

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 908*

Short Title: Increase Medicaid Reimbursement.

(Public)

Sponsors: Senator Walker.

Referred to: Human Resources.

May 13, 1991

A BILL TO BE ENTITLED

AN ACT TO INCREASE HOSPITAL MEDICAID REIMBURSEMENT AND TO
EXPAND MEDICAID ELIGIBILITY TO COVER MORE ELDERLY, BLIND,
AND DISABLED INDIVIDUALS.

The General Assembly of North Carolina enacts:

Section 1. Part 6 of Article 2 of Chapter 108A is amended by adding the
following new section:

"§ 108A-55.1. Hospital Medicaid reimbursement increased; eligibility expanded.

(a) Definitions. As used in this section, unless the context clearly requires
otherwise:

- (1) 'Assessment' means a tax assessment levied on hospitals pursuant to
this section.
- (2) 'Department' means the Department of Human Resources.
- (3) 'Division' means the Division of Medical Assistance, Department of
Human Resources.
- (4) 'Hospital' means an acute care hospital that is licensed under G.S.
131E-75 and that received Medicaid payments for inpatient services
during the previous State fiscal year.
- (5) 'Medicaid Assessment Revolving Trust Fund' (MART) means the fund
established to receive assessment moneys collected from hospitals
which are to be matched with federal Medicaid funds as provided in
this section.
- (6) 'Medicaid' means the North Carolina Medical Assistance program, as
authorized by and regulated pursuant to Part 3 of Article 2 of Chapter

1 108A of the General Statutes, pertinent State rules the federal
2 Medicaid program as defined in Title XIX of the Social Security Act
3 and pertinent federal regulations.

4 (7) Secretary. The Secretary of Human Resources.

5 (b) Rules. The Secretary shall adopt rules necessary to implement this section.

6 (c) Assessment. Each year the Division shall determine each hospital's total
7 costs for services to patients as reported by the hospital to the Division in the hospital's
8 most recent Medicaid cost report. Each hospital shall pay to the Department an
9 assessment equal to _____ percent (___ %) of the hospital's total costs for services as
10 determined by the Division. Each hospital shall remit its assessment to the Division in
11 equal quarterly installments according to a schedule adopted by rule. The initial
12 assessment for the quarter ending March 31, 1992, is payable on or before January 1,
13 1992. The Secretary may allow necessary variations in payment schedules according to
14 criteria set forth in rules adopted pursuant to this subsection.

15 The assessment due under this section shall bear interest at the rate established
16 pursuant to G.S. 105-241.1(i) from the date due until paid. In addition, the
17 penalties provided in G.S. 105-236 apply to the assessment levied in this section. The
18 Secretary may waive the penalties for good cause shown by the hospital.

19 (d) MART Fund. The MART fund is established in the Department of State
20 Treasurer. All assessments paid pursuant to this section shall be credited to the MART
21 fund and may be used only for the purposes set out in subsection (e) of this section. All
22 investment earnings of the fund shall be credited to the fund. The fund shall be exempt
23 from any State budget reduction acts. All funds in the MART fund shall be
24 appropriated to the Department. These funds are supplementary only and shall not be
25 used to replace funds appropriated to the Medicaid program by the General Assembly.
26 Unobligated funds at the end of each fiscal year shall be carried forward for use in the
27 following fiscal year.

28 (e) Use of Funds. The Division shall expend funds in the MART fund as follows:

29 (1) A hold harmless amount shall be held in reserve from the MART fund
30 that is sufficient to assure that each hospital receives as payment from
31 the fund an amount not less than one hundred ten percent (110%) of
32 the amount of that hospital's assessment during each calendar quarter.
33 The Department shall, on a quarterly basis, make a hold harmless
34 payment to each hospital for which one hundred ten percent (110%) of
35 its assessment for the preceding quarter exceeds the amount of total
36 payments made in accordance with subdivision (5) of this subsection
37 during the preceding quarter. The hold harmless payment shall be
38 calculated by subtracting the payments made by the hospital under
39 subdivision (5) of this subsection from one hundred ten percent
40 (110%) of the hospital's assessment amount. The amount to be held in
41 reserve for hold harmless payments shall be determined by the
42 Department using payment projections.

43 (2) Up to two percent (2%) of the funds shall be reserved for the
44 nonfederal share of the necessary administrative expenditures of the

1 Department. These expenditures shall include necessary staff and
2 associated administrative support services as determined by the
3 Division.

4 (3) Effective April 1, 1992, the Division shall pay the nonfederal share of
5 expanded Medicaid eligibility to cover, to the full extent permitted by
6 federal law, all elderly, blind, and disabled individuals receiving
7 assistance under the Supplemental Security Income Program, and all
8 elderly, blind, and disabled individuals whose family income is equal
9 to or less than seventy-five percent (75%) of the federal poverty
10 guidelines as revised annually by the United States Department of
11 Health and Human Services.

12 (4) The Division may maintain within the MART fund an undistributed
13 contingency reserve of up to one million dollars (\$1,000,000).

14 (5) The Division shall pay the nonfederal share of increased
15 reimbursement to hospitals effective for dates of service beginning
16 January 1, 1992. Hospital reimbursement shall be increased by:

17 a. Increasing the Medicaid hospital per diem rates to an amount
18 that in the aggregate does not exceed the Medicare upper limit
19 restriction. In determining the upper limit restriction, no
20 hospital will have its nondisproportionate share per diem rate
21 reduced;

22 b. Eliminating 'annual days' limits from the reimbursement plan
23 for periods after the 1992-93 fiscal year; and

24 c. Increasing the disproportionate share payment to hospitals in
25 accordance with rules adopted by the Secretary.

26 Increases proposed in this subdivision are subject to amounts
27 permitted under federal reimbursement rules and the necessary State
28 plan amendments. Disbursements shall be made through higher per
29 diem rates paid claim-by-claim.

30 (f) The Department shall notify each hospital in writing of the results of
31 determinations made pursuant to subsection (c) and subdivision (e)(5) of this section. If
32 no hospital submits a request for reconsideration, the determinations shall be considered
33 final. Requests for reconsideration shall be subject to the provisions of Chapter 150B of
34 the General Statutes.

35 (g) The requirements of this section shall apply only as long as federal funds
36 under the Medicaid program are provided and the federal funds are at least sufficient to
37 guarantee that each hospital receives an amount equal to the hold harmless provisions in
38 subdivision (e)(1) of this section. If the Secretary determines that federal Medicaid
39 funds are insufficient to meet this purpose, this section is repealed effective on the last
40 day of the quarter during which the Secretary determined that the Medicaid funds are
41 insufficient, and hospital rates will be adjusted to the rates that would have been in
42 effect had the payments in subdivision (e)(5) not been made."

43 Sec. 2. This act does not affect the rights or liabilities of the State, a taxpayer,
44 or another person arising under a statute repealed by this act before its repeal; nor does

- 1 it affect the right to any refund or credit of a tax that would otherwise have been
- 2 available under the repealed statute before its repeal.
- 3 Sec. 3. This act becomes effective July 1, 1991.