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SENATE BILL DRS15351-MRa-28 (04/26)

Short Title: NC Healthcare Jobs Initiative 2016.

(Public)

Sponsors: Senator Bryant (Primary Sponsor).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXPAND ELIGIBILITY FOR THE MEDICAID PROGRAM TO INCLUDE ALL PEOPLE UNDER AGE SIXTY-FIVE WHO HAVE INCOMES EQUAL TO OR BELOW ONE HUNDRED THIRTY-THREE PERCENT OF THE FEDERAL POVERTY LEVEL, TO APPROPRIATE FUNDS FOR COSTS ASSOCIATED WITH THE EXPANSION, TO ACCOUNT FOR THE SAVINGS TO OTHER STATE PROGRAMS AS A RESULT OF THE EXPANSION, AND TO HAVE THE STATE SHARE OF COSTS OF THE EXPANSION FUNDED BY HOSPITAL PROVIDERS.

Whereas, Medicaid expansion would create positive economic benefits for the State of North Carolina through the influx of federal funds that would attend Medicaid expansion; and

Whereas, Medicaid expansion would increase demand for health care services provided by health care providers, such as physicians, hospitals, pharmacies, and home health agencies; and

Whereas, the economic benefits of Medicaid expansion would extend beyond the health care industry because health care workers purchase goods and services in the broader economy; and

Whereas, an increase in employment and an increase in the purchase of goods and services would increase income taxes and sales and use taxes payable to the State; and

Whereas, this act provides for a new hospital assessment to be used as the temporary funding source to pay for the additional costs of Medicaid expansion with the intent that the assessment be phased-out as the tax revenues generated by the economic benefits from expansion of the Medicaid program are realized; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Repeal of Prohibition on Medicaid Expansion. – Section 3 of S.L. 2013-5 is repealed.

SECTION 2. Medicaid Expansion Required. – Effective January 1, 2017, the Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all people under age 65 who have incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines. The medical assistance provided to persons in this Affordable Care Act expansion group shall consist of the coverage described in 42 U.S.C. § 1396a(k)(1). Specifically, persons in the expansion group who have access to employer-sponsored insurance shall be eligible for assistance with the cost of insurance through the existing North Carolina Health Insurance Premium Payment (NC HIP) program.

SECTION 3. Appropriation to Pay for Administrative Costs. – There is appropriated from the General Fund to the Department of Health and Human Services, Division of Medical Assistance, the sum of seven million eight thousand seven hundred five dollars (\$7,008,705) in recurring funds for the 2016-2017 fiscal year for administrative costs associated with the Medicaid



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1 expansion required by Section 2 of this act. These funds shall provide a State match for an
2 estimated twenty-one million twenty-six thousand one hundred sixteen dollars (\$21,026,116) in
3 federal funds for the 2016-2017 fiscal year, and those federal funds are hereby appropriated to pay
4 administrative costs associated with the Medicaid expansion required by Section 2 of this act. If
5 the amount of federal funds available for this purpose exceeds the amounts set forth in this section,
6 then the expenditure of State funds for this purpose shall be reduced by an amount equal to the
7 amount of excess federal funds that are available, and these excess federal funds are hereby
8 appropriated for the purposes described in this section.

9 **SECTION 4.** Appropriation to Pay for Medicaid Services Costs. – The expansion of
10 Medicaid services under this act will affect only half of the 2016-2017 fiscal year. There is
11 appropriated from the General Fund to the Department of Health and Human Services, Division of
12 Medical Assistance, the sum of forty-seven million six hundred thirty-two thousand two hundred
13 forty dollars (\$47,632,240) in recurring funds for the 2016-2017 fiscal year as part of the Medicaid
14 rebase. These funds shall provide a State match for an estimated one billion two hundred
15 twenty-two million five hundred sixty thousand eight hundred twenty-two dollars
16 (\$1,222,560,822) in federal funds in the 2016-2017 fiscal year, and those federal funds are hereby
17 appropriated to the Division of Medical Assistance to pay for Medicaid services.

18 **SECTION 5.** Reductions to Reflect Savings in Other State Programs. – Because the
19 Medicaid expansion required by this act will generate savings to other State programs that
20 currently serve the population to be included in the Medicaid expansion, the following reductions
21 are made:

- 22 (1) Because the expansion of Medicaid services under this act will affect only half
23 of the 2016-2017 fiscal year, the appropriation to the Department of Health and
24 Human Services, Division of Mental Health, is hereby reduced by eight million
25 one hundred eighty-five thousand nine hundred ninety-seven dollars
26 (\$8,185,997) in recurring funds for the 2016-2017 fiscal year.
- 27 (2) Because the expansion of Medicaid services under this act will affect only half
28 of the 2016-2017 fiscal year, the appropriation for the AIDS Drug Assistance
29 Program (ADAP) in the Department of Health and Human Services, Division
30 of Public Health, is hereby reduced by fourteen million three hundred eight
31 thousand six hundred twenty-three dollars (\$14,308,623) in recurring funds for
32 the 2016-2017 fiscal year.
- 33 (3) Because the expansion of Medicaid services under this act will affect only half
34 of the 2016-2017 fiscal year, the appropriation for the Inmate Health Care
35 program within the Department of Public Safety, Division of Adult Correction,
36 is hereby reduced by eight million five hundred thousand dollars (\$8,500,000)
37 in recurring funds for the 2016-2017 fiscal year.

38 **SECTION 6.(a)** The statutory sections of Article 7 of Chapter 108A of the General
39 Statutes, which are known as the "Hospital Provider Assessment Act," are hereby reorganized into
40 the following parts:

- 41 (1) "Part 1. Title, Purpose, Definitions," which shall include G.S. 108A-120 and
42 G.S. 108A-121.
- 43 (2) "Part 2. UPL and Equity Assessments," which shall include G.S. 108A-122,
44 108A-123, 108A-124, and 108A-125. The Revisor of Statutes shall amend
45 references within these statutory sections to "this Article" to instead be "this
46 Part" whenever appropriate.
- 47 (3) "Part 3. General Provisions," which shall include G.S. 108A-126, 108A-127,
48 and 108A-128.
- 49 (4) "Part 4. Medicaid Expansion Assessment," which shall include G.S. 108A-131,
50 which is enacted by subsection (b) of this section.

1 **SECTION 6.(b)** Article 7 of Chapter 108A of the General Statutes is amended by
2 adding the following new section:

3 **"§ 108A-131. Additional assessment amount for Medicaid expansion.**

4 (a) Assessment Imposed. – In order for the hospital providers of this State to pay for the
5 State share of the service and administrative costs of Medicaid expansion, each hospital that is not
6 fully exempt from both the equity assessment and UPL assessment under G.S. 108A-122(c) is
7 subject to an additional assessment under this section.

8 (b) Calculation and Notice. – The Secretary shall annually calculate the assessment amount
9 for a hospital by multiplying the total State share of service and administrative costs of Medicaid
10 expansion by the hospital provider's percentage of all Medicaid services billed by all hospitals
11 subject to this section. The Secretary shall notify each hospital that is assessed of the following:

12 (1) The total State share of service and administrative costs of Medicaid expansion
13 for the applicable time period.

14 (2) The hospital's share of all Medicaid services billed.

15 (3) The amount assessed to the hospital.

16 (c) Priority of Assessment. – The assessment collected under this section is in addition to
17 and has greater priority than any assessment that might be collected from a hospital provider under
18 Part 2 of this Article. As such, if federal limitations on the total amount of Medicaid assessments
19 that may be collected require the State to reduce the amount of assessments collected, then the
20 assessment amounts for the equity and UPL assessments shall be reduced prior to reducing the
21 amount collected under this section.

22 (d) Appeal. – A hospital may appeal an assessment determination through a
23 reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation
24 to pay an assessment amount when due.

25 (e) Definition. – As used in this section, the phrase "Medicaid expansion" means the
26 Medicaid expansion provided in the Affordable Care Act, P.L. 111-148, as amended, for which
27 the enforcement was ruled unconstitutional by the U.S. Supreme Court in National Federation of
28 Independent Business, et al. v. Sebelius, Secretary of Health and Human Services, et al., 132 S. Ct.
29 2566 (2012)."

30 **SECTION 6.(c)** G.S. 108A-124 is amended by adding a new subsection to read:

31 "(e) Reduced Payments. – Notwithstanding subsection (d) of this section, if all or any part
32 of a payment required to be made under this section cannot be made because the assessment
33 amounts are reduced pursuant to G.S. 108A-131(c), then the Secretary shall not refund the
34 assessment proceeds and instead shall reduce the payments as follows:

35 (1) Equity payments shall not be reduced until UPL payments have been reduced to
36 zero.

37 (2) Reductions to the UPL and equity payments shall be applied to each hospital's
38 payment on a pro rata basis."

39 **SECTION 6.(d)** This section becomes effective July 1, 2017.

40 **SECTION 7.** Effective Date. – Except as otherwise provided, this act becomes
41 effective July 1, 2016.