



North Carolina Department of Health and Human Services  
Division of Facility Services • Mental Health Licensure and Certification Section  
Tel 919-855-3795 • Fax 919-715-8078  
2718 Mail Service Center • Raleigh, North Carolina 27699-2718

Michael F. Easley, Governor

Carmen Hooker Odom, Secretary

Stephanie M. Alexander, Chief

## **Notice**

**To:** Pending Providers of Residential Treatment, licensed under G.S. 122-C, for 27G .1300

**From:** Stephanie Alexander, Chief, MH Licensure & Certification Section

**Date:** January 17, 2006

**Re:** New Requirement for Letter of Support from Local Management Entity to accompany license application

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Please see the attached notice that was sent to prospective providers of residential services dated August 15, 2005.

We did not send the announcement to pending .1300 service providers in August as licensure of this category was suspended in January 2005 and currently remains in effect.

However, we now have an update on the status of the child and adolescent residential treatment rules. It is possible for the new rules to go into effect as of March 1, 2006 (see page 2). When the rules go into effect, it is anticipated that the suspension of licensure activity will be lifted.

In order to process an application for licensure DFS must receive a letter of support from the Local Management Entity (LME) in whose catchment area your facility resides. The prospective provider must submit a copy of the letter of support to DFS.

If you currently have a .1300 application pending in our Division, you may wish to contact the LME at this time to request a letter of support. The letter from the LME must specify the number of existing beds (Level II or Level III) in the catchment area and state its support for additional beds of the same type (Level II or Level III). DFS will apply the letter to the appropriate licensure category.

Once you obtain a letter of support, send it to DFS with a cover letter clarifying the name, address, ownership, and any other identifying information of your pending application. We will attach the letter of support to your pending application until the suspension is lifted and licensure of the residential treatment category resumes.



Following is an update on the status of the 10A NCAC 27G .1700 residential treatment rules, obtained from the Division of MH/DD/SAS:

### **UPDATE ON STATUS OF THE RESIDENTIAL TREATMENT RULES**

The Office of State Budget and Management has determined that the proposed residential treatment facility rules approved by the Commission for Mental Health, Developmental Disabilities and Substance Abuse Services on May 18, 2005 and considered by the Rules Review Commission (RRC) on October 20, 2005 have a substantial economic impact. Therefore, the Commission for MH/DD/SAS resubmitted the rules for publication in the November 1, 2005 NC Register. Publication in the NC Register initiates the required 60 day comment period which ends on January 18, 2006. Anyone wishing to comment upon the rules must do so in writing to Cindy Kornegay, MH/DD/SAS Rulemaking Coordinator. Contact information is as follows: 3018 Mail Service Center, Raleigh, NC 27699-3018 or email [cindy.kornegay@ncmail.net](mailto:cindy.kornegay@ncmail.net).

The Commission for MH/DD/SAS will hold a public hearing on the proposed rules on January 18, 2006 2:00 PM at Holiday Inn (North) – 2805 Highwoods Blvd., Raleigh, NC 27604. After considering all comments, the Commission for MH/DD/SAS will take final action on the proposed rules. It is anticipated the rules will be reviewed at the February 16, 2006 meeting of the RRC and, if approved, will become effective on March 1, 2006.



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**Date: August 15, 2005**  
**Re: New Requirement for Letter of Support from Local Management Entity to accompany license application**

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On August 13, 2005, Governor Easley signed the "Current Operations and Capital Improvements Appropriations Act of 2005" into law. Included in this bill is a provision that requires prospective providers of residential services to submit a letter of support from their Local Management Entity with their license application to the Division of Facility Services.

This provision applies to all pending applicants for a residential service, as well as all new applicants for a residential service, covered under G.S. 122-C. This includes all residential services for people with mental illness, developmental disabilities, and/or substance abuse issues.

Requirements of the letter of support are as follows:

1. The letter of support must be from the Local Management Entity (LME) in whose catchment area the residential facility will be located.
2. The letter of support must be submitted to the Division of Facility Services Mental Health Licensure & Certification Section with the license application.
3. We will not process any applications received prior to August 13, 2005 until we receive the letter of support. However, we will hold applications received prior to August 13, 2005, pending submission of a letter of support.
4. Any applications received after August 13, 2005 without the letter of support will be returned to the applicant.
5. The letter of support from the LME must specify the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility.

Following is the language of the special provision in the Appropriations Bill.



## LICENSURE OF RESIDENTIAL TREATMENT FACILITIES

**SECTION 10.40.(a)** Article 2 of Chapter 122C of the General Statutes is amended by adding the following new section to read:

"§ 122C-23.1. Licensure of residential treatment facilities.

The General Assembly finds:

- (1) That much of the care for residential treatment facility residents is paid by the State and the counties;
- (2) That the cost to the State for care for residents of residential treatment facilities is substantial, and high vacancy rates in residential treatment facilities further increase the cost of care;
- (3) That the proliferation of residential treatment facilities results in costly duplication and underuse of facilities and may result in lower quality service;
- (4) There is currently no ongoing relationship between some applicants for licensure and local management entities (LMEs) that are responsible for the placement of children and adults in residential treatment facilities; and
- (5) That it is necessary to protect the general welfare and lives, health, and property of the people of the State for the local management entity (LME) to verify that additional beds are needed in the LME's catchment area before new residential treatment facilities are licensed. This process is established to ensure that unnecessary costs to the State do not result, residential treatment facility beds are available where needed, and that individuals who need care in residential treatment facilities may have access to quality care.

Based on these findings, the Department of Health and Human Services may license new residential treatment facilities if the applicant for licensure submits with the application a letter of support obtained from the local management entity in whose catchment area the facility will be located. The letter of support shall be submitted to the Department of Health and Human Services, Division of Facility Services and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall specify the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility. As used in this subsection, "residential treatment facility" means a "residential facility" as defined in and licensed under this Chapter, but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes.

**SECTION 10.40.(b)** This section applies to license applications pending and license applications submitted on and after the effective date of this act.