



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

October 2015

Report No. 2015-10

2015 Legislation Enacted Based on PED Reports

The Program Evaluation Division (PED) is a central, non-partisan unit of the Legislative Services Commission of the North Carolina General Assembly that assists the General Assembly in fulfilling its responsibility to oversee government functions. The mission of the Program Evaluation Division is to evaluate whether public services are delivered in an effective and efficient manner and in accordance with the law. PED primarily supports legislative oversight by conducting independent evaluations of state government as directed by the Joint Legislative Program Evaluation Oversight Committee (JLPEOC). At the conclusion of the evaluation process, PED generates a report that typically makes recommendations for legislative action.

During its 2015 legislative session, the North Carolina General Assembly enacted legislation derived from four reports published by PED.

Report	North Carolina Needs to Strengthen Its System for Monitoring and Preventing the Abuse of Prescribed Controlled Substances (April 2014)
Summary	In North Carolina, there are four mechanisms to monitor and prevent the abuse of prescribed controlled substances: oversight of prescribers and dispensers, the Controlled Substances Reporting System (CSRS), Medicaid lock-in, and law enforcement. Currently, prescribing guidelines and continuing education requirements for prescribers are insufficient. The CSRS is underutilized and lacks important features for security and data analysis. Meanwhile, the lock-in program has been non-operational since July 2013, costing the Medicaid program an estimated \$1.3 million to \$2 million.
Recommendations	The General Assembly should direct the development and adoption of statewide prescribing guidelines and require continuing education and should also direct the Department of Health and Human Services to modify the contract for the CSRS to improve performance, improve the effectiveness of the Medicaid lock-in program, and develop a strategic plan and performance management system.
Legislation	Session Law 2015-241, Section 12F.16: <ul style="list-style-type: none">• requires adoption of statewide opioid prescribing guidelines and continuing education on the abuse of controlled substances for practitioners;• directs the Department of Health and Human Services to improve CSRS access and utilization, improve the CSRS contract, and expand CSRS monitoring capacity;• directs the Division of Medical Assistance to improve the effectiveness and efficiency of the Medicaid lock-in program; and• creates the Prescription Drug Abuse Advisory Committee and directs it to develop a statewide strategic plan and performance management system to combat prescription drug abuse.

Report	DHHS Should Integrate State Substance Abuse Treatment Facilities into the Community-Based System and Improve Performance Management (November 2014)
Summary	North Carolina's public system for adult substance abuse treatment has two primary components—the community-based system of Local Management Entities/Managed Care Organizations (LME/MCOs) and the three state-operated Alcohol and Drug Abuse Treatment Centers (ADATCs). Separation of the ADATCs from the community-based system creates operational silos that impose challenges to utilization management and continuity of care and limit the State's ability to address service gaps and manage cost. North Carolina also lacks an adequate performance management system that tracks long-term outcomes of public substance abuse treatment.
Recommendations	The General Assembly should require the Department of Health and Human Services to integrate the ADATCs into the community-based system by transitioning funding to LME/MCOs and requiring LME/MCOs to pay for services at the ADATCs.
Legislation	Session Law 2015-241, Section 12F.12.(a) terminates all state appropriations for state-operated ADATCs beginning with the 2015-2016 fiscal year and instead appropriates funds to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Abuse Services for community services in order to allow LME/MCOs to assume responsibility for managing the full array of publicly funded substance abuse services, including inpatient services delivered through the ADATCs. Starting September 18, 2015, all direct state appropriations for ADATCs are terminated and the ADATCs will be 100% receipt-supported.

Report	Revising State Child Support Incentive System Could Promote Improved Performance of County Programs (July 2014)
Summary	North Carolina's child support program operates under a state-supervised, county-administered model. Based on federal performance measures, the program ranks only 24th among the 50 states. The Child Support Services State Office does not effectively use its federal incentive award to promote improved county program performance. Additionally, the CSS State Office has not established specific spending guidelines and does not track incentive payment expenditures.
Recommendations	The General Assembly should direct the CSS State Office to retain 25% of federal incentive money to improve centralized services and provide employee incentive bonuses and should direct counties to report how incentive payments are being reinvested and to maintain their level of expenditures.
Legislation	<p>Session Law 2015-51 requires the Department of Health and Human Services (DHHS), Division of Child Development and Early Education and the Division of Social Services to develop a plan requiring a custodial parent or other relative or person with primary custody of a child receiving child care subsidy payments to cooperate with county child support services programs as a condition of receiving child care subsidy payments.</p> <p>Session Law 2015-241, Section 12C.7 directs the North Carolina Child Support Services Section of DHHS to retain up to 15% of the annual federal incentive payments it receives from the federal government to enhance centralized child support services; establish guidelines that identify appropriate uses for federal incentive funding; and develop an implementation plan.</p>

Report	North Carolina Should Eliminate the Use of Personal Services Contracts in Favor of Using Existing Mechanisms (February 2015)
Summary	In order to ensure open competition and transparency, the procurement of goods and services by North Carolina state agencies and institutions is subject to numerous laws, rules, and regulations. The Program Evaluation Division found that agencies and institutions have circumvented state law when procuring personal services and also have compensated contractors at high rates. In addition, Executive Branch agencies have violated state law by not obtaining approval for information technology (IT) personal services contracts, and the Office of Information Technology Services (OITS) lacks a process to ensure compliance. Personal services contracts are unnecessary because mechanisms with greater oversight already exist.
Recommendations	The General Assembly should enact legislation prohibiting the use of personal services contracts, requiring Executive Branch agencies to obtain non-IT supplemental staff through Temporary Solutions and requiring OITS and the Office of State Budget and Management to approve the procurement of IT services from individuals, report on a biennial basis, and conduct compliance reviews.
Legislation	Session Law 2015-241, Section 26.2 mandates <ul style="list-style-type: none"> • personal services contracts for executive branch agencies shall be subject to the same requirements and procedures as service contracts; • no IT personal services contract, nor any contract that provides personnel to perform IT functions regardless of the cost of the contract, may be established or renewed without written approval from the Department of Information Technology and the Office of State Budget and Management; and • all state agencies that utilize temporary employees to perform work that is not IT-related must employ them through the Temporary Solutions Program administered by the Office of State Human Resources.

During its 2015 legislative session, recommendations from six other PED reports were incorporated into proposed legislation that was ultimately not enacted before the end of the 2015 Session.

Report	Recommendations	Non-Enacted Legislation
Doubtful Return on the Public's \$141 Million Investment in Poorly Managed Vehicle Inspection Programs (December 2008)	The General Assembly should reevaluate the need for a safety inspection program. Options include repealing the safety inspection program.	Senate Bill 200 An act to repeal the requirement that motor vehicles registered in this state have an annual safety inspection.
Motor Fleet Management Uses Best Practices, but Needs Telematics to Strengthen Accountability (March 2012)	The General Assembly should direct the Division of Motor Fleet Management to phase in implementation of basic telematics services to strengthen accountability for state-owned passenger vehicles.	Senate Bill 312 An act to require the Division of Motor Fleet Management of the Department of Administration to contract for the development and implementation of a pilot project to test the effectiveness and efficiency of using telematics in state-owned motor vehicles.

During its 2015 legislative session, recommendations from six other PED reports were incorporated into proposed legislation that was ultimately not enacted before the end of the 2015 Session (cont'd.)

Report	Recommendations	Non-Enacted Legislation
<p>North Carolina Does Not Track Lands Submerged Under Navigable Rivers or Know the Extent of Private Claims (January 2013)</p>	<p>The General Assembly could consider requiring DOA to improve its management and tracking of submerged lands and creating a submerged lands claims process.</p>	<p>Senate Bill 282 An act to improve the oversight and management of state-owned submerged lands, including initiating a process to inventory claims on state-owned submerged lands.</p>
<p>Performance Measurement and Monitoring Would Strengthen Accountability of North Carolina's Driver Education Program (March 2014)</p>	<p>The General Assembly should require state agencies and institutions initiating pilot projects at the direction of the legislature to adhere to standards established by the School of Government at the University of North Carolina at Chapel Hill.</p>	<p>House Bill 72/Senate Bill 91 An act to require the School of Government at the University of North Carolina to coordinate a working group charged with developing standards for state agencies to use when designing and implementing pilot projects mandated by the General Assembly.</p>
<p>North Carolina Needs a Coordinated Strategy to Guide the Changing Landscape of Veterans Programs (September 2014)</p>	<p>The General Assembly should establish the Task Force on Veterans, Service Members, and Their Families in statute, direct this group to develop and implement a statewide strategic plan to track and improve services for veterans and their families, direct state entities to track and report information to the Task Force, and create a legislative oversight committee to monitor and oversee the implementation of this plan.</p>	<p>House Bill 118/Senate Bill 126 An act to establish the Task Force for Veterans, Service Members, and Their Families.</p>
<p>Licensing Processing Fees Are Inequitable; Permit DOI Vendor to Charge Different Processing Fees Based on Effort and Cost (January 2015)</p>	<p>The General Assembly should direct the Department of Insurance's Agent Services Division to issue a request for proposal for licensing administrative services that allows the contractor to charge different processing fees based on the cost and effort necessary to process licenses for the different industries.</p>	<p>House Bill 196/Senate Bill 120 An act to require the Department of Insurance to include differential license processing fees when issuing its next request for proposal for a licensing administrative services contract.</p>

For more information on this follow-up report, please contact Josh Love at josh.love@ncleg.net.

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