



**NORTH CAROLINA GENERAL ASSEMBLY  
CONFERENCE REPORT  
Senate Bill 838\***

S838-CRTR-35 [v.16]

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[NO] Title Change

[NO] For Committee Substitute

To: The President of the Senate  
The Speaker of the House of Representatives

The conferees appointed to resolve the differences between the Senate and the House of Representatives on Senate Bill 838, A BILL TO BE ENTITLED AN ACT TO REQUIRE FURTHER REPORTING FROM THE DEPARTMENT OF HEALTH AND HUMAN SERVICES RELATED TO TRANSFORMATION OF THE MEDICAID AND NC HEALTH CHOICE PROGRAMS AND TO MODIFY CERTAIN PROVISIONS OF THE MEDICAID TRANSFORMATION LEGISLATION, House Committee Substitute Favorable 5/25/16, submit the following report:

The Senate and the House agree to the following amendment(s) to the House Committee Substitute Favorable 5/25/16, and the Senate concurs in the Committee Substitute, as amended:

On page 2, lines 30-31, insert between the lines the following:

- "(2) Prepaid Health Plan. – For purposes of this act, a Prepaid Health Plan (PHP) shall be defined as an entity, which may be a commercial plan or provider-led entity, that operates or will operate a capitated contract for the delivery of services pursuant to subdivision (3) of this section. For purposes of this act, the terms "commercial plan" and "provider-led entity" are defined as follows:
- a. Commercial plan or CP. – Any person, entity, or organization, profit or nonprofit, that undertakes to provide or arrange for the delivery of health care services to enrollees on a prepaid basis except for enrollee responsibility for copayments and deductibles and holds a PHP license issued by the Department of Insurance.
  - b. Provider-led entity or PLE. – An entity that meets all of the following criteria:
    1. A majority of the entity's ownership is held by an individual or entity that has as its primary business purpose the ownership or operation of one or more capitated contracts described in subdivision (3) of this section or Medicaid and NC Health Choice providers.
    2. A majority of the entity's governing body is composed of individuals who (i) are licensed in the State as physicians, physician assistants, nurse practitioners, or ~~psychologists.~~



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- psychologists and (ii) have experience treating beneficiaries of the North Carolina Medicaid program.
3. Holds a PHP license issued by the Department of Insurance.";  
and

On page 2, lines 39-40, rewrite the lines to read:

"(LME/MCOs) ~~shall be excluded from the capitated contracts until~~ for four years after the date capitated contracts begin."; and

On page 8, lines 34-35, insert between the lines the following new section:

**"SECTION 2.(j)** S.L. 2015-245 is amended by adding a new section to read:

**"SECTION 22A.(a)** Notwithstanding any provision of S.L. 2015-241, as amended by S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L. 2015-268, S.L. 2015-276, S.L. 2015-286, and S.L. 2016-5, that requires a reduction within the Division of Medical Assistance, the Department of Health and Human Services (DHHS) is authorized to establish, maintain, or adjust all Medicaid program components, except for eligibility categories and income thresholds, within the appropriated and allocated budget for the Medicaid program, provided that the total Medicaid expenditures, net of agency receipts, do not exceed the authorized budget for the Medicaid program, in accordance with G.S. 108A-54(e).

**SECTION 22A.(b)** If DHHS intends to maintain any program components as authorized by subsection (a) of this section, then no later than 60 calendar days after Senate Bill 838, 2015 Regular Session, becomes law, DHHS shall request that the Office of State Budget and Management (OSBM) certify that there are sufficient recurring Medicaid funds to maintain the program component. Within 30 calendar days after receiving DHHS's request, OSBM must respond to the request. If OSBM does not certify by the end of the 30-day period that there are sufficient recurring Medicaid funds to maintain the program component, then DHHS shall implement the reduction required by S.L. 2015-241, as amended by S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L. 2015-268, S.L. 2015-276, S.L. 2015-286, and S.L. 2016-5.""; and

On page 8, line 35, delete the line and substitute the following:

**"SECTION 3.** Section 2(j) of this act is effective when it becomes law. The remainder of this act is retroactively effective June 1, 2016."

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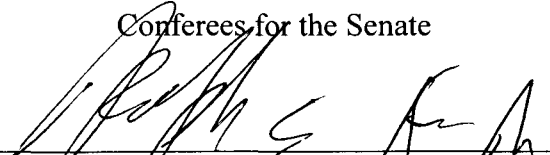
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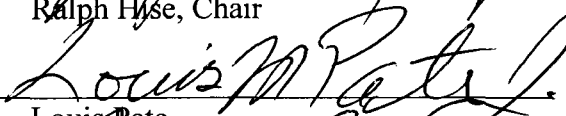
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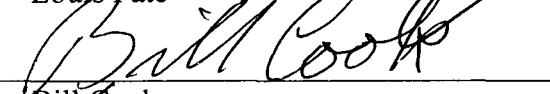
The conferees recommend that the Senate and the House of Representatives adopt this report.

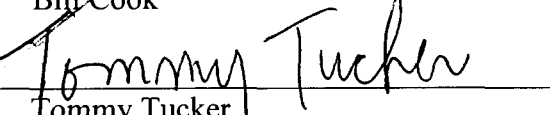
Date Conferees approved report: July 1, 2016.

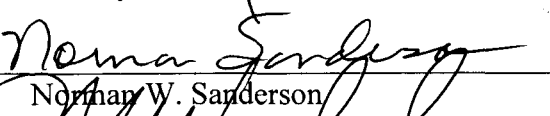
Conferees for the Senate


  
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Ralph Hise, Chair

  
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Louis Pate

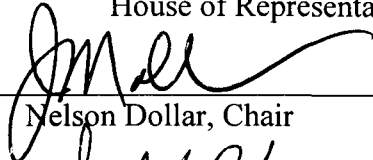
  
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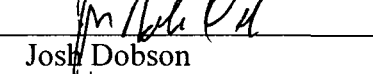
  
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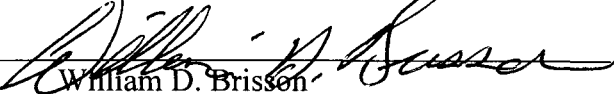
  
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Norman W. Sanderson


  
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Mike Woodard

Conferees for the  
House of Representatives

  
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Nelson Dollar, Chair

  
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Josh Dobson

  
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William D. Brissan

  
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Donny Lambeth

Submitted \_\_\_\_\_  
ADOPTED \_\_\_\_\_ ( / ) Message Received \_\_\_\_\_  
ADOPTED \_\_\_\_\_ ( / ) Ordered Enrolled \_\_\_\_\_

*KCB*  
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