

93.959-1CL

**BLOCK GRANTS FOR PREVENTION AND TREATMENT OF
SUBSTANCE ABUSE**

State Project/Program

SUBSTANCE USE SERVICES

**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION**

Federal Authorization: Public Health Service Act, Title XIX, Part B, Subpart II, as amended,
Public Law 102-321; 42 U.S.C. 300x; and 45 CFR, Part 96

**NC Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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NC DHHS Confirmation Reports:

SFY 2019 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following web address: <https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>. At this site, click on the link entitled "[Audit Confirmation Reports \(State Fiscal Year 2018-2019\)](#)". Additionally, audit confirmation reports for non-governmental entities receiving financial assistance from DHHS are found at the same website except select "[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2017-2019\)](#)".

The Auditor should not consider the supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the Auditor should be prepared to justify departures from the suggested procedures. The Auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the Auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

This compliance supplement should be used in conjunction with the OMB 2019 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

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I. PROGRAM OBJECTIVES

The objective of the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) is to provide funds to Local Management Entities-Managed Care Organizations (LME-MCOs) to support programs for the development and implementation of prevention, treatment and recovery activities and services for individuals at risk of or experiencing a substance use disorder, as specified in the Public Health Service Act, Title XIX, Part B, Subpart II, as amended, Public Law 102-321; 42 U.S.C. 300x; and 45 CFR, Part 96.

Funds are also allocated to facilitate training and professional development of providers in the field.

Pregnant Women and Women with Dependent Children Set Aside Programs

Each LME-MCO receives SAPTBG Women's set-aside funds for operating holistic treatment programs for women with substance use disorders, specifically those who are pregnant, those with dependent children and those seeking to regain custody of their child(ren). Required components of these specialized programs include treating the family as a unit, assuring access to primary and preventive healthcare, gender specific substance use disorder treatment services, sufficient case management services and appropriate referrals for therapeutic services for the children. Additionally, treatment providers must assure pregnant women receive priority admission preference to ensure ready access to services and must publicize this requirement.

North Carolina Perinatal and Maternal Substance Use Disorder Initiative

The North Carolina Perinatal and Maternal Substance Use Disorder Initiative is supported both by State Treatment Alternatives for Women funds appropriated by the NC General Assembly and Substance Abuse Prevention and Treatment Block Grant Funds. The Perinatal and Maternal Substance Use Disorder Initiative program objective is to provide specialized substance use disorder treatment to pregnant women and women with dependent children.

Work First/Child Protective Services Substance Use Disorder Initiative

The Work First/Child Protective Services Substance Use Initiative (WF/CPS SU Initiative) provides early identification of Work First recipients who have some level of impairment due to a substance use disorder that would prevent them from securing and maintaining employment. The WF/CPS SU Initiative also provides services to families with a substantiated child abuse or neglect case or with a "need of services" finding related to substance use and Class H or I Controlled Substance Felons who apply for Work First or food stamps.

NC CASAWORKS for Families Residential Initiative

The treatment model chosen for this initiative is based on the *CASAWORKS for Families* model, developed by the National Center on Addiction and Substance Abuse (CASA) at Columbia University. The *CASAWORKS for Families* comprehensive treatment model integrates substance use disorder treatment and mental health services for women, mental health and developmental services for children, primary and preventative healthcare, case management, parenting support, and job readiness training leading to employment and self-sufficiency for the family. The purpose of the NC CASAWORKS for Families Residential Initiative is to address the multiplicity of needs of this population and assist them in moving toward self-sufficiency.

Outpatient Opioid Treatment Programs

According to the Centers for Disease Control and Prevention, more than 11 million people abused prescription opioids in 2016. Drug overdose is the leading cause of accidental death in the US, with 64,000 lethal drug overdoses in 2016, of which nearly two-thirds of these deaths involved a prescription or illicit opioid. The CDC estimates the total economic burden of prescription opioid misuse in the US is \$78.5 billion a year, including the costs of health care, lost productivity, addiction treatment and criminal justice involvement. In 2016, there were 1,505 opioid-related overdose deaths in North Carolina, a rate of 15.4 deaths per 100,000 compared to the national rate of 13.3 deaths per 100,000 persons. Medication assisted therapies and treatment found in North Carolina's 75 Outpatient Opioid Treatment Programs (OTPs) are a proven best practice method of decreasing not only opioid use but also decreasing HIV/AIDs, Hepatitis C and other infectious diseases and other problems associated with opioid addiction. Medication assisted treatment provides a more comprehensive, individually tailored program of medication and behavioral therapy. North Carolina provides SAPTBG funds to LME-MCOs who in turn contract with local providers of opioid treatment programs. These programs use these funds to help cover the costs of treatment and medication for persons not having the ability to pay for these services and/or who do not have insurance.

Tuberculosis (TB) Services

Rates of HIV, Tuberculosis, sexually transmitted diseases, Hepatitis, and Hepatitis C are high among individuals who use drugs. States shall require any entity receiving amounts from the SAPTBG for operating a program of treatment for substance use disorders to follow procedures which address how the program:

- (1) Will, directly or through arrangements with other public or nonprofit private entities, routinely make available Tuberculosis services as defined in 45 CFR §96.121 to each individual receiving treatment for such substance use;
- (2) In the case of an individual in need of such treatment who is denied admission to the program on the basis of the lack of the capacity of the program to admit the individual, will refer the individual to another provider of Tuberculosis services; and
- (3) Will implement infection control procedures that are designed to prevent the transmission of Tuberculosis, including the following:
 - (i) Screening of patients;
 - (ii) Identification of those individuals who are at high risk of becoming infected; and
 - (iii) Meeting all State reporting requirements while adhering to Federal and State confidentiality requirements, including 42 CFR Part 2; and
- (4) Will conduct case management activities to ensure that individuals receive such services.

Education, Referral, Coordination and Confidentiality

Continuing education is provided to prevention professionals, substance abuse counselors, and other education, health, and human service professionals on child and adult alcohol and other drug use and dependence at various institutes, meetings, conferences and schools. Each LME-MCO is required to include in the Performance Contract with Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS), assurances that all individuals will be

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matched to the appropriate level of care. The SSA or Single State Authority (DMH/DD/SAS) participates in planning and coordinates with other State agencies and local agencies. Each of the LME-MCOs must comply with the requirements of 42 CFR, Chapter 1, Part 2, Confidentiality of Alcohol and Drug Abuse Patient Records.

HIV Early Intervention Services

States whose rate of AIDS is 10 or more per 100,000 individuals are considered HIV-designated states. HIV-designated states must expend five percent of the SAPTBG award on HIV early intervention services for individuals who are participating in treatment for a substance use disorder. North Carolina was qualified as a “designated State” in 1994 but has not met the required threshold since 2016 and can therefore no longer utilize SAPTBG funds for HIV early intervention services.

Training

States must assure the availability of training on substance use disorders and related issues regarding prevention, intervention, treatment and recovery.

Juvenile Justice Behavioral Health Partnerships (JJBH)

LME-MCOs collaborate with local Division of Adult Correction and Juvenile Justice staff and other key stakeholders to regularly review and reevaluate the needs of youth involved in the juvenile justice system and their families. In turn, these Partnerships provide focus on best practices in service delivery for court-involved youth with substance use and co-occurring mental health disorders that best suit the needs and resources of the communities served.

Treatment Accountability for Safer Communities (TASC)

Treatment Accountability for Safer Communities (TASC) was developed to divert individuals to treatment and other community-based services and away from institutional settings by linking treatment and justice goals of reduced drug use and criminal activity through processes that increase treatment access, engagement and retention. TASC assists the judiciary in making decisions about sentencing options, implements court orders for assessment and treatment, and monitors individual progress for judicial and correctional systems. The goal of TASC is to intervene in the crime cycle by:

- Identifying appropriate offenders for treatment and support services;
- Facilitating entry into the recovery process;
- Advocating for the offender’s opportunity to successfully complete TASC, treatment and criminal justice system requirements; and
- Ensuring community safety with partner agencies.

In addition to substance use services funded through the LME-MCOs, DMH/DD/SAS contracts with the following non-profit agencies to carry out specific program objectives:

Alcohol/Drug Council of North Carolina

The Alcohol and Drug Council of North Carolina (ADCNC) is a provider of advocacy, information and referral services and public education for the State. It has been providing education to individuals and the community about the disease of addiction for the last 30 years. Throughout its

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history, ADCNC has presented and promoted creative solutions to gaps in understanding of addictions and in the continuum of services for those with substance use disorders and their families.

The program objectives are the following:

1. To increase and improve access to information aimed at providing awareness and knowledge of substance use and dependency, and its effects on individuals, families and communities, including those who communicate in Spanish.
2. To improve the Substance Abuse Prevention and Treatment Block Grant-required prevention activity of disseminating information to NC residents by creating an infrastructure for transferring information quickly statewide, including to those who communicate in Spanish. As a result of these activities individuals will be able to make more informed decisions about drug and alcohol issues.
3. To improve the availability and quality of assessments for substance use and referral, if needed, to NC National Guard troops who have tested positive on random drug screens by training licensed professionals and providing the service free to the National Guard.
4. To publicize, support and increase access to the initiatives providing specialized substance use disorder treatment to pregnant women and women with dependent children.

Governor's Institute on Substance Abuse, Inc.

The project objective is to increase access to and improve the quality of prevention, treatment and recovery support services for individuals with or at risk of substance use disorders by:

1. Expanding the use of prevention, treatment, and recovery support services for behavioral health that demonstrate success in improving outcomes and/or supporting recovery.
2. Enhancing the quality of the behavioral health workforce providing prevention, treatment and/or recovery support services, with a special emphasis on service members, veterans and their families.
3. Enhancing the ability of provider agencies to determine the effectiveness of the behavioral health promotion, treatment and recovery support services they provide.
4. Enhancing the ability of physicians and other health care providers in primary care settings to provide better prevention, treatment, and recovery services to their patients, particularly in regard to treating opioid use disorders, including medication assisted treatment.
5. Enhancing the ability of physicians and other health care providers to provide patient education and resources to augment self-management skills, and, in so doing, improve health status and outcomes for patients with other chronic diseases.
6. Promoting systems of health and human services that offer a wide spectrum of services and supports aimed at engaging people with mental health and substance use conditions into care and promoting their resilience and long-term recovery.

Oxford House, Inc.

The purpose of the contract is to meet the requirements of § 2036 of the Anti-Drug Abuse Act of 1988 (PL 100-690, approved November 18, 1988) which amended Subpart I of Part B of Title XIX of the Public Health Services Act (42 USC 300x) by adding a program entitled "Group Homes for Recovering Substance Abusers."

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This section requires each state, as a contingency of receiving funds under the SAPT Block Grant, to establish a revolving fund of at least \$100,000 to provide loans to private, nonprofit entities for setting up housing for recovering individuals as democratically operated drug free recovery programs. The objectives of this contract are the following:

1. **Open new houses** – by providing technical services and support for the establishment of self-run, self-supported recovery homes throughout the State of North Carolina by the end of the contract period.
2. **Maintain the State revolving loan fund** - by administering the application, administration, and repayment of start-up loans made to eligible applicants of recovering individuals from the North Carolina Recovery House Revolving Loan Fund.
3. **Serve re-entering individuals in recovery from substance use disorders, which includes mentoring individuals in their transition to a NC Oxford House** - by establishing and maintaining programs at correctional institutions to educate individuals on the Oxford House model.
4. **Maintain support to the over 1500 existing tenants** – by providing 24-hour on-call service availability, coordination of recovery supports and assisting with obtaining and maintaining employment and in-house training and stabilization via mentoring.

II. PROGRAM PROCEDURES

Funds shall be paid to Local Management Entities-Managed Care Organizations (LME-MCOs) based on two methods: (1) A “Financial Status Report” (FSR) on a reimbursement basis. Unit cost will be determined using a consistently applied methodology approved by the Division. (2) Based on earnings computed through unit cost reimbursement via NCTracks. This methodology includes the identification of service cost centers, the allocation of allowable costs, the determination of expected units of service and the calculation of a unit cost reimbursement rate.

For the Substance Abuse Prevention and Treatment Block Grant (SAPTBG), funds are allocated by the Division as part of the annual continuation allocation.

Pregnant Women and Women with Dependent Children Set Aside Programs

Each LME-MCO that receives SAPTBG Women’s set-aside funds for operating treatment programs for women with substance use disorders who are pregnant, have dependent children or are seeking to regain custody of their child(ren) shall:

1. Treat the family as a unit, admitting both women and their children into treatment services, as appropriate; and
2. Provide or arrange for the provision of the following services to pregnant women and women with dependent children, including women who are attempting to regain custody of their children:
 - a. Primary medical care for women, including referral for prenatal care and, while the women are receiving such services, child care;
 - b. Primary pediatric care, including immunizations, for their children;
 - c. Gender specific substance use disorder treatment and other therapeutic interventions for women which may address issues of relationships, sexual, emotional and physical trauma, parenting, and child care while the women are receiving these services;
 - d. Therapeutic interventions for children in custody of women in treatment which may, among other things, address their developmental needs, their trauma-related issues; and

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- e. Sufficient case management and transportation to ensure that women and their children have access to services provided to them as listed in items a.-d. shown above.
3. **Admission Preference:** In accordance with Section 1927 of P.L. 102-321, any program receiving SAPTBG funds for substance use disorder treatment or prevention shall:
 - 1) give admission preference to those seeking treatment as follows:
 - a. women who are pregnant and injecting drugs;
 - b. women who are pregnant and using other substances;
 - c. individuals who are injecting drugs; and
 - d. all others; and
 - 2) publicize the availability of priority admission preference by the following means:
 - a. outreach programs;
 - b. ongoing public service announcements [radio/television/social media];
 - c. regular advertisements in local/regional print media;
 - d. posters placed in targeted areas and/or agency brochures; and
 - e. frequent notification of availability of such treatment distributed to the network of community-based organizations, health care providers, and social service agencies;
 - 3) in the event that the treatment facility has insufficient capacity to provide treatment services within 48 hours, the agency must provide interim services that include counseling on the effects of drug and alcohol use on the fetus, HIV, TB, needle sharing and contact the State Capacity Management Program.

North Carolina Perinatal and Maternal Substance Use Disorder Initiative

The following programs are in the statewide Perinatal and Maternal Substance Use Disorder Initiative. The programs supported by state and/or SAPTBG Treatment Alternatives for Women funds are as follows:

- Sandhills Center for MH/DD/SAS: Daymark-Clean Start Program and Robeson Healthcare Corporation-Crystal Lake (Moore County) and Cambridge Place Perinatal Program (Johnston County)
- Alliance Behavioral Healthcare: Community Choices, Inc.-Cascade Durham (residential and outpatient program), UNC Horizons-Outpatient Program and SouthLight Healthcare Residential Program for Women and Children
- Cardinal Innovations Healthcare Solutions: UNC-Chapel Hill-Horizons Program (outpatient and residential services), Community Choices, Inc. – CASCADE Program (outpatient and residential services) and Community Choices, Inc.-Women’s and Infant’s Services for Health
- Eastpointe: Robeson Health Care Corporation – Our House, Grace Courts, Bridges for Families and Professional Counseling Services (Perinatal/Maternal Services Only)
- Vaya Health: RHA-Mary Benson House and Insight Human Services – Perinatal Health Partners (outpatient services)
- Trillium Health Resources: Robeson Health Care Corporation – The Village (residential services) and PORT Health Services – Kelly House

These programs received their original awards through participation in a competitive “Request for Proposals” (RFP) process and were awarded grants based on their approved grant proposals by the Division. The RFP process was opened to any Local Management Entity and public or private non-profit agency interested in applying. Proposals were submitted to the Division and grants

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awarded based on the RFP criteria. Each program has various levels of care; i.e., case management, intensive outpatient, residential, etc. relative to the services that were approved as a part of the grant award.

Funds may be paid to the LME-MCO based on a Financial Status Report (FSR). Unit cost will be determined using a consistently applied methodology approved by the Division. Also, funds paid may be settled based on earnings computed through Unit Cost Reimbursement (UCR). This methodology includes the identification of service cost centers, the allocation of allowable costs, the determination of expected units of service and the calculation of a unit cost reimbursement rate.

In some cases, funds are on an expenditure basis due to the limitations of the unit cost reimbursement system relative to the unique services offered by a particular program. The amount of these funds can be found in the Division of MH/DD/SAS Final Allocation Letters under Treatment Alternatives for Women-Non UCR Account 536966 Fund 1463. All other funds allocated inside the UCR system can be found under Treatment Alternatives for Women-UCR Account 536976 Fund 1463.

Work First/Child Protective Services Substance Use Initiative

Each LME-MCO receives SAPTBG funds to support one or more Qualified Professionals in Substance Abuse to carry out the provisions of this Initiative. The Work First /Child Protective Services Substance Use Initiative (WF/CPS SU Initiative) provides early identification of Work First recipients who have some level of substance use impairment that would prevent them from securing and maintaining employment. The WF/CPS SU Initiative will also provide services to families with a substantiated child abuse or neglect case or with a need of services finding related to substance use and Class H or I Controlled Substance Felons who apply for Work First or Food Stamps.

The Initiative procedures include the following:

1. To identify Work First applicants and recipients who have a substance use disorder through a comprehensive assessment, by a Qualified Professional in Substance Abuse (QP in SA), and are in need of substance use disorder treatment in order to secure and maintain employment. The QP in SA will also provide substance use information, resources and referral for individuals referred by the local DSS. The QP in SA will assess family members in substantiated child abuse and neglect cases or with an 'in need of services' finding who have been identified as having risk factors of a substance use disorder who have been referred by the local DSS CPS staff. The QP in SA will provide a comprehensive assessment of Class H or I Controlled Substance Felons who apply for Work First or food stamps who have been referred by the local DSS staff to determine substance abuse treatment needs.
2. To determine the level of care the Work First applicant/recipient, CPS involved individual or Class H or I Controlled Substance Felon requires and make the appropriate referral to substance abuse services when applicable.
3. To assess (voluntary on the part of the recipient) and/or provide referral for mental health issues for Work First participants when applicable.
4. To coordinate and monitor services received by the Work First recipient, CPS involved individual or Class H or I Controlled Substance Felon.
5. To track the Work First recipient, CPS involved individual or Class H or I controlled substance felon throughout their substance use disorder treatment episode, mental health treatment episode, provide care coordination services, and maintain on-going coordination of care with the local department of social services.

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6. The QP in SA also provides training and consultation to the local DSS staff and follow-up with treatment providers and local DSS staff regarding the individual's progress in treatment.

Each LME-MCO must also maintain a Memorandum of Agreement (MOA) with each local Department of Social Services in their catchment area to be reviewed annually. Each LME-MCO shall also complete and submit a Work First/CPS Substance Use Initiative Quarterly Report to the Division per the Performance Agreement.

NC CASAWORKS for Families Residential Initiative

This initiative supports seven apartment-based substance abuse residential programs across the State that serve a minimum of eight families concurrently, meeting the requirements of the specified target populations, for up to 12 months (extensions must be approved in writing from the Division) to be followed with six (6) months of outpatient aftercare. Each program has a multi-disciplinary staff hired by or contracted with the LME-MCO contract affiliate including a job readiness specialist to assist women with pre-employment preparation, job development and job retention. The seven programs are with the following LME-MCOs: Cardinal Innovations Healthcare Solutions (Mecklenburg and Orange counties), Sandhills Center for MH/DD/SAS (Johnston and Moore counties), Trillium Health Resources (Pitt County), and Alliance Behavioral Healthcare (Durham and Wake counties).

Outpatient Opioid Treatment Programs

LME-MCOs in North Carolina receive SAPTBG funds and contract with opioid treatment programs to serve individuals who are injecting drugs. Each follows these SAPTBG requirements:

- Admit persons requesting treatment for IV drug use no later than 14 days after the request for services, unless at capacity. If at capacity, admission must occur within 120 days and interim services must be made available within 48 hours.
- If a program reaches 90% capacity, the program will notify the State within seven (7) days and participate in a capacity management program.
- Establish a unique identifier for those individuals receiving interim services and establish a means of maintaining contact with persons on the waiting list.
- Carry out activities designed to encourage persons in need of treatment to seek treatment using scientifically sound outreach models. This should include:
 - Selecting, training and supervising outreach workers;
 - Contacting, communicating and following up with individuals at high risk of a substance use disorder and their associates as allowed under federal confidentiality laws;
 - Promoting awareness about the link between injection drug use and communicable diseases;
 - Encouraging entry into treatment.

The State Opioid Treatment Authority regulates and monitors these programs for compliance with federal and State opioid regulations as well as for compliance with SAPTBG requirements. This oversight occurs in the following manner:

- Random as well as for cause unannounced on-site reviews from the State Opioid Treatment Authority, the Division of Health Service Regulation, the Drug Control Unit, the Drug Enforcement Agency, accrediting organizations and the LME-MCOs.
- Review of patient records.
- Quarterly meetings of program directors with the State Opioid Treatment Authority.
- Review of take home dose exception requests.
- Telephonic consultation and technical assistance to individual programs.
- Review of the North Carolina Treatment Outcomes and Program Performance (NC-TOPPS)

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outcomes measurement data.

- Review of special categorical funding reports.
- Communication with other federal and state regulatory and accrediting organizations.

Tuberculosis (TB) Services

All individuals served by the LME-MCOs and their contract providers for substance use disorders are screened for TB using an approved screening tool. Clients whose screenings indicate high risk are referred to the local health departments for additional screenings/testing and treatment and/or to the individual's physician (if available) if necessary. Contracted providers must provide care coordination services to assure individuals who have screened positive for Tuberculosis are referred for additional testing and receive these follow up services and treatment if indicated. All individuals admitted to state sponsored inpatient treatment facilities, such as the Alcohol and Drug Abuse Treatment Centers (ADATCs) are tested for TB and provided treatment/prophylaxis as necessary.

Education

1. NC Winter School for Alcohol and Drug Studies
2. NC Summer School for Alcohol and Drug Studies
3. Women's Recovery Conference
4. Confidentiality Workshops
5. Substance Abuse Juvenile Justice Conference
6. Quarterly Child and Adolescent Cross Area Services Programs (CASP) Forums Addiction Professionals of North Carolina Fall Conference
7. Addiction Professionals of North Carolina Spring Policy Forum
8. i2i Fall Conference
9. i2i Spring Policy Forum
10. Alcohol and Drug Council of NC Outer Banks Conference
11. Annual Parent Resource Center Parent Network Summit
12. Centers for Prevention Resources Regional Meetings
13. Institute of Medicine (IOM) Policy Forums
14. Healthy Carolinians - Annual Fall Conference
15. Annual Addiction Medicine Conference
16. Annual Addiction Medicine Essentials Conference

Referral, Coordination and Confidentiality

Continuing education is provided at the following venues:

The SSA adopted the use of the American Society of Addiction Medicine (ASAM) Criteria as the "best practice standard" to use in developing person-centered service plans and making objective decisions about client admission, continuing care and transfer or discharge for individuals with substance use disorders. Appropriate utilization of these criteria is reviewed during annual monitoring visits with the LME-MCOs and the block grant-funded contract providers.

As the lead agency for the coordination and planning of all alcohol and other drug initiatives in the state, the SSA participates in planning with justice agencies, particularly the Division of Community Corrections, the Administrative Office of the Courts, and the Division of Adult Correction and Juvenile Justice. Furthermore, collaboration occurs with the NC Prevention Partnership, Alcohol Law Enforcement, Governor's Crime Commission, Office of Youth Advocacy and Department of Public Instruction and other coalitions and organizations throughout the State.

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Technical assistance is provided on Confidentiality and HIPAA to the LME-MCOs and contract agencies as requested and as needed.

Training

States must assure the availability of training for prevention and treatment of substance use disorders to LME-MCO staff, providers' staff, advocates, and consumers by means of workshops, seminars, conferences, colleges, NC Summer and Winter Schools for Alcohol and Drug Studies, etc.

Juvenile Justice Behavioral Health Partnerships (JJBH)

The following LME-MCOs receive funding for JJBH teams:

1. Alliance Behavioral Healthcare
2. Cardinal Innovations Healthcare Solutions
3. Eastpointe LME-MCO
4. Partners Behavioral Health Management
5. Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services
6. Vaya Health
7. Trillium Health Resources

The amount of these funds may be found in the DMH/DD/SAS Final Allocation Letter under MAJORS Account Numbers 536969 and 536970, Fund 1442.

Treatment Accountability for Safer Communities (TASC)

Funds are paid to LME-MCOs on a reimbursement basis and will be requested on a Fund Request Form and will be settled on an expenditure basis. Funds are allocated by the Division as part of the annual continuation allocation. The amount of these funds may be found in the Division of MH/DD/SAS Final Allocation Letter under TASC Account #536990 in Fund 1463.

Four TASC regions were established, along with the four TASC Regional Coordinating Entities (RCEs), during a "Request for Applications" process in 2001 to expand TASC services statewide. The regions reflect the State's judicial divisions and facilitate communication and coordination with the courts and corrections. The two sponsoring LME-MCOs are:

- Regions 1 and 2 – Trillium Health Resources
- Regions 3 and 4 – Vaya Health

The two sponsoring LME-MCOs and their contractors are responsible for the operation of the established TASC RCEs. Each TASC RCE is responsible for ensuring the availability of TASC services throughout their respective region; providing monitoring, technical assistance, proactive management and problem-solving to respond to the needs of consumers and the treatment and justice systems; and serving as the management services link to the Division.

Alcohol/Drug Council of North Carolina

Improving access to information, services/supports – Information & Referral (phone system):

Maintain the expanded Information and Referral Helpline (I&R Helpline) and navigation system by increasing resources for answering phones.

The I&R Helpline allows staff to help callers navigate the systems of services and supports they might need. The goal is making sure that callers are actually connected to what they need through three-way calling and follow up. Providing callers with information and education about addictions can be considered prevention activities or treatment or supports depending on the nature

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of the call and the needs of the caller. These activities provide awareness and knowledge of the nature and extent of substance use. The Contractor will continue to collaborate with other I&R organizations to maintain an up-to-date system with knowledge of referral sources.

Improving access to information, services/supports – Information & Referral (web system):

Maintain the expanded web presence and provider database by increasing resources for maintenance and interactivity with users.

The existing provider database has been linked with the ADCNC web site, so that individuals who need to find a treatment service are able to either call the I&R Helpline or access information on their own on the web page. Updated information related to stigma, prevention, treatment and recovery-oriented services and supports is also routinely sent to people around the state through e-mail flash alerts to the database on time sensitive issues. A Spanish-only section of the website will be developed, including sending out flash alerts in Spanish.

National Guard Assessments:

Maintain and expand the statewide system for free substance use assessments for National Guard members who test positive on random drug screens by further training of licensed substance abuse professionals and continuing to pay for the assessments.

The system was put in place by developing relationships with National Guard representatives, training licensed substance abuse professionals in the use of a standardized assessment, assessing and referring members of the Guard, setting up a voucher system to pay for the assessments and setting up a database to track demographics and trends. There is a continuing need to maintain relationships with Guard commanders and to increase the number of trained professionals so that Guard members have assessments available to them no matter where they live.

Governor’s Institute on Substance Abuse, Inc.

Healthcare and Evidence-Based Practices:

These initiatives cover important practice areas relevant to both addiction medicine providers as well as psychiatrists and other primary care providers. SUDs are often overlooked in many clinical practice settings for a variety of reasons including inadequate knowledge and skills on the part of clinicians in identifying, intervening, and managing SUDs and related psychiatric comorbidities. The GI initiatives include CME training events on integrated care and a range of addiction medicine topics including SBIRT, pain management and safer opioid prescribing, office based opioid treatment, and other topic areas.

NC Practice Improvement Collaborative (NCPIC):

Established by DMH/DD/SAS in 2005, the North Carolina Practice Improvement Collaborative is charged with providing guidance in determining how to promote quality services and supports delivered through the public service system to people with serious mental illness and serious emotional disorder. In 2014, there were an estimated 9.8 million adults (4.1%) ages 18 and up with a serious mental illness in the past year. People with serious mental illness are more likely to be unemployed, arrested, and/or face inadequate housing compared to those without mental illness.

The NCPIC has supported implementation and training on evidence-based practices for staff from the NC Department of Health and Human Services, the LME-MCOs, providers, and university faculty involved in workforce education. Education and training address essential elements of infrastructure, implementation, evaluation, and fidelity assessment that are critical for consumers to achieve outcomes as promoted by the intervention.

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Education Services:

This program seeks to engage students and faculty at Criteria C Universities (as defined by the NC Substance Abuse Professional Practice Board (NCSAPPB)) in the state of North Carolina creating a cross institution environment for communication and collaboration with experts on the cutting edge of the substance use disorder prevention, treatment and recovery field. The program will provide funds to Criteria C Universities for scholarships to individuals who are working to complete graduate-level education.

Professional Addiction Workforce and Counselor Continuing Education:

The goal of this program is to identify and engage emerging leaders in the Substance Use Disorders field. Scholarship/assistance recipients must be currently working within public substance use disorder prevention, treatment and recovery services, be in good standing with their organization and referred by their direct supervisor. Assistance will include but is not limited to standardized test reimbursement, conference fee waivers and travel assistance for educational opportunities.

SAMHSA Supported Services to Military Service Members; Veterans, and Their Families:

On behalf of DMH/DD/SAS, staff and contract support will continue to be provided to this ongoing initiative. The project includes other divisions within the NC Department of Health and Human Services, the US Department of Veterans Affairs, the NC National Guard, the NC Department of Military and Veterans Affairs, the NC Department of Commerce, as well as several other state agencies, active duty and reserve components, higher education, non-profit organizations, advocates, and others who are working together to meet the needs of veterans, service members, and their families in North Carolina.

Oxford House, Inc.

The successful Oxford House experience is quantified by both internal and external measurement. The North Carolina field staff submits to the Division a Monthly Housing Activity Report that includes data from each house regarding the number of applications, number of beds available, number of admissions, and number of residents leaving the houses along with the reasons for leaving, i.e., returned to active addiction, voluntary or other causes such as disruptive behavior. This data gives the State valuable information on the provision of care and functioning in each individual home.

Another report that provides valuable information on evaluating Oxford House is the Annual Resident Profile Survey. This is a yearly voluntary survey offered to all residents residing in North Carolina Oxford Houses. This data is compiled by the State Coordinator and used to generate a profile of NC residents. Resident race and ethnicity, disability status, prior homelessness, prior incarceration (individuals just released as a part of the Criminal Justice Initiative as well as individuals incarcerated in the past), average lengths of stay addiction-free and average monthly earnings are captured on the survey.

To evaluate the Criminal Justice Initiative component of the Oxford House project, the State Coordinator maintains a database to track individuals entering Oxford House from the correctional system. The information is gathered using a modified version of the Treatment Alternatives to Safe Communities Criminal Justice Management (*TASC CJM*) Intake, Six-Month Update and Discharge forms provided by NC DMH/DD/SAS and is provided to the Division on a quarterly basis.

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Reimbursement

Reimbursement will be monthly. Financial Status Reports will be submitted by the 20th of the month following the month in which the services were carried out. Reimbursement will be contingent upon accepted reports.

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirement

The DHHS/Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) mandates that all the testing included within the crosscutting section be performed by the local auditors. All requirements for auditing State appropriations for the Substance Abuse Services Programs are set forth in the Crosscutting Supplement, identified as “DMH-0” for those mandated requirements. This supplement provides additional requirements applicable to the Federal funds.

A. ACTIVITIES ALLOWED OR UNALLOWED

Admission Preference

In accordance with Section 1927 of P.L. 102-321, any program receiving SAPTBG funds for substance abuse treatment or prevention shall:

1. Give admission preference to those seeking treatment as follows:
 - a. women who are pregnant and injecting drugs;
 - b. women who are pregnant and using other substances;
 - c. individuals who are injecting drugs; and
 - d. all others; and
2. Publicize the availability admission preference by the following means:
 - a. outreach programs;
 - b. ongoing public service announcements [radio/television/social media];
 - c. regular advertisements in local/regional print media;
 - d. posters placed in targeted areas and/or agency brochures; and
 - e. frequent notification of availability of such treatment distributed to the network of community-based organizations, health care providers, and social service agencies; and
3. In the event that the treatment facility has insufficient capacity to provide treatment services to a pregnant woman within 48 hours, the agency must provide interim services that include counseling on the effects of drug and alcohol use on the fetus, HIV, TB, needle sharing and contact the State Capacity Management Program.

Restrictions for all programs and services supported through the SAPTBG include the following:

1. Provide inpatient hospital services except under the following conditions.
 - a. In order to comply with the Federal restriction that SAPTBG funds not be used for inpatient services except for medical necessity, the Division will not reimburse LME-MCOs for earnings through the provision of addiction inpatient treatment services except as follows. If an LME-MCO wishes to earn SAPTBG funds through the provision of inpatient services, the LME-MCO must contact the Division to confirm

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this arrangement prior to implementation and comply with the following Federal requirements:

- the primary diagnosis of the individual is a substance use disorder and the physician certifies this fact;
- the individual cannot be safely treated in a community-based non-hospital, residential treatment program;
- the service can reasonably be expected to improve an individual's condition or level of functioning;
- the hospital-based substance abuse program follows national standards of substance abuse professional practice;
- the daily rate of payment provided to the hospital for providing the services to the individual will not exceed the comparable daily rate provided for community-based, non-hospital, residential programs of treatment for substance use disorders; and
- funds may be expended for such services only to the extent that it is medically necessary; i.e., only for those days that the patient cannot be safely treated in a residential, community-based program.

(42 USC 300x-31(a) and (b); 45 CFR sections 96.135(a)(1) and (c))

2. Make cash payments to intended recipients of health services.
(42 USC 300x-31(a); 45 CFR section 96.135(a)(2))
3. Purchase or improve land, purchase, construct or permanently improve any building or other facility, or purchase major medical equipment, unless the State has obtained a waiver from the Secretary of Health and Human Services.
(42 USC 300x-31(a); 45 CFR sections 96.135(a)(3) and (d))
4. Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds.
(42 USC 300x-31(a); 45 CFR section 96.135(a)(4))
5. Expend grant funds to provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs.
(42 USC 300ee-5; 45 CFR section 96.135(a)(6) and Pub. L. 106-113, section 505)
6. Provide funds directly from Substance Abuse and Mental Health Services Administration (SAMHSA) or DMH/DD/SAS or other state agencies or local government (LME-MCOs) to organizations participating in applicable programs which are expended for inherently religious activities, such as worship, religious instruction, or proselytization.
(42 USC 300x-65 and 42 USC 290kk; 42 CFR section 54.4)
7. Provide financial assistance to any entity other than a public or nonprofit entity.
8. Support or use towards the annual salary of any LME-MCO staff, contractor employee, consultant or other individual that is in excess of Level I of the most current US Office of Personnel Management Federal Executive Salary Schedule. This amount is currently designated for calendar year 2018 at an annual salary of \$210,700.
9. All programs funded in whole or in part with SAPTBG funds shall certify they have not and will not use Federal funds to pay for lobbying activities.

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10. All programs funded in whole or in part with SAPTBG funds shall use such funds as a “payment of last resort” for services but, per North Carolina General Statute 122C-146, no individual may be refused services because of an inability to pay.

If expenditures are made for these purposes, funds in excess of federal block grant funds must be available.

NOTE: For the Substance Abuse Prevention and Treatment Block Grant, compliance with the above may be verified by reviewing the Performance Agreement, the LME-MCO Budgeting and Procedures Manual ASPM 75-1, and expenditure and related records.

Pregnant Women and Women with Dependent Children Set Aside Programs

Activities allowed are those so indicated on the NCTracks Array of Services for eligible recipients of Adult Substance Abuse Women’s set-aside funds. In addition, and in accordance with Section 1924 of P.L. 102-321, any program receiving SAPTBG Women’s set-aside funds for operating a program of treatment for pregnant women using substances, women with dependent children and women seeking to regain custody of their child(ren) shall:

1. Treat the family as a unit, admitting both women and their children into treatment services, as appropriate; and
2. Provide or arrange for the provision of the following services to pregnant women and women with dependent children, including women who are attempting to regain custody of their children:
 - a. Primary medical care for women, including referral for prenatal care and, while the women are receiving such services, child care;
 - b. Primary pediatric care, including immunizations, for their children;
 - c. Gender specific substance use disorder treatment and other therapeutic interventions for women which may address issues of relationships, sexual, emotional and physical trauma, parenting, and child care while the women are receiving these services;
 - d. Therapeutic interventions for children in custody of women in treatment which may, among other things, address their developmental needs, their issues of sexual, emotional and physical trauma, and neglect; and
 - e. Sufficient case management and transportation to ensure that women and their children have access to services provided to them as listed in items a.-d. above.
3. Admission Preference: In accordance with Section 1927 of P.L. 102-321, any program receiving SAPTBG funds for substance use treatment or prevention shall:
 - a. Give admission preference to those seeking treatment as follows:
 1. women who are pregnant and injecting drugs;
 2. women who are pregnant and using other substances;
 3. individuals who are injecting drugs; and
 4. all others; and
 - b. Publicize the availability of priority admission preference by the following means:
 1. outreach programs;
 2. ongoing public service announcements [radio/television/social media];
 3. regular advertisements in local/regional print media;
 4. posters placed in targeted areas and/or agency brochures; and

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5. frequent notification of the availability of such treatment distributed to the network of community-based organizations, health care providers, and social service agencies;
- c. In the event that the treatment facility has insufficient capacity to provide treatment services to a pregnant woman within 48 hours, the agency must provide interim services that include counseling on the effects of drug and alcohol use on the fetus, HIV, TB, needle sharing and contact the State Capacity Management Program.

North Carolina Perinatal and Maternal Substance Use Disorder Initiative

Allowable Activities:

The allowable activities for the Initiative are consistent with the above stated allowable activities for Pregnant Women and Women with Dependent Children Set-Aside Programs.

Additional allowable activities would also include:

- a. Residential services for women and their children;
- b. Services listed in Section I. of Allowable Activities for pregnant and parenting adolescents and women or women seeking to regain custody of their children when the approved grant proposal is for this population;
- c. Incentive programming; i.e., contingency management;
- d. Purchase of supplies for women and children; i.e., diapers, bottles, formula, toiletries, etc.;
- e. Funds may be used to pay rent or lease payments for facility and indirect costs;
- f. Transportation vouchers for participants to attend treatment (i.e., tokens, cab fare, etc.) and gas and maintenance for program vehicles;
- g. Childcare expenses for individuals to participate in treatment;
- h. Program evaluation;
- i. Staff training and education;
- j. All services approved on the NC TRACKS Benefit Plan for this population.

Restrictions are consistent with the activities outlined in Section A. above for all programs and services supported through the SAPTBG.

Work First/Child Protective Services Substance Use Initiative

Allowed Activities:

1. Contract with a Substance Abuse Treatment provider for the services of a Qualified Professional(s) in Substance Abuse to provide the following services for Work First applicants, Work First recipients, Class H or I Controlled Substance Felons and CPS involved families who meet eligibility criteria: assessment, determination of level of care, substance use information, referral, care coordination, follow-up, tracking of individuals through the treatment system, case consultation with appropriate agencies, liaison to the department of social services, psycho-educational programming, training of DSS staff, and data collection.
2. Support of the Qualified Professional in Substance Abuse position(s) including travel, training, supervision, etc.
3. Purchase of the SUDDS-V or other a standardized assessment tool, approved by the Division of MH/DD/SAS.

Restrictions:

- Any services to individuals who are not Work First applicants or recipients, Class H or I controlled substance felons applying for Work First or food stamps or families with

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substantiated child abuse and neglect cases or with a in need of services finding related to substance abuse.

NC CASAWORKS for Families Residential Initiative

Allowed Activities (for each program site):

Hiring of thirteen positions, specifically designated in the Request for Applications (RFA), to provide substance use disorder residential services/treatment, job readiness, childcare, transportation, parenting, and other service and administrative functions for Work First clients (participants) and their children who meet eligibility criteria.

1. Support of the personnel positions including travel, training, supervision, support staff, and other related costs.
2. Rent, utilities, furniture, supplies and other necessary purchases to operate a minimum of 8 apartments for clients, one apartment for a family center and office space needed for staff. Limitations on the amount of office space are provided for in the application budgets.
3. Substance use disorder treatment and support services that are not covered by Medicaid reimbursement.

Restrictions:

1. Substance use disorder or other treatment services covered by Medicaid reimbursement or other third-party payors.
2. No purchases above \$5000 for any one item.
3. Funds shall not be used for facility purchase, construction or renovation.

Outpatient Opioid Treatment Programs

Allowed Activities:

1. Pre-assessment for admission of new patients including physical examination by physician.
2. Physician ordered appropriate dosing of methadone, buprenorphine products or other FDA-approved medications for the treatment of opioid use disorders.
3. Counseling by qualified substance abuse staff, with sufficient education, training, and experience, or any combination of the above to enable the staff to perform this function. All physicians, nurses, and other licensed professional care providers, including counselors must comply with credentialing requirements of their profession. A minimum of one certified substance abuse counselor to each 50 clients is required.
4. Referral for appropriate services such as individual, group or family therapy for each client; educational counseling; vocational counseling and training; job development and placement; money management; nutrition education; legal counseling; as well as referrals to recovery support services.
5. Counseling on preventing exposure to and the transmission of HIV disease.
6. Provision of take home doses per regulations.
7. Random drug testing, at least twelve with two out of each three-month period of continuous treatment episode.
8. Communication with other area OTPs to prevent dual enrollment and/or participation in a central registry.

Restrictions:

1. Substance use or other treatment services covered by Medicaid reimbursement.
2. No purchases above \$5,000 for any one item.

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3. Funds shall not be used for facility purchase, construction or renovation.

Tuberculosis (TB) Services

In accordance with Section 1924 of P.L. 102-321, any program receiving SAPTBG funds for operating a program of treatment for substance abuse shall:

1. Directly or through arrangements with other public or nonprofit entities, routinely make available Tuberculosis (TB) services, as defined in Section 121 of 45 CFR Part 96, to each individual receiving treatment for a substance use disorder which include;
 - a. counseling the individual with respect to Tuberculosis; and
 - b. testing to determine whether the individual has been infected with mycobacteria tuberculosis to determine the appropriate form of treatment for the individual; and
 - c. providing for or referring the individuals infected by Mycobacteria Tuberculosis for appropriate medical evaluation and treatment; and
2. If at treatment capacity, refer to another provider of TB services;
3. Implement infection control procedures to be established by the State; and
4. Conduct case management activities to ensure that individuals receive Tuberculosis services.

Education, Referral, Coordination and Confidentiality

In accordance with Section 1928 of P.L. 102-321, any program receiving SAPTBG funds for substance abuse treatment or prevention shall:

1. Make continuing education in such services available to employees who provide the services or activities;
2. Make every effort to improve the referral process for individuals to treatment programs that can provide the most appropriate level and type of care for the individuals and, when the Division establishes Statewide placement criteria, implement such criteria;
3. Make every effort to coordinate prevention and treatment activities with the provision of other appropriate services (including health, social, correctional and criminal justice, educational, vocational rehabilitation and employment services); and
4. Establish and maintain a system to protect patient records from inappropriate disclosure that is in compliance with 42 CFR Part 2.

Communicable Disease Risk

Activities allowed are those so indicated on the NCTracks Service Array for eligible recipients of Intravenous (IV) Drug funds. In addition, and with respect to funding for services from Communicable Disease Risk Categorical Funds, recipients shall comply with the following Federal requirements:

1. Upon reaching 90 percent capacity, notify the State (Addictions and Management Operations Section) within seven (7) days and participate in a Capacity Management Program; and
2. Admit those who request and are in need of treatment for IV drug use not later than 14 days after making such request. If at capacity, admit within 120 days and begin to provide interim services as defined in Section 121 of 45 CFR Part 96 (*) within 48 hours of seeking admission; and

(*) interim services or interim substance abuse services means services that are provided until an individual is admitted to a substance use disorder treatment program. The purposes of the services are to reduce the adverse health effects of such substance use,

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promote the health of the individual, and reduce the risk of transmission of disease. At a minimum, interim services include counseling and education about HIV and TB, about the risks of needle-sharing, the risks of transmission to sexual partners and infants, and about steps that can be taken to ensure that HIV and TB transmission does not occur, as well as referral for HIV and TB treatment services if necessary. For pregnant women, interim services also include counseling on the effects of alcohol and drug use on the fetus, as well as referral for prenatal care.

3. Participate in a waiting list for the purpose of treating individuals injecting drugs that includes a unique patient identifier including those receiving interim services; and management program established by the State and;
4. Establish a mechanism for maintaining contact with individuals awaiting admission; and
5. Carry out activities to encourage individuals in need of treatment to undergo such treatment by use of a scientifically sound outreach model to include:
 - a. selecting, training and supervising outreach workers;
 - b. contacting, communicating and following-up with individuals at high risk of substance use disorders, their associates, and neighborhood residents, within the constraints of Federal and State confidentiality requirements, including 42 CFR Part 2;
 - c. promoting awareness among individuals injecting drugs about the relationship between injecting drug use and communicable diseases such as HIV;
 - d. recommending steps that can be taken to ensure that HIV transmission does not occur; and
 - e. encouraging entry into treatment.

Restrictions:

1. Denying admission preference to those seeking treatment for a substance use disorder in the order prescribed above (a-d) in Allowable Activities (a1);
2. Failing to publicize the availability of admission preference by at least one of the prescribed methods (a-e) listed above in Allowable Activities (a2); and
3. In the event that the treatment facility has insufficient capacity to provide treatment services to a pregnant woman, failing to contact the State Capacity Management Program.

Training

These funds are allocated to the LME-MCOs to support substance use disorder specific training to enhance staff development. These funds can support registration and costs to attend substance use disorder training workshops or conferences, to contract for trainers for specific substance use-related training, and other related substance abuse professional development activities.

Juvenile Justice Behavioral Health Partnerships (JJBH)

Allowed activities include:

1. Screening
2. Assessment
3. Substance abuse and co-occurring mental health disorders services and training to support implementation
4. Child and Family Team activities
5. Coordination with the Division of Adult Correction and Juvenile Justice and juvenile court
6. Transition services from Residential Care and Youth Development Centers

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Treatment Accountability for Safer Communities (TASC)

Allowed Activities:

1. Operate TASC as per Section .4000 of the *Rules for Mental Health, Developmental Disabilities and Substance Abuse Facilities and Services*, 10A North Carolina Administrative Code 27G.
2. Employ staff and/or contract with licensed substance abuse treatment facilities to employ staff to provide TASC services to TASC-eligible individuals. TASC services include eligibility screening; assessing for treatment and support needs; making service determinations; coordinating authorizations for treatment with LME-MCOs; care planning, care coordination and care management; referring clients to community-based resources for treatment and support services; integrating service needs and criminal justice system supervision requirements; and monitoring client progress and reporting to the criminal justice system.
3. Purchase of the Addiction Severity Index-Multimedia Version, a standardized self-administered assessment tool.
4. Operate TASC in accordance with the TASC Standard Operating Procedures, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services-Division of Adult Correction-Administrative Office of the Courts Memorandum of Agreement.
5. Administer NC-TOPPS: TASC Criminal Justice Management forms at intake and discharge for each individual admitted to TASC to track performance measures, including process and client outcome measures.
6. Participate in required TASC, treatment and justice-related meetings and training events.

Restrictions:

Any services to individuals who are not involved in the adult criminal justice system are prohibited.

Oxford House, Inc.

The purpose of the revolving loan fund is to make loans to offset the costs of establishing programs for the provision of housing in which individuals recovering from substance use disorders may reside in groups of not less than six individuals.

Allowed Activities: (The State shall establish and provide for the ongoing operation of a revolving fund as follows):

1. Not less than \$100,000 will be available for the revolving fund;
2. Loans made from the revolving fund will not exceed \$4,000 and each such loan is repaid to the revolving fund not later than two years after the date on which the loan is made;
3. Each such loan is repaid by such residents through monthly installments by the date specified in the loan agreement involved;
4. Such loans are made only to nonprofit private entities;
5. Identify and clearly define legitimate purposes for which the funds will be spent;
6. In managing the revolving fund and the financial entity managing the fund for the State shall abide by all Federal, State and local laws and regulations;
7. If indirectly managing the fund using a private nonprofit entity as the fund management group, reasonable criteria shall be established for selecting the group such as qualifications expertise experience and capabilities of the group and the State shall require that these entities abide by all Federal, State and local laws and regulations;

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8. May seek assistance to approve or deny applications from entities that meet State-established criteria;
9. Shall set reasonable criteria in determining the eligibility of prospective borrowers such as qualifications, expertise, capabilities and the acceptability of a proposed plan to use the funds and operate the house and an assessment of the potential borrower's ability to pay back the funds;
10. Shall establish a procedure and process for applying for a loan under the program which may include completion of the application evidence to support eligibility requirements as well as establish a written procedure for repayment which will set forth reasonable penalties for late or missed payments and liability and recourse for default;
11. Shall provide clearly defined written instructions to applicants which denotes timeliness milestones, required documentation notification of reasonable penalties for late or missed payment and recourse for default notification of legitimate purposes for which the loan may be sent and other procedures required by the State; and
12. Shall keep a written record of the number of loans and of borrowers and the repayment history of each borrower and retain for three years

Restrictions: The State shall not expend the Block Grant on the following:

1. To provide inpatient hospital services except as provided in paragraph (c) of this section;
2. To make cash payments to intended recipients of health services;
3. To purchase or improve land purchase construct or permanently improve (other than minor remodeling) any building or other facility or purchase major medical equipment;
4. To satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds;
5. To provide financial assistance to any entity other than a public or nonprofit private entity; or
6. To provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for AIDS.

Expenditures will be limited on the following:

1. No more than five (5) percent of the grant will be expended to pay the costs of administering the grant; and
2. For the purpose of providing treatment services in penal or correctional institutions of the State, no more than an amount prescribed by section 1931(a)(3) of the PHS Act will be expended.

B. ALLOWABLE COSTS / COST PRINCIPLES

All grantees that expend State funds (including federal funds passed through the NC Department of Health and Human Services) are required to comply with the cost principles described in the NC Administrative Code, specifically 09 NCAC 03M .0201.

~~Since the Social Services Block Grant is subject to the Omnibus Budget and Reconciliation Act (OBRA) of 1981, it is exempt to specific portions of the Uniform Guidance requirements found in 2 CFR Part 200, including Subpart E, Cost Principles. Further guidance can be found in 45 CFR 96.~~

Certain expenditures are considered non-allowable and are not included in the cost allocation. Fixed assets and moveable assets costing \$5,000 or more must be reported on the cost finding as assets. (Moveable assets costing less than \$5,000 may be directly expensed.)

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The following are applicable to the Substance Abuse Prevention and Treatment Block Grant except as indicated:

- Funds must be expended or earned in accordance with the Performance Agreement between the Division of MH/DD/SAS and the LME-MCO, including amendments via individual allocation letters.
- Funds designated for substance abuse may be used for planning, establishing, maintaining, coordinating and evaluating projects for the development of more effective prevention and treatment programs and activities to deal with substance use (42 U.S.C. 300x-3(a)(1) 1989 Revision).

Guidelines can be found under the DMH/DD/SAS Crosscutting Requirements Supplement (DMH-0).

C. CASH MANAGEMENT

~~The DHHS Controller's Office is responsible for submitting a Financial Status Report 269 to the Federal Grants Management Officer for documentation of federal funds expended according to the DHHS Cash Management Policy. Not applicable at the local level.~~

E. ELIGIBILITY

Admission Preference

Each individual seeking treatment for a substance use disorder in programs funded in whole or in part by SAPTBG funds must be admitted in the following order:

1. Women who are pregnant and injecting drugs;
2. Women who are pregnant and using other substances;
3. Individuals who are injecting drugs; and
4. All others

Pregnant Women and Women with Dependent Children Set-Aside Programs & NC Perinatal and Maternal Substance Use Disorder Initiative

The eligible populations receiving these funds or in these programs are as follows:

1. Pregnant women with a substance use disorder;
2. Women with dependent children with a substance use disorder;
3. Women with a substance use disorder who are seeking custody of their child(ren); and
4. Admission preference also applies.

Work First/Child Protective Services Substance Use Initiative

The eligible populations in this program are the following:

1. Work First applicants;
2. Current Work First recipients;
3. Class H or I Controlled Substance Felons applying for Work First and/or Food Stamps who meet eligibility under the NC G.S. 108A-25.2; and
4. Family members who have a substantiated case of child abuse and neglect or in need of services finding related to substance abuse.

NC CASAWORKS for Families Residential Initiative

All individuals provided services by the initiative will have a substance use disorder diagnosis and have at least one child under the age of 12 in their custody. Waivers for the children's age requirements must be in writing from DMH/DD/SAS.

The DHHS Controller's Office is responsible for submitting a Financial Status Report 269 to the Federal Grants Management Officer for documentation of federal funds expended according to the DHHS Cash Management Policy.

Outpatient Opioid Treatment Programs

Eligible participants include those individuals aged 18 or over who are injecting drugs, have a communicable disease or are enrolled in an opioid treatment program, specifically described as those:

1. Who are currently (or within the past 30 days) injecting a drug under the skin, into a muscle, or into a vein for non-medically sanctioned reasons and who meet current diagnostic criteria for a substance-related disorder; **OR**
2. Who are infected with HIV, Tuberculosis, or Hepatitis B, C or D and who meet current diagnostic criteria for a substance-related disorder; **OR**
3. Who meet current diagnostic criteria for dependence to an opioid drug, are addicted at least one year before admission, are 18 years of age or older, and who are enrolled in an opioid treatment program.

Tuberculosis Services Programs

Each individual receiving treatment for a substance use disorder in programs funded in whole or in part by SAPTBG funds must be screened for TB.

Education, Referral, Coordination, and Confidentiality

Not Applicable

Communicable Disease Risk Programs

1. Those individuals who request and are in need of treatment for intravenous drug use and who:
 - a. are currently using a needle to inject a non-prescribed drug under the skin, into a muscle, or into a vein for non-medical reasons, or
 - b. have any history of such injection drug use in the past 10 years; or
2. Those individuals who have:
 - a. had sex with someone who was not their spouse or primary partner, or
 - b. knowingly had sex with someone who injected drugs, or
 - c. traded, gave, or received sex for drugs, money, or gifts.

Juvenile Justice Behavioral Health Partnerships (JJBH)

In addition to the guidelines and regulations for the Substance Abuse Prevention and Treatment Block Grant funds (refer to the Division's SAPTBG Supplement # 93.959-CL), youth receiving JJBH services supported by these funds must be involved in the juvenile justice system, including those youth returning to the community from Youth Development Centers or residential treatment programs.

Treatment Accountability for Safer Communities (TASC)

In addition to the guidelines and regulations for the Substance Abuse Prevention and Treatment Block Grant funds, the following conditions apply for individuals receiving TASC services supported by these funds:

1. Involvement in the adult criminal justice system; and
2. Voluntary consent to participate; and
3. Evidence of a history or potential substance abuse and/or mental health issue, including drug-related charges.

Alcohol/Drug Council of North Carolina

Target population:

1. Consumers, addiction professionals and the general public (English and Spanish).
2. Those in recovery, substance use disorder treatment providers, Spanish-speaking individuals and NC citizens.

Governor's Institute on Substance Abuse, Inc.

People trained/assisted through this project (clinicians and managers, physicians and other primary care providers, people serving veterans and their families, prevention professionals, educators and MH/IDD/SU service provider agencies).

Oxford House, Inc.

The contractor will assure that special populations such as Latinos, persons with hearing disabilities, and physically handicapped individuals will have culturally competent access to the existing Oxford Houses and the houses opened during this contract period. Also, NC Oxford House staff will notify the Local Management Entity-Managed Care Organization (LME-MCO) as they plan to locate an Oxford House in the counties served by the LME-MCO. In addition to the above, Oxford House, Inc. agrees to maintain active communication with and notification to the DMH/DD/SAS Contract Administrator on any sensitive community concerns or issues related to the establishment of a NC Oxford House.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Equipment Management

LME-MCOs should follow the State's guidelines for Equipment Management when allocated one-time funds outside Unit Cost Reimbursement (UCR). Guidelines can be found under the DMH/DD/SAS Crosscutting Requirements Supplement (DMH-0).

Real Property Management

This requirement does not apply to DMH/DD/SAS contracts.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching: In accordance with Session Law 2017-57, Section 11A.14. (b) there is a requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award and that the contributions from the contractor shall be from non-federal funds. For Contractor, Oxford House, Incorporated, there is a matching requirement of \$26,611 which is 15 percent of the grant award.

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Level of Effort: Block grant funds allocated shall be used to supplement and increase the level of State, local and other non-federal funds and shall, in no event, supplant such State, local and other non-federal funds. If block grant funds are reduced, the LME-MCO may reduce its participation in a proportionate manner.

Earmarking: The Division of MH/DD/SAS shall designate and allocate no less than 20% (twenty percent) of the total SAPTBG funding* for the provision of substance use primary prevention services and shall maintain adequate fiscal and programmatic records of such expenditures for SAPTBG reporting purposes.

H. PERIOD OF PERFORMANCE

This requirement does not apply at the local level.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

Compliance Requirement

Procurement

~~Since the Block Grant for Prevention and Treatment of Substance Abuse is subject to the Omnibus Budget and Reconciliation Act (OBRA) of 1981, it is exempt to specific portions of the Uniform Guidance requirements found in 2 CFR Part 200, including the procurement requirements. However, it is subject to NC procurement law.~~

~~<https://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>~~

All grantees that expend State funds (including federal funds passed through the NC Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at

http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf.

Suspension and Debarment

All grantees awarded contracts utilizing Federal dollars must be in compliance with the provisions of Executive Order 12549, 45 CFR Part 76 and Executive Order 12689.

J. PROGRAM INCOME

This requirement does not apply at the local level.

L. REPORTING

Each LME-MCO is required to annually submit to the Division the “Area Program Fund Expenditure Report of SAPTBG 20% Set-Aside Funds for Substance Abuse Primary Prevention Programs” to provide an accounting of the expenditure of funds for Substance Abuse Primary Prevention Programs in an amount equal to or greater than 20% of the total SAPTBG funds allocated to the LME-MCO.

LME-MCOs are required to submit units of service and meet funding requirements which include targeting of dollars to clients or services at a level of specificity per the NCTracks services array. LME-MCOs that receive these funds are required to submit additional reports to meet the special requirements as stated in the Special Reporting Requirements section of an allocation letter.

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Perinatal and Maternal Substance Use Disorder Initiative

1. Designated programs shall submit the annual Cross Site evaluation.
2. Submission of NC-TOPPS for all admissions including subsequent updates.
3. Weekly report of bed availability for capacity management requirement of SAPTBG (residential programs only).
4. Other reports requested by DMH/DD/SAS Program Administrator.

Work First/Child Protective Services Substance Use Initiative

1. Reporting shall follow guidelines set forth in the annual Performance Contract between the LME-MCO and DMH/DD/SAS and allocation letters from DMH/DD/SAS to the LME-MCO.
2. LME-MCOs shall submit to the DMH/DD/SAS Work First/CPS Substance Use Initiative quarterly reports in compliance with Division Performance Contract. (Due 1/20, 4/20, 7/20, and 10/20 unless otherwise noted.)
3. LME-MCOs shall maintain a Memorandum of Agreement with each local department of social services (DSS) in their catchment area and review at least annually.
4. Qualified Professionals in Substance Use shall maintain documentation of assessments and tracking the progress of individuals designated to receive these services if a Mutual Responsibility Agreement with the individual and the local DSS requires substance abuse services and individuals receiving services through Child Protective Services or Food and Nutrition Service, as appropriate.

NC CASAWORKS for Families Residential Initiative

1. Submission of NC-TOPPS for all admissions including subsequent updates.
2. Weekly report of bed availability for capacity management requirement of SAPTBG.
3. Other reports requested by DMH/DD/SAS Program Administrator

Juvenile Justice Behavioral Health Partnerships (JJBH)

1. Reporting shall follow guidelines set forth in the annual Performance Contract between the LME-MCO and DMH/DD/SAS and allocation letters from DMH/DDSAS to the LME-MCO.
2. Submit NC-TOPPS Initial, Update and Discharge Interviews on all JJBH clients as required by DMH/DD/SAS.
3. Programs shall quarterly submit to DMH/DD/SAS the JJBH Monthly Report of LME-MCO Compliance with the Division Performance Contract. (Due 1/20, 4/20, 7/20, and 10/20.)

Treatment Accountability for Safer Communities (TASC)

Submit data, information and reports that document program activities, budgets and performance measures. The information includes, but is not limited to:

1. TASC Regional Quarterly Reports;
2. NC-TOPPS: TASC Criminal Justice Management (CJM) performance measures;
3. TASC SOP and DMH/DD/SAS-DAC-AOC MOA;
4. Sentencing and Policy Advisory Commission requests for data;
5. Legislative requests for information; and

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6. Any other Division-specified information or data.

Contract Reporting

Alcohol/Drug Council of North Carolina

Financial Status Reports will be submitted by the 10th of the month. Quarterly reports are due by the 15th day of the month following each quarter.

Governor's Institute on Substance Abuse, Inc.

The Contractor shall submit a monthly Financial Status Report (FSR) of expenditures to the DMH/DD/SAS Contract Administrator by the 10th of the following month for services provided. Additionally, quarterly reports are due by the 15th day of the month following each quarter.

Oxford House, Inc.

The Contractor shall submit:

1. Monthly Financial Status Report due by the 15th day following the end of the month.
2. Monthly Housing Activity Report due by the 15th day following the end of the month.
3. Quarterly Activities and Accomplishments Report due by the 15th day following the end of the quarter.
4. Quarterly Oxford House Criminal Justice Housing Report due by the 15th day following the end of the quarter.
5. Annual Financial Audit done by a CPA due within nine months following the end of their audit fiscal year.
6. Annual Resident Profile Survey completed, and to the DMH/DD/SAS by November 30th.

SESSION LAW 2015-241 REQUIREMENTS

In accordance with Session Law 2017-57, Section 11A.14. (d), the following requirements apply to this award:

No later than December 1st of each fiscal year, each nonprofit organization receiving funding shall submit a written report to include the following information about the fiscal year preceding the year in which the report is due:

- a) The entity's mission, purpose, and governance structure.
- b) A description of the type of programs, services, and activities funded by State appropriations.
- c) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
- d) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
- e) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

M. SUBRECIPIENT MONITORING

Monitoring is required if the agency disburses or transfers any State funds to other organizations, except for the purchase of goods or services, the grantee shall require such organizations to file with it similar reports and statements as required by G. S. §143C-6-22 and 6-23 and the applicable prescribed requirements of the Office of the State Auditor’s Audit Advisory #2 (as revised January 2004) including its attachments. If the agency disburses or transfers any pass-through federal funds received from the State to other organizations, the agency shall require such organizations to comply with the applicable requirements of 2 CFR Part 200.331. Accordingly, the agency is responsible for monitoring programmatic and fiscal compliance of subcontractors based on the guidance provided in this compliance supplement and the audit procedures outlined in the DMH-0 Crosscutting Supplement.

N. SPECIAL TESTS AND PROVISIONS

Guidelines can be found under the DMH/DD/SAS Crosscutting Requirements Supplement (DMH-0).

All grantees are required to comply with the NC Department of Health and Human Services and DMHDDSAS records retention schedules and policies. These include Functional Schedule for State Agencies, Records Retention and Disposition Schedule – DMH/DD/SAS Local Government Entity (APSM 10-6), Records Retention and Disposition Schedule - DMH/DD/SAS Provider Agency (APSM- 10-5) and the DHHS Records Retention and Disposition Schedule for Grants.

Financial records shall be maintained in accordance with established federal and state guidelines.

The records of the contractor shall be accessible for review by the staff of the North Carolina Department of Health and Human Services and the Office of the State Auditor for the purpose of monitoring services rendered, financial audits by third party payers, cost finding, and research and evaluation.

Records shall be retained for a period of three years following the submission of the final Financial Status Report or three years following the submission of a revised final Financial Status Report. Also, if any litigation, claim, negotiation, audit, disallowance action, or other action involving these funds has been started before expiration of the three-year retention period, the records must be retained until the completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later. The grantee shall not destroy, purge or dispose of records related to these funds without the express written consent of DHHS/DMH/DD/SAS.

The agency must comply with any additional requirements specified in the contract or to any other performance-based measures or agreements made subsequent to the initiation of the contract including but not limited to findings requiring a plan of correction or remediation in order to bring the program into compliance.

Audit Objectives

- a. To ensure compliance with the DHHS and DMH/DD/SAS records retention schedules and policies.
- b. To ensure compliance with all federal and State policies, laws and rules that pertain to this fund source and/or to the contract/grant agreement.
- c. To ensure that Substance Abuse Prevention and Treatment Block Grant funds were not awarded to private for-profit entities.

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Suggested Audit Procedures

- a. Verify that records related to this fund source are in compliance with DHHS-DMH/DD/SAS record retention schedules and policies.
- b. Review contract/grant agreement, identify any special requirements; and verify if the requirements were met.
- c. Verify that financial assistance under the Substance Abuse Prevention and Treatment Block Grant was only provided to public or non-profit entities.
- d. When applicable, verify that the grantee has obtained a DUNS number and is registered in the Central Contractor Registration (CCR) system.
- e. Verify that the Conflict of Interest declaration is signed AND that there are no overdue tax debts at the federal, State or local level as required below.

Conflict of Interest and Certification of No Overdue Tax Debts

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the NC Department of Health and Human Services) are subject to the financial reporting requirements of G. S. 143C-6-23 effective July 1, 2007. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. 143C-6-23(b)) and a written statement (if applicable) that the entity does not have any overdue tax debts as defined by G. S. 105-243.1 at the federal, State or local level (see G. S. 143-6-23(c)).

G. S. 143C-6-23(b) stipulates that every grantee shall file with the State agency disbursing funds to the grantee a copy of that grantee's policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee's employees or members of its board or other governing body, from the grantee's disbursing of State funds, and shall include actions to be taken by the grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the grant funds.

All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the subgrantee accountable for the legal and appropriate expenditure of those State grant funds.