June 30, 2017

The FY18-19 North Carolina State Budget adopted this week by the General Assembly included cuts to Single-Stream Funding to our state’s behavioral healthcare system of almost $178 million over the next two years. This is the critical State funding that supports uninsured and underinsured North Carolinians. It is important to understand that these cuts have tangible consequences to the health of many of the most vulnerable citizens living in Durham, Wake, Cumberland and Johnston counties.

Significant portions of this cut are recurring reductions, meaning that these funds are permanently removed from the public behavioral health system. Coupled with $262 million in Single-Stream Funding cuts over the past two years, these new cuts force Alliance to scale back and even eliminate components of our comprehensive plan to reinvest $43 million over a three-year period to meet the pressing needs of our communities.

Legislation mandates that Alliance continue to offer the 2015 level of State-funded services, despite having its funding to support those services reduced dramatically. As a result, Alliance must make up this shortfall by utilizing the Medicaid savings designated for community reinvestment. This is in conflict with the very premise of public managed care in North Carolina – using the savings that come from competent management of the healthcare system to reinvest in addressing the identified needs of the communities we serve.

The most consequential impact on Alliance’s reinvestment is the inability to move forward with planned enhancements to our continuum of crisis services – innovative service enhancements designed to reduce unnecessary emergency department admissions and divert people with behavioral health issues from the criminal justice system. Specifically:

Work Halted on a New Adult Behavioral Health Crisis Facility in Wake County
Due to the passage of the budget, Alliance has stopped plans to open a new 16-bed adult crisis facility to respond to the rapidly-growing demand in Wake County. Behavioral health crisis facilities are critical to addressing emergency department overcrowding by offering an alternative location for emergency responders to transport individuals experiencing a behavioral health crisis. They offer a 24/7 community-based, non-hospital residential setting to provide specialized and cost-effective care to individuals in crisis, and it is anticipated that this new facility would have served 200-300 people per month.

No Expansion of Behavioral Health Urgent Care Centers
These urgent care centers provide more appropriate care and address ED overcrowding by offering walk-in access to individuals to receive same-day access to clinical assessments and psychiatric evaluations.

Because both of these facilities would serve a high proportion of uninsured and underinsured individuals, lack of current and future State funding makes operating such facilities unsustainable. Instead, these individuals are likely to end up homeless or in jails and emergency departments.

No Provider Rate Increases
These cuts also force Alliance to abandon our plans to raise provider reimbursement rates across multiple service lines in the coming fiscal year.

The unfortunate reality is that these budget cuts, and the threat of further cuts, require us to make difficult decisions to rebalance our service obligations and our reinvestment objectives. However, be assured that Alliance’s commitment to our communities and the people we serve remains unwavering.