

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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**HOUSE BILL 973
Committee Substitute Favorable 5/21/13**

Short Title: Funds/Two-Tiered Pay for Three-Way Contracts.

(Public)

Sponsors:

Referred to:

April 18, 2013

A BILL TO BE ENTITLED

1 AN ACT REQUIRING THE DEPARTMENT OF HEALTH AND HUMAN SERVICES,
2 DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND
3 SUBSTANCE ABUSE SERVICES, TO DEVELOP A TWO-TIERED SYSTEM OF
4 PAYMENT FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS BASED
5 ON ACUITY LEVEL; REQUIRING THE DEPARTMENT TO ESTABLISH AND
6 ANNUALLY REPORT ON PERFORMANCE MEASURES FOR THIS TWO-TIERED
7 SYSTEM OF PAYMENT; AND APPROPRIATING FUNDS TO THE DEPARTMENT
8 TO IMPLEMENT THIS TWO-TIERED SYSTEM OF PAYMENT.
9

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.(a)** The Department of Health and Human Services, Division of
12 Mental Health, Developmental Disabilities, and Substance Abuse Services (Department), shall
13 develop and implement a two-tiered system of payment for purchasing local inpatient
14 psychiatric beds or bed days to meet the needs of individuals experiencing a mental health,
15 developmental disability, or substance abuse crisis. The two-tiered system of payment shall be
16 based on acuity level, with an enhanced rate of payment for inpatient psychiatric beds or bed
17 days for individuals with higher acuity levels, as defined by the Department. The enhanced rate
18 of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels
19 shall not exceed the lowest average cost per patient bed day among the State psychiatric
20 hospitals. The Department shall ensure that beds or bed days for individuals with higher acuity
21 levels are distributed across the State in LME catchment areas, including any catchment areas
22 served by managed care organizations, and according to greatest need based on hospital bed
23 utilization data.

24 **SECTION 1.(b)** The Department shall establish performance measures to assess
25 the effectiveness of the two-tiered system of payment for local inpatient psychiatric beds or bed
26 days established in accordance with subsection (a) of Section 1 of this act. By no later than
27 June 30, 2013, the Department shall develop and provide a description of these performance
28 measures in a report to the House of Representatives Appropriations Subcommittee on Health
29 and Human Services, the Senate Appropriations Committee on Health and Human Services, the
30 Fiscal Research Division, and, if the 2013 Session of the 2013-2014 General Assembly has
31 adjourned as of the date of the report, to the Joint Legislative Oversight Committee on Health
32 and Human Services. The Department shall submit a report on its assessment of this two-tiered
33 system of payment utilizing these performance measures to the House of Representatives
34 Appropriations Subcommittee on Health and Human Services, the Senate Appropriations
35 Committee on Health and Human Services, the Joint Legislative Oversight Committee on



1 Health and Human Services, and the Fiscal Research Division by no later than March 1, 2014,
2 and annually thereafter.

3 **SECTION 2.** There is appropriated from the General Fund to the Department of
4 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
5 Substance Abuse Services, the sum of two million dollars (\$2,000,000) for the 2013-2014 fiscal
6 year and the sum of two million dollars (\$2,000,000) for the 2014-2015 fiscal year. These funds
7 shall only be used to purchase local inpatient psychiatric beds or bed days at an enhanced rate
8 of payment for individuals with higher acuity levels under the two-tiered system of payment
9 established by the Department in accordance with subsection (a) of Section 1 of this act.

10 **SECTION 3.** This act becomes effective July 1, 2013.