

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2011**

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**SENATE BILL 334\***

Short Title:   Expand Inpatient Psychiatric Beds/Funds. (Public)

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Sponsors:    Senators Nesbitt; Allran, Atwater, D. Berger, Dannelly, Forrester, Garrou,  
                  Jenkins, Jones, Purcell, and White.

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Referred to:   Mental Health & Youth Services.

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March 14, 2011

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE ADDITIONAL FUNDS FOR THE EXPANSION OF LOCAL  
INPATIENT PSYCHIATRIC BEDS OR BED DAYS, AS RECOMMENDED BY THE  
LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH,  
DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES.

The General Assembly of North Carolina enacts:

**SECTION 1.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Division), the sum of thirty-nine million one hundred twenty-one thousand six hundred forty-four dollars (\$39,121,644) for the 2011-2012 fiscal year for the purchase of 50 additional local inpatient psychiatric beds or bed days. These beds or bed days shall be distributed across the State in LME catchment areas and according to need as determined by the Department. The Department shall enter into contracts with the LMEs and community hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. Local inpatient psychiatric beds or bed days shall be managed and controlled by the LME, including the determination of which local or State hospital the individual should be admitted to pursuant to an involuntary commitment order. Funds shall not be allocated to LMEs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LMEs and billed by the hospitals through the LMEs. LMEs shall remit claims for payment to the Division within 15 working days of receipt of a clean claim from the hospital and shall pay the hospital within 30 working days of receipt of payment from the Division. If the Department determines (i) that an LME is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not reduced or (ii) the LME has failed to comply with the prompt payment provisions of this subsection, the Department may contract with another LME to manage the beds or bed days, or, notwithstanding any other provision of law to the contrary, may pay the hospital directly. The Department shall develop reporting requirements for LMEs regarding the utilization of the beds or bed days. Funds appropriated in this section for the purchase of local inpatient psychiatric beds or bed days shall be used to purchase additional beds or bed days not currently funded by or through LMEs and shall not be used to supplant other funds available or otherwise appropriated for the purchase of psychiatric inpatient services under contract with community hospitals, including beds or bed days being purchased through Hospital Utilization Pilot funds appropriated in S.L. 2007-323. Not later than March 1, 2011, the Department shall report to the House of Representatives Appropriations



1 Subcommittee on Health and Human Services, the Senate, the Joint Legislative Oversight  
2 Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and  
3 the Fiscal Research Division on a uniform system for beds or bed days purchased (i) with local  
4 funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv)  
5 purchased using funds appropriated under this section.

6 **SECTION 2.** This act becomes effective July 1, 2011.