care. In accordance with 42 C.F.R. § 438.100, the State will ensure that each individual is free to exercise his or her rights, and that the exercise of rights does not adversely affect the way the PIHP, LME, providers, or State agencies treat the enrollee.		
III. F.		**PRE-SCREENING AND DIVERSION**		
68.	III.F.1	Beginning January 1, 2013, the State will refine and implement tools and training to ensure that when any individual is being considered for admission to an adult care home, the State shall arrange for a determination, by an independent screener, of whether the individual has SMI. The State shall connect any individual with SMI to the appropriate PIHP and/or LME for a prompt determination of eligibility for mental health services.	Partial Compliance Low	The Pre-screening and diversion process are undergoing significant changes and the compliance is rated as partial but "low" . the reviewer will evaluate the Earthmark performance and the State's overall approach at the end of the calendar year to determine if performance has improved.
69.	III.F.2	Once an individual is determined to be eligible for mental health services, the State and/or the PIHP and/or LME will work with the individual to develop and implement a community integration plan. The individual shall be given the opportunity to participate as fully as possible in this process. The development and implementation of the community integration plan shall be consistent with the discharge planning provisions in Section III(E) of this Agreement.	Partial Compliance	This provision is in partial compliance primarily because this is a challenging task that will take more time to meet the Settlement Agreement expectations.
70.	III.F.3	If the individual, after being fully informed of the available alternatives to entry into an adult care home, chooses to transition into an adult care home, the State will document the steps taken to show that the decision is an informed one. The State will set forth and implement individualized strategies	Compliance	These steps are fully documented and strategies are individualized.
71.	III.F.3	If the individual, after being fully informed of the available alternatives to entry into an adult care home, chooses to transition into an adult care home, the State will document the steps taken to show that the decision is an informed one. The State will set forth and implement individualized strategies	Compliance	These steps are fully documented and strategies are individualized.

III. G.		QUALITY ASSURANCE & PERFORMANCE IMPROVEMENT		
72.	III.G.1.	The State will develop and implement a quality assurance and performance improvement monitoring system to ensure that community-based placements and services are developed in accordance with this Agreement, and that the individuals who receive services or Housing Slots pursuant to this Agreement are provided with the services and supports they need for their health, safety, and welfare. The goal of the State's system will be that all mental health and other services and supports funded by the State are of good quality and are sufficient to help individuals achieve increased independence, gain greater integration into the community, obtain and maintain stable housing, avoid harms, and decrease the incidence of hospital contacts and institutionalization.	Compliance	The State has implemented a AQ and PI system with goals required by the Settlement Agreement.
73.	III.G.2.	A Transition Oversight Committee will be created at DHHS to monitor monthly progress of implementation of this Agreement, and will be chaired by the DHHS Designee (Deputy Secretary). The Division of Medical Assistance, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Division of State Operated Healthcare Facilities, State Hospital Team Lead, State Hospital Chief Executive Officers, Money Follows the Person Program, and PIHPs and/or LMEs will be responsible for reporting on the progress being made. PIHPs and/or LMEs will be responsible for reporting on discharge-related measures, including, but not limited to: housing vacancies; discharge planning and transition process; referral process and subsequent admissions; time between application for services to discharge destination; actual admission date to community-based settings.	Compliance	This Committee meets regularly and carries out these requirements as required.
74.	III.G.3.a.	Develop and phase in protocols, data collection instruments and database enhancements for on-going monitoring and evaluation;	Partial Compliance	The State is taking steps to develop and phased in protocols, instruments and enhancements for on-going monitoring and evaluation.
75.	III.G.3.b.	Develop and implement uniform application for institutional census tracking;	Compliance	This information is collected and information on the two items below is now being collected and used. This compliance finding is not a finding of effectiveness only a finding that the system and reports are developed and being generated.

76.	III.G.3.c.	Develop and implement standard report to monitor institutional patients length of stay, readmissions and community tenure;	Compliance	See above
77.	III.G.3.d.	Develop and implement dashboard for daily decision support;	Compliance	See above
78.	III.G.3.e.	Develop and implement centralized housing data system to inform discharge planning;	Partial Compliance	This system will require a design and specifications based on workflow, interactive features, requirements and desired capacity as well as a decision, eligibility and waiting list tool.
79.	III.G.3.f.	Develop and utilize template for published, annual progress reports.	Partial Compliance	Templates are being developed and refined.
80.	III.G.3.g	Develop and utilize monitoring and evaluation protocols and data collection regarding personal outcomes measures, which include the following:	Partial Compliance	Steps are being taken to develop and expand capacity of the following categories.
81.	III.G.3.g.(i.)	number of incidents of harm	Compliance	Incidents of harm are reportedly regularly
82.	III.G.3.g.(ii.)	number of repeat admissions to State hospitals, adult care homes, or inpatient psychiatric facility	Partial Compliance	The Reviewer has reviewed information provided by the Office of State Healthcare Operations to determine how this information is collected and used.
83.	III.G.3.g.(iii.)	use of crisis beds and community hospital admissions	deferred	The Reviewer will compliance with this item and the following four items in the next six months
84.	III.G.3.g.(iv.)	repeat emergency room visits	deferred	See above
85.	III.G.3.g.(v.)	time spent in congregate day programming	deferred	See above
86.	III.G.3.g.(vi.)	number of people employed, attending school, or engaged in community life; and	deferred	See above
87.	III. G.3.g.(vii.)	maintenance of a chosen living arrangement.	deferred	See above
88.	III.G.4.	Quality Assurance System: The State will regularly collect, aggregate and analyze in-reach and person-centered discharge and community placement data, including information related to both successful and unsuccessful placements, as well as the problems or barriers to placing and/or keeping individuals in the most integrated setting. The State will review this information on a semi-annual basis and develop and implement measures to overcome the problems and barriers identified.	Partial Compliance	The State is making good progress on developing and beginning to use QA data which will require more time before yielding maximum benefit.
89.	III.G.5.	Quality of Life Surveys: The State will implement three quality of life surveys to be completed by individuals with SMI who are transitioning out of an adult care home or State psychiatric hospital. The surveys will be implemented (1) prior to transitioning out of the facility; (2) eleven months after transitioning out of the facility; and (3) twenty-four months after	Compliance	The State is in compliance with this requirement but will need to expand the timeframe to 24 months on the next review.

		transitioning out of the facility. Participation in the survey is completely voluntary and does not impact the participant's ability to transition.		
90.	III.G.6.	External Quality Review ("EQR") Program: As part of the quality assurance system, the State shall complete an annual PIHP and/or LME EQR process by which an EQR Organization, through a specific agreement with the State, will review PIHP and/or LME policies and processes for the State's mental health service system. EQR will include extensive review of PIHP and/or LME documentation and interviews with PIHP and/or LME staff. Interviews with stakeholders and confirmation of data will also be initiated. The reviews will focus on monitoring services, reviewing grievances and appeals received, reviewing medical charts as needed, and any individual provider follow up. EQR will provide monitoring information related to:	Deferred	This item and sub items below cannot be scored until the reviewer is given the opportunity to observe the EQR process more fully.
91.	III.G.6.a.	Marketing	Deferred	See above
92.	III.G.6.b.	Program integrity	Deferred	See above
93.	III.G.6.c.	Information to beneficiaries	Deferred	See above
94.	III.G.6.d.	Grievances	Deferred	See above
95.	III.G.6.e.	Timely access to services	Deferred	See above
96.	III.G.6.f.	Primary care provider/specialist capacity	Deferred	See above
97.	III.G.6.g.	Coordination/continuity of care	Deferred	See above
98.	III.G.6.h.	Coverage/authorization	Deferred	See above
99.	III.G.6.i.	Provider selection	Deferred	See above
100.	III.G.6.j.	Quality of care	Deferred	See above
101.	III.G.7.	Use of Data: Each year the State will aggregate and analyze the data collected by the State, PIHPs and/or LMEs, and the EQR Organization on the outcomes of this Agreement. If data collected shows that the Agreement's intended outcomes of increased integration, stable integrated housing, and decreased hospitalization and institutionalization are not occurring, the State will evaluate why the goals are not being met and assess whether action is needed to better meet these goals.	Partial Compliance	The State is aggregating data and is evaluating and accessing options and potential action when goals are not being met. the State is still struggling with managing the enormity of the issues surfacing both in the assessment of the issues, using data and options for ameliorating the problems. To come into full compliance DHHS and LME/MCO leadership will need to demonstrate sustained and focused leadership and ability to generate and use data for decision making.
	III.G.8.	Reporting		
102.	III.G.8.a.	The State will publish, on the DHHS website, an annual report identifying the number of people served in each type of setting and service described in this Agreement.	Compliance	The annual report is on the website along with information regarding the program.

103.	III.G.8.b.	In the annual report, the State will detail the quality of services and supports provided by the State and its community providers using data collected through the quality assurance and performance improvement system, the contracting process, the EQRs, and the outcome data described above.	Compliance	The annual report details services and supports, data, QA and PI information and other information. Overtime the State should continue to make improvements in this document and increase its value as a QA and PI tool.