

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 1297
Committee Substitute Favorable 5/11/09
PROPOSED SENATE COMMITTEE SUBSTITUTE H1297-PCS30441-RD-78

Short Title: Provider Credentials/Insurer/Provider Contract.

(Public)

Sponsors:

Referred to:

April 9, 2009

1 A BILL TO BE ENTITLED
2 AN ACT PERTAINING TO THE CREDENTIALING OF HEALTH CARE PROVIDERS
3 UNDER HEALTH BENEFIT PLANS; ADDING A DEFINITION, AND AMENDING
4 NOTICE AND CONTRACT NEGOTIATION PROVISIONS FOR HEALTH BENEFIT
5 PLAN AND PROVIDER CONTRACTING; CLARIFYING A CON EXEMPTION
6 CRITERION; AND MODIFYING INSPECTION PRACTICES OF CERTAIN
7 HOSPITAL OUTPATIENT LOCATIONS.

8 The General Assembly of North Carolina enacts:

9 SECTION 1. G.S. 58-3-230 reads as rewritten:

10 "§ 58-3-230. Uniform provider credentialing.

11 (a) An insurer that provides a health benefit plan and that credentials providers for its
12 networks shall maintain a process to assess and verify the qualifications of a licensed health
13 care practitioner within 60 days of receipt of a completed provider credentialing application
14 form approved by the Commissioner. If the insurer has not approved or denied the provider
15 credentialing application form within 60 days of receipt of the completed application, upon
16 receipt of a written request from the applicant and within five business days of its receipt, the
17 insurer shall issue a temporary credential to the applicant if the applicant has a valid North
18 Carolina professional or occupational license to provide the health care services to which the
19 credential would apply. The insurer shall not issue a temporary credential if the applicant has
20 reported on the application a history of medical malpractice claims, a history of substance
21 abuse or mental health issues, or a history of Medical Board disciplinary action. The temporary
22 credential shall be effective upon issuance and shall remain in effect until the provider's
23 credentialing application is approved or denied by the insurer. When a health care practitioner
24 joins a practice that is under contract with an insurer to participate in a health benefit plan, the
25 effective date of the health care practitioner's participation in the health benefit plan network
26 shall be the date the insurer approves the practitioner's credentialing application.

27 (b) The Commissioner shall by rule adopt a uniform provider credentialing application
28 form that will provide health benefit plans with the information necessary to adequately assess
29 and verify the qualifications of an applicant. The Commissioner may update the uniform
30 provider credentialing application form, as necessary. No insurer that provides a health benefit
31 plan may require an applicant to submit information that is not required by the uniform
32 provider credentialing application form.



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1 (c) As used in this section, the terms "health benefit plan" and "insurer" shall have the
2 meaning provided under G.S. 58-3-167."

3 **SECTION 2.(a)** If Senate Bill 877 becomes law, G.S. 58-50-270, as enacted in
4 Section 1 of Senate Bill 877, is amended by adding a new subdivision to read:

5 "(3a) 'Health care provider' – An individual who is licensed, certified, or otherwise
6 authorized under Chapter 90 or Chapter 90B of the General Statutes or under
7 the laws of another state to provide health care services in the ordinary
8 course of business or practice of a profession or in an approved education or
9 training program and a facility that is licensed under Chapter 131E or
10 Chapter 122C of the General Statutes or is owned or operated by the State of
11 North Carolina in which health care services are provided to patients."

12 **SECTION 2.(b)** If Senate Bill 877 becomes law, G.S. 58-50-271(b), as enacted in
13 Section 1 of Senate Bill 877, reads as rewritten:

14 "(b) Date of receipt for Means for sending all notices provided under a contract shall be
15 one or more of the following, calculated as (i) five business days following the date the notice
16 is placed, first-class postage prepaid, in the United States ~~mail~~; mail; (ii) on the day the notice is
17 hand delivered; (iii) for certified or registered mail, the date on the return receipt; or (iv) for
18 commercial courier service, the date of delivery. Nothing in this section prohibits the use of an
19 electronic medium for a communication other than an amendment if agreed to by the insurer
20 and the provider."

21 **SECTION 2.(c)** If Senate Bill 877 becomes law, G.S. 58-50-272, as enacted in
22 Section 1 of Senate Bill 877, is amended by adding a new subsection to read:

23 "(d) Nothing in this Part prohibits a health care provider and insurer from negotiating
24 contract terms that provide for mutual consent to an amendment, a process for reaching mutual
25 consent, or alternative notice contacts."

26 **SECTION 3.** G.S. 131E-184(e), as enacted by Session Law 2009-145, reads as
27 rewritten:

28 "(e) The Department shall exempt from certificate of need review a capital expenditure
29 that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if
30 all of the following conditions are met:

- 31 (1) The proposed capital expenditure would:
- 32 a. Be used solely for the purpose of renovating, replacing on the same
33 site, or expanding an existing:
 - 34 1. Nursing home facility,
 - 35 2. Adult care home facility, or
 - 36 3. Intermediate care facility for the mentally retarded; and
 - 37 b. Not result in a change in bed capacity, as defined in
38 G.S. 131E-176(5), or the addition of a health service facility or any
39 other new institutional health service other than that allowed in
40 G.S. 131E-176(16)b.
- 41 (2) The entity proposing to incur the capital expenditure provides prior written
42 notice to the Department, which notice includes documentation that
43 demonstrates that the proposed capital expenditure would be used for ~~only~~
44 one or more of the following purposes:
- 45 a. Conversion of semiprivate resident rooms to private rooms.
 - 46 b. Providing innovative, homelike residential dining spaces, such as
47 cafes, kitchenettes, or private dining areas to accommodate residents
48 and their families or visitors.
 - 49 c. Renovating, replacing, or expanding residential living or common
50 areas to improve the quality of life of residents."

51 **SECTION 4.(a)** G.S. 131E-76(3) reads as rewritten:

1 (3) "Hospital" means any facility which has an organized medical staff and
2 which is designed, used, and operated to provide health care, diagnostic and
3 therapeutic services, and continuous nursing care primarily to inpatients
4 where such care and services are rendered under the supervision and
5 direction of physicians licensed under Chapter 90 of the General Statutes,
6 Article 1, to two or more persons over a period in excess of 24 hours. The
7 term includes facilities for the diagnosis and treatment of disorders within
8 the scope of specific health specialties. The term does not include private
9 mental facilities licensed under Article 2 of Chapter 122C of the General
10 Statutes, nursing homes licensed under G.S. 131E-102, ~~and~~ adult care homes
11 licensed under ~~G.S. 131D-2~~, 131D-2, and any outpatient department
12 including a portion of a hospital operated as an outpatient department, on or
13 off of the hospital's main campus, that is operated under the hospital's
14 control or ownership and is classified as Business Occupancy by the Life
15 Safety Code of the National Fire Protection Association as referenced under
16 42 C.F.R. § 482.41. Provided, however, if the Business Occupancy
17 outpatient location is to be operated within 30 feet of any hospital facility, or
18 any portion thereof, which is classified as Health Care Occupancy or
19 Ambulatory Health Care Occupancy under the Life Safety Code of the
20 National Fire Protection Association, the hospital shall provide plans and
21 specifications to the Department for review and approval as required for
22 hospital construction or renovations in a manner described by the
23 Department."

24 **SECTION 4.(b)** G.S. 131E-80(a) reads as rewritten:

25 (a) The Department shall make or cause to be made inspections as it may deem
26 necessary. Any hospital licensed under this Part shall at all times be subject to inspections by
27 the Department according to the rules of the Commission. Except as provided under
28 G.S. 131E-77(b) of this Part, after the hospital's initial licensing, any location included or added
29 to the hospital's accreditation through an accrediting body approved pursuant to section 1865(a)
30 of the Social Security Act, shall be deemed to be part of the hospital's license; provided,
31 however, that all locations may be subject to inspections which the Department deems
32 necessary to validate compliance with the requirements set forth in this Part."

33 **SECTION 5.** G.S. 122C-55(a1) reads as rewritten:

34 (a1) Any facility may share confidential information regarding any client of that facility
35 with the Secretary, and the Secretary may share confidential information regarding any client
36 with a facility when necessary to conduct quality assessment and improvement activities or to
37 coordinate appropriate and effective care, treatment or habilitation of the client. For purposes of
38 this subsection and subsection (a6) of this section, the purposes or activities for which
39 confidential information may be disclosed include, but are not limited to, case management and
40 care coordination, disease management, outcomes evaluation, the development of clinical
41 guidelines and protocols, the development of care management plans and systems,
42 population-based activities relating to improving or reducing health care costs, and the
43 provision, coordination, or management of mental health, developmental disabilities, and
44 substance abuse services and related services. As used in this section, "facility" includes an
45 LME and "Secretary" includes the Department's Community Care of North Carolina Program
46 or other primary care case management programs that contract with the Department to provide
47 a primary care case management program for recipients of publicly funded health and related
48 services."

49 **SECTION 6.** Section 1 of this act becomes effective January 1, 2010. Sections
50 2(a), 2(b), and 2(c) of this act become effective January 1, 2010, and apply to health benefit
51 plan contracts between health care providers and health benefit plans or insurers delivered,

1 amended, or renewed on or after that date. The remainder of this act is effective when it
2 becomes law.