

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 812 (First Edition)

SHORT TITLE: Hospital Authority Territorial Jurisdiction.

SPONSOR(S): Representative Torbett

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available (X)		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES					
DHSR			No estimate available.		
It is unknown whether any of the existing hospital authorities will apply for a COPA.					
EXPENDITURES					
DHSR			(no cost impact)		
DOJ			No estimate available		
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: DHHS and DOJ					
EFFECTIVE DATE: Upon passage of this bill.					

BILL SUMMARY:

Amends GS 131E-20 to limit the territorial boundaries of a hospital authority. Currently, the territorial boundaries include the city or county creating the hospital authority and an additional 10 mile radius around these boundaries.

This bill removes the 10-mile radius allowance. The bill requires hospital authorities to expand beyond its boundaries only if the hospital obtains a Certificate of Public Advantage (COPA) through the Department of Health and Human Services, Division of Health Service Regulation (DHSR) and reviewed approved by the Attorney General. Additionally, the hospital authority must obtain an agreement with a hospital facility in the county of the expansion if there is only one hospital, or an agreement with at least one hospital if there are more than one, or obtain an agreement with a health care agency if a hospital does not exist.

ASSUMPTIONS AND METHODOLOGY:

There are currently six hospital authorities in North Carolina, of which one currently has a COPA. This bill would require the other five to first seek a COPA prior to expanding beyond the cities' and/or counties' boundaries as was defined by the creation of the hospital authority. .

The Division of Health Service Regulations (DHSR) and Attorney General receive and review the hospital authority's reports bi-annually, as required by GS 131E-192.9. Additionally, the DHSR and Attorney General meet with the hospital authority's management to review the reports and the terms of the COPA to ensure that the hospital's COPA advantages continue to outweigh any possible disadvantages associated with reduction in competition from the COPA. The DHSR's Division Director and representation from the Medical Care Commission participate in this review process which generally takes about eight hours, every two years, according to DHSR's Director.

The Department of Justice anticipates a cost of up to \$200,000 in extra costs for each COPA review to perform anti-trust economic and legal analysis. Since it is unknown at this time if any of the existing five hospital authorities would apply for a COPA under this new law, without surveying them, the total impact cannot be projected.

SOURCES OF DATA:

Department of Health and Human Services, Division of Health Service Regulation; Department of Justice.

TECHNICAL CONSIDERATIONS: The Department of Justice recommends that the bill be expanded to authorize DOJ to charge a fee to applicant hospital authorities to cover costs.

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