

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE PRINCIPAL CLERK

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HOUSE DRH10324-ME-52A (03/01)

Short Title: Greater Financial Oversight of LME/MCOs. (Public)

Sponsors: Representative Farmer-Butterfield.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE REPORTING BY MENTAL HEALTH LOCAL MANAGEMENT  
3 ENTITIES/MANAGED CARE ORGANIZATIONS PRIOR TO ENGAGING IN REAL  
4 ESTATE PROJECTS COSTING OVER ONE HUNDRED THOUSAND DOLLARS AND  
5 TO REQUIRE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO  
6 CONSIDER THE AVAILABLE FINANCIAL RESERVES OF A LOCAL  
7 MANAGEMENT ENTITY WHEN NEGOTIATING PER MEMBER PER MONTH  
8 CONTRACT RATES.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** G.S. 122C-147 is amended by adding a new subsection to read as  
11 follows:

12 "(b1) At least 90 days prior to purchasing, altering, improving, or rehabilitating real  
13 estate, an area authority shall report to the Boards of County Commissioners within the area  
14 authorities catchment area, Department of Health and Human Services, and the Joint  
15 Legislative Commission on Governmental Operations the following information related to the  
16 project and the area authority:

- 17 (1) The cost of the project with the total cost broken out into categories such as  
18 land acquisition, materials, and labor for the project.  
19 (2) Source of funding for the project, including any financing and interest rates.  
20 (3) Amount of available financial reserves.  
21 (4) Percentage of available reserves as a percentage of the annual operating  
22 budget.  
23 (5) Administrative costs from two prior fiscal years and from current fiscal year.  
24 (6) Denial rates for properly requested Medicaid services from two prior fiscal  
25 years and from current fiscal year.

26 An area authority may enter into options contracts to purchase, alter, improve, or rehabilitate  
27 real property prior to reporting under this section. This subsection does not apply to alterations,  
28 improvements, or rehabilitation projects that do not exceed one hundred thousand dollars  
29 (\$100,000)."

30 **SECTION 2.** Section 1(a) of S.L. 2011-264, as amended by Section 13 of S.L.  
31 2012-151, reads as rewritten:

32 **"SECTION 1.(a)** The Department of Health and Human Services (Department) shall  
33 proceed with statewide restructuring of the management responsibilities for the delivery of  
34 services for individuals with mental illness, intellectual and developmental disabilities, and  
35 substance abuse disorders through expansion of the 1915(b)(c) Medicaid Waiver. It is the  
36 intent of the General Assembly that expansion of the 1915(b)(c) Medicaid Waiver will be



1 completed by July 1, 2013, and will result in the establishment of a system that is capable of  
2 managing all public resources that may become available for mental health, intellectual and  
3 developmental disabilities, and substance abuse services, including federal block grant funds,  
4 federal funding for Medicaid and Health Choice, and all other public funding sources. In  
5 implementing the restructuring and expansion authorized in this section, the Department shall  
6 do all of the following:

- 7 ...  
8 (8) Ensure that the per member per month (PMPM) payment rates are  
9 negotiated with respect to the available financial reserves and administrative  
10 costs of an LME functioning as a managed care organization."

11 **SECTION 3.** Section 1 becomes effective July 1, 2014, and applies to the  
12 purchasing, altering, improving, or rehabilitating of real estate by an area authority on or after  
13 that date. The remainder of this act is effective when it becomes law.