



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
Alexander, Chief

Carmen Hooker Odom, Secretary

Stephanie M.

Notice

To: Prospective Providers of Residential Treatment, licensed under G.S. 122-C
From: Stephanie Alexander, Chief, MH Licensure & Certification Section
Date: August 15, 2005
Re: New Requirement for Letter of Support from Local Management Entity to accompany license application

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.