

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 1002\*  
Committee Substitute Favorable 6/6/18

Short Title: Medical Education & Residency Study.

(Public)

Sponsors:

Referred to:

May 24, 2018

1 A BILL TO BE ENTITLED  
2 AN ACT TO STUDY MEDICAL EDUCATION PROGRAMS AND MEDICAL RESIDENCY  
3 PROGRAMS, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT  
4 COMMITTEE ON HEALTH AND HUMAN SERVICES AND THE JOINT  
5 LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.

6 Whereas, Section 11J.2 of S.L. 2017-57 authorized the Joint Legislative Oversight  
7 Committee on Health and Human Services and the Joint Legislative Education Oversight  
8 Committee to each appoint a subcommittee to jointly examine the use of State funds to support  
9 medical education programs and medical residency programs; and

10 Whereas, the Joint Subcommittee on Medical Education and Medical Residency  
11 Programs, appointed by the Joint Legislative Oversight Committee on Health and Human  
12 Services and the Joint Legislative Education Oversight Committee, was not able to conduct a  
13 thorough examination of medical education programs and medical residency programs and to  
14 develop a plan to support them in a manner that addresses the health care needs of the State prior  
15 to the March 15, 2018, reporting deadline; and

16 Whereas, there is continued interest in examining ways to support medical education  
17 programs and medical residency programs with a goal of addressing the short-term and long-term  
18 health care needs of the State's residents; and

19 Whereas, the Joint Legislative Oversight Committee on Health and Human Services  
20 and the Joint Legislative Education Oversight Committee may find it necessary to prioritize their  
21 interim work and both Committees may not be in a position to appoint a subcommittee to work  
22 jointly; and

23 Whereas, the intent of the act is to create a mechanism allowing flexibility for two  
24 appointed subcommittees to work jointly, or for one or more appointed subcommittees to work  
25 independently; and

26 Whereas, the Joint Subcommittee on Medical Education and Medical Residency  
27 Programs identified data and information that will be needed to inform the work of future  
28 subcommittees in order to more thoroughly examine medical education programs and medical  
29 residency programs in order to identify objectives for those programs throughout the State and  
30 to provide direction to the Department of Health and Human Services in designing programs that  
31 meet the needs of the State; Now, therefore,

32 The General Assembly of North Carolina enacts:

33 **SECTION 1.** The Joint Legislative Oversight Committee on Health and Human  
34 Services and the Joint Legislative Education Oversight Committee may each appoint a  
35 subcommittee to study medical education programs and medical residency programs. If  
36 appointed, the subcommittees may consult each other and may elect to meet jointly, but each



1 subcommittee is authorized to work independently and report to its respective oversight  
2 committee.

3 **SECTION 2.(a)** The medical education and medical residency study may include  
4 examination of the following:

- 5 (1) The health care needs of the State's residents and the State's goals in meeting  
6 those health care needs through the support and funding of medical education  
7 programs and medical residency programs located within the State.
- 8 (2) The short-term and long-term benefits to the State for allocating State funds  
9 to medical education programs and medical residency programs located  
10 within the State.
- 11 (3) Recommended changes and improvements to the State's current policies with  
12 respect to allocating State funds and providing other support to medical  
13 education programs and medical residency programs located within the State.
- 14 (4) Development of an evaluation protocol to be used by the State in determining  
15 (i) the particular medical education programs and medical residency programs  
16 to support with State funds and (ii) the amount of State funds to allocate to  
17 these programs.
- 18 (5) Any other relevant issues deemed appropriate.

19 **SECTION 2.(b)** The study may include input from other states, stakeholders, and  
20 national experts on medical education programs, medical residency programs, and health care,  
21 as deemed necessary.

22 **SECTION 2.(c)** The study may examine the reports provided by the Department of  
23 Health and Human Services and The University of North Carolina in accordance with Section  
24 11J.2(c) of S.L. 2017-57 and the report provided by the Department of Health and Human  
25 Services in accordance with Section 3 of this act.

26 **SECTION 3.** No later than August 1, 2019, the Department of Health and Human  
27 Services shall submit to the Joint Legislative Oversight Committee on Health and Human  
28 Services, the Joint Legislative Education Oversight Committee, and the Joint Legislative  
29 Oversight Committee on Medicaid and NC Health Choice a report on medical education  
30 programs and medical residency programs. This report shall be developed in collaboration with  
31 the Cecil G. Sheps Center for Health Services Research at the University of North Carolina at  
32 Chapel Hill, the North Carolina Area Health Education Centers, the North Carolina Institute of  
33 Medicine, the University of North Carolina at Chapel Hill School of Medicine, the Brody School  
34 of Medicine at East Carolina University, the Duke University School of Medicine, the Wake  
35 Forest School of Medicine, and the Campbell University Jerry M. Wallace School of Osteopathic  
36 Medicine. The report shall be used to facilitate the development of measurable objectives, along  
37 with specified time frames for achievement, which will be used by the State when funding  
38 medical education programs and medical residency programs addressing the health care needs  
39 throughout the State, particularly increased health care access in rural areas. The report shall  
40 contain the following information:

- 41 (1) Detailed information about North Carolina medical school student slots,  
42 residency slots, and intern slots, including the number of slots for each  
43 medical school and medical residency program and how these slots have  
44 changed over time. The report shall also contain detailed information about  
45 caps for Medicare-funded graduate medical education positions. This  
46 information shall include the caps set by Medicare and other agencies, the  
47 methodology used to establish those caps, information on how medical school  
48 student slots, residency slots, and intern slots have changed over time, and  
49 how changes to medical school student slots, residency slots, and intern slots,  
50 and caps for Medicare-funded graduate medical education positions may be  
51 accomplished in the future. This information shall also include an assessment

- 1 of the effect of medical school student slots, residency slots, and intern slots,  
2 and caps for Medicare-funded graduate medical education positions on  
3 addressing health workforce needs in North Carolina.
- 4 (2) Suggested overall objectives for the medical education programs and medical  
5 residency programs in the State, including identified outcomes and goals to  
6 meet the needs of rural areas.
- 7 (3) Total funding for the North Carolina Area Health Education Centers for the  
8 past three fiscal years, the primary purposes of the funding, and outcomes that  
9 have been achieved relative to those purposes.
- 10 (4) Total funding for the University of North Carolina at Chapel Hill School of  
11 Medicine and the Brody School of Medicine at East Carolina University for  
12 the past three fiscal years. This shall include an analysis of the cost of  
13 operating each school of medicine compared to the total funding for each  
14 school of medicine.
- 15 (5) The total reimbursement paid to hospitals related to Graduate Medical  
16 Education (GME) through the Medicaid program, including all of the  
17 following methodologies: receipts, claims payments, cost settlements,  
18 enhanced payments, and equity supplemental payments. This shall include an  
19 analysis of the funding source for this reimbursement, including how much of  
20 the funding is provided by the State, by hospitals, and by the federal  
21 government.
- 22 (6) A detailed explanation of all Medicaid GME reimbursement methodologies  
23 that the Department of Health and Human Services intends to use, or is using,  
24 under the transformed North Carolina Medicaid and North Carolina Health  
25 Choice programs, as described in S.L. 2015-245, as amended by Section 2 of  
26 S.L. 2016-121, Section 11H.17 of S.L. 2017-57, and Section 4 of S.L.  
27 2017-186. This explanation shall include a rationale for any changes made to  
28 the Medicaid GME reimbursement methodology, outcomes to be achieved by  
29 these changes, and methods by which to measure these outcomes.
- 30 (7) Strategies, outside of the publically funded programs, used by hospitals and  
31 communities to attract and retain health care providers to rural areas.
- 32 (8) Any recommendations regarding a body to compile and oversee the State's  
33 medical education programs and medical residency programs data, including  
34 whether this additional oversight body is necessary. If an oversight body is  
35 recommended, this recommendation shall also include the composition of the  
36 body, the recommended agency to house the body, the duties of the body, the  
37 specific information the body is to oversee, the mechanism by which the body  
38 will collect the data, and any funding needs for the body.
- 39 (9) An analysis of how other states have modified or developed funding to meet  
40 the need in rural areas regarding the recruitment and retention of health care  
41 providers, including the use of Medicaid funding, loan forgiveness, and loan  
42 repayment. This analysis should include the processes by which other states  
43 have identified the need for health care providers by specialty or location and  
44 the outcomes achieved.
- 45 (10) Any limitations or parameters set by other entities that may restrict the State's  
46 ability to modify programs that support the State's objectives, including (i)  
47 Medicaid reimbursement for GME, (ii) loan forgiveness, (iii) loan repayment,  
48 or (iv) other sources of funding.

49 **SECTION 4.** A subcommittee authorized by this act and appointed shall develop a  
50 proposal for a statewide plan to support medical education programs and medical residency  
51 programs within North Carolina in a manner that maximizes the impact of financial and other

1 support provided by the State for these programs and addresses the short-term and long-term  
2 health care needs of the State's residents, particularly increased health care access in rural areas.  
3 A subcommittee authorized by this act and appointed may provide an interim report to its  
4 respective oversight committee by November 1, 2018, and shall report to its respective oversight  
5 committee on or before March 1, 2020, at which time a subcommittee authorized by this act shall  
6 terminate.

7 **SECTION 5.** This act is effective when it becomes law.