

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 990  
Committee Substitute Favorable 6/7/22

Short Title: Medicaid Hospital Assessments Adjustments.

(Public)

Sponsors:

Referred to:

May 19, 2022

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL ADJUSTMENTS TO THE MEDICAID MODERNIZED HOSPITAL ASSESSMENTS AND TO REQUIRE ACTIONS NECESSARY FOR THE ADDITION OF A NEW HOSPITAL ASSESSMENT TO SUPPORT INCREASED MEDICAID REIMBURSEMENTS TO HOSPITALS.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** G.S. 108A-146.12, as enacted by Section 9D.13A(c) of S.L. 2021-180, reads as rewritten:

**"§ 108A-146.12. Postpartum coverage component.**

The postpartum coverage component is twelve million five hundred thousand dollars (\$12,500,000) for each quarter of the 2021-2022 State fiscal year. For each quarter of the 2022-2023 State fiscal year, the postpartum coverage component is eleven million four thousand four hundred twenty-four dollars (\$11,004,424). For each ~~subsequent~~ State fiscal year after the 2022-2023 State fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly amount by the Medicare Economic Index."

**SECTION 1.(b)** G.S. 108A-146.13, as amended by Section 9D.13A(d) of S.L. 2021-180, reads as rewritten:

**"§ 108A-146.13. Intergovernmental transfer adjustment component.**

(a) The intergovernmental transfer adjustment component is the sum of all of the following subcomponents:

(1) The historical subcomponent is forty-one million two hundred twenty-seven thousand three hundred twenty-one dollars (\$41,227,321) for each quarter of the 2021-2022 State fiscal year. For each quarter of the 2022-2023 State fiscal year, the historical subcomponent is forty-two million seventeen thousand forty-five dollars (\$42,017,045). For each ~~subsequent~~ State fiscal year after the 2022-2023 State fiscal year, the historical subcomponent shall be increased over the prior year's quarterly amount by the market basket percentage.

(2) The postpartum subcomponent applies to the assessments under this Part only during the period of April 1, 2022, through March 31, 2027, and is two million nine hundred sixty-two thousand five hundred dollars (\$2,962,500) for each quarter of the 2021-2022 State fiscal year. For each quarter of the 2022-2023 State fiscal year, the postpartum subcomponent is two million six hundred six thousand three hundred eighty-four dollars (\$2,606,384). For each ~~subsequent~~ State fiscal year after the 2022-2023 State fiscal year, the postpartum



1 subcomponent shall be increased over the prior year's quarterly amount by the  
2 Medicare Economic Index.

3 ...

4 (b) If a public acute care hospital closes or becomes a private acute care hospital, then,  
5 beginning in the first assessment quarter following the closure or change to a private acute care  
6 hospital and for each quarter thereafter, the intergovernmental transfer adjustment component  
7 described in subsection (a) of this section, as inflated in accordance with that section, shall be  
8 reduced by the amount of the public acute care hospital's intergovernmental transfer obligation  
9 to the Department ~~made~~ during its last quarter of operation as a public acute care hospital."

10 **SECTION 1.(c)** Notwithstanding G.S. 108A-146.12 and G.S. 108A-146.13, for the  
11 quarter beginning October 1, 2022, the postpartum coverage component is three million three  
12 hundred forty-nine thousand seven hundred thirty-one dollars (\$3,349,731) and the postpartum  
13 subcomponent of the intergovernmental transfer adjustment component is seven hundred  
14 eighty-nine thousand five hundred fifty-nine dollars (\$789,559).

15 **SECTION 1.(d)** This section becomes effective October 1, 2022, and applies to  
16 modernized hospital assessments imposed under Part 2 of Article 7B of Chapter 108A of the  
17 General Statutes on or after that date.

18 **SECTION 2.(a)** It is the intent of the General Assembly to assess hospitals for the  
19 nonfederal share of a directed payment program, to be called the Healthcare Access Stabilization  
20 Program (HASP), that will fund the hospital payments described in this section. The Department  
21 of Health and Human Services (DHHS) shall consult with stakeholders to develop a submission  
22 of a 42 C.F.R. § 438.6(c) preprint to the Centers for Medicare and Medicaid Services (CMS) to  
23 request approval for these payments. The submission shall request the maximum reimbursement  
24 to hospitals that meets both of the following:

- 25 (1) Is permitted under 42 C.F.R. § 438.6(c).  
26 (2) Ensures that the increased reimbursement rate would not have to be reduced  
27 in the event that the State (i) expanded Medicaid coverage to the individuals  
28 described in section 1902(a)(10)(A)(i)(VIII) of the Social Security Act and  
29 (ii) increased hospital assessments to avoid the need for a State General Fund  
30 appropriation to fund the nonfederal share of this coverage.

31 **SECTION 2.(b)** DHHS shall submit the request developed under subsection (a) of  
32 this section to CMS no later than 60 days after the date this act becomes law. Upon submission  
33 to CMS, DHHS shall submit the 42 C.F.R. § 438.6(c) preprint to the Joint Legislative Oversight  
34 Committee on Medicaid and NC Health Choice and the Fiscal Research Division. If CMS does  
35 not approve the initial submission, DHHS shall continue to work with stakeholders and CMS to  
36 obtain approval for the maximum reimbursement that meets the requirements of subsection (a)  
37 of this section. Upon approval by CMS, DHHS shall submit a copy of the approved 42 C.F.R. §  
38 438.6(c) preprint to the Joint Legislative Oversight Committee on Medicaid and NC Health  
39 Choice and the Fiscal Research Division.

40 **SECTION 2.(c)** The hospital reimbursement increase approved under this section  
41 shall be effective upon the enactment of the legislative language necessary to fund, through the  
42 hospital directed payment program assessment described in subsection (d) of this section, the  
43 portion of the nonfederal share of the reimbursement increase that will not be funded through  
44 intergovernmental transfers. It is the intent of the General Assembly to consult with stakeholders  
45 and the Division of Health Benefits of the Department of Health and Human Services prior to its  
46 2023 Regular Session to develop a proposal for this language. The proposal should include any  
47 conforming changes needed to the modernized hospital assessments under Part 2 of Article 7B  
48 of Chapter 108A of the General Statutes.

49 **SECTION 2.(d)** Upon approval of the 42 C.F.R. § 438.6(c) preprint required under  
50 this section, it is the intent of the General Assembly to enact a hospital directed payment program

1 assessment under Article 7B of Chapter 108A of the General Statutes that meets all of the  
2 following criteria, to the extent allowable:

- 3 (1) The assessment shall apply to all private acute care hospitals.
- 4 (2) The assessment collected in the aggregate from these hospitals shall be an  
5 amount equal to the nonfederal share of the directed payments authorized by  
6 the CMS-approved 42 C.F.R. § 438.6(c) preprint and calculated to fund access  
7 payments to private acute care hospitals and private critical access hospitals.
- 8 (3) The assessment shall be a percentage of each private acute care hospital's cost.  
9 The assessment percentage shall be calculated quarterly by DHHS. The  
10 percentage for each quarter shall be calculated by (i) multiplying the rate  
11 increase percentages for private acute care hospitals and private critical access  
12 hospitals under the CMS-approved 42 C.F.R. § 438.6(c) preprint by the  
13 Medicaid managed care payments for hospital services eligible for the rate  
14 increase calculated for one-fourth of the State fiscal year, (ii) summing that  
15 product for all private acute care hospitals and private critical access hospitals,  
16 (iii) multiplying that product by the difference of one minus the federal  
17 medical assistance percentage (FMAP), and (iv) dividing by the total hospital  
18 costs for all private acute care hospitals holding a license on the first day of  
19 the assessment quarter.
- 20 (4) The use of the proceeds of the assessments and all corresponding matching  
21 federal funds shall be limited. The intended limitations are as follows:
  - 22 a. The funding described in this subdivision shall be used to fund directed  
23 payments to private acute care hospitals and private critical access  
24 hospitals in accordance with the CMS-approved 42 C.F.R. § 438.6(c)  
25 preprint.
  - 26 b. The funding described in this subdivision shall not supplant any other  
27 proceeds and corresponding matching federal funds authorized under  
28 Chapter 108A of the General Statutes, including the uses defined in  
29 G.S. 108A-146.15 and any existing and future appropriations for  
30 existing and future programs that support hospital payments or paid  
31 capitation.
  - 32 c. The proceeds of the assessment shall be credited against the hospital  
33 directed payment program assessment to be collected for the  
34 subsequent State fiscal year if not used for the purposes described in  
35 this subdivision within the same State fiscal year the proceeds are  
36 collected.
  - 37 d. The proceeds of the assessment shall be fully refunded to private acute  
38 care hospitals within 12 months of their collection in proportion to the  
39 amount of the collections paid in for the State fiscal year if CMS does  
40 not approve the hospital directed payments under the 42 C.F.R. §  
41 438.6(c) preprint.
  - 42 e. The proceeds of the assessment shall be refunded in part or in full, as  
43 necessary, to private acute care hospitals within 12 months of their  
44 collection in proportion to the amount of the collections paid in for the  
45 State fiscal year if the assessments were paid in error, invalidly  
46 imposed, or exceeded the amounts needed to fund hospital directed  
47 payments under this section.
  - 48 f. The proceeds of the assessment shall not be diverted to the State  
49 General Fund or used for a purpose other than described in this  
50 subdivision.

1                   **SECTION 3.** Except as otherwise provided, this act is effective when it becomes  
2 law.