GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H **D**

HOUSE BILL 998
PROPOSED COMMITTEE SUBSTITUTE H998-PCS10484-SH-35

Short Title: Improving NC Rural Health. (Public)

Sponsors:

Referred to:

May 24, 2018

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO STUDY AND REPORT RECOMMENDATIONS TO CREATE INCENTIVES FOR MEDICAL EDUCATION IN RURAL AREAS OF THE STATE AND TO ASSIST RURAL HOSPITALS IN BECOMING DESIGNATED AS TEACHING HOSPITALS BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES; TO DIRECT THE OFFICE OF RURAL HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES, TO ENSURE ITS LOAN REPAYMENT PROGRAM IS TARGETED TO BENEFIT HEALTH CARE PROVIDERS IN RURAL NORTH CAROLINA, INCLUDING IDENTIFYING AND MAKING RECOMMENDATIONS TO ADDRESS THE NEED FOR DENTISTS IN RURAL AREAS; AND TO DIRECT THE PROGRAM EVALUATION DIVISION TO STUDY THE STATE HEALTH PLAN AND TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO STUDY CHANGES TO THE MEDICAID PROGRAM THAT WILL INCREASE PREVENTATIVE HEALTH SERVICES, IMPROVE HEALTH OUTCOMES, AND LOWER THE COST OF CARE.

The General Assembly of North Carolina enacts:

PART I. GME AND NEW TEACHING HOSPITALS

SECTION 1.(a) The Department of Health and Human Services shall conduct a study to identify options for modification, enhancements, and other changes to graduate medical education payments to hospitals, as well as any other reimbursements, to incentivize health care providers in rural areas of the State to (i) participate in medical education programs exposing residents to rural areas, programs, and populations and (ii) support medical education and medical residency programs in a manner that addresses the health needs in the State. In conducting the study, the Department may collaborate with the North Carolina Area Health Education Centers Program. The study shall examine at least all of the following:

(1) Changes in Medicaid graduate medical education reimbursement and funding sources after the 1115 Medicaid waiver submitted by the Department to the Centers for Medicare and Medicaid Services is approved, including how the changes vary from the current model, the rationale for the changes, and the specific incentives the new structure creates for urban and rural hospitals.

(2) Options to coordinate North Carolina Area Health Education Centers funding to create incentives for attracting residents and students to rural areas of the State, with the goal of ensuring the maximum benefit of the funding.

(3) Any other issues the Department deems appropriate.

SECTION 1.(b) The Department shall report its findings to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2018. The report must include specific, actionable steps that can be implemented, along with estimated costs and a timetable for implementation.

SECTION 2.(a) The Department of Health and Human Services shall conduct a study to (i) identify rural hospitals that desire to be designated as new teaching hospitals by the Centers for Medicare and Medicaid Services; (ii) determine the technical assistance those hospitals require in order to be designated as new teaching hospitals by the Centers for Medicare and Medicaid Services; and (iii) calculate the expected cost for those hospitals to be designated as new teaching hospitals by the Centers for Medicare and Medicaid Services. In conducting this study, the Department shall engage external professionals with experience and expertise in the establishment of new teaching programs, expanding existing programs, and maximizing the effectiveness of funding for medical education, particularly in rural areas. The study shall examine at least all of the following:

(1) Expansion of graduate medical education payments to outpatient costs and services.
(2) Modifications to cost-finding and reimbursement formulas that incentivize rural hospitals to participate in education programs.
(3) Options in physician reimbursement to incentivize participation, including a graduate medical education or geographic add-on for rural areas of the State.
(4) Any other issues the Department deems appropriate.

SECTION 2.(b) The Department shall provide an interim report of its findings to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2018. The Department shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2019.

PART II. TARGET LOAN REPAYMENT PROGRAMS

SECTION 3.(a) The Office of Rural Health, Department of Health and Human Services, is directed to structure the North Carolina State Loan Repayment Program so that it is aligned with all of the following goals:

(1) The Program is targeted to increase the number of health care providers in rural areas of the State.
(2) The Program is coordinated with the National Health Service Corps and Federal Loan Repayment programs, as well as any other publicly or privately funded programs, to maximize funding in order to increase the number of health care providers in rural areas of the State.
(3) The Program encourages both recruitment and retention of health care providers in rural areas of the State.

SECTION 3.(b) The Office of Rural Health, Department of Health and Human Services, is directed to work with data from the Cecil G. Sheps Center for Health Services Research, and other sources, to identify the need for dentists in rural areas in North Carolina and to develop a recommendation to target loan repayment funds for dentists in rural areas that have been identified as having the greatest need for dentists.

SECTION 3.(c) On or before October 1, 2018, the Office of Rural Health, Department of Health and Human Services, shall provide an interim report to the Joint Legislative Oversight Committee on Health and Human Services on the actions required by this section. On or before October 1, 2019, the Office of Rural Health, Department of Health and

Human Services, shall provide a final report to the Joint Legislative Oversight Committee on Health and Human Services on the actions required by this section.

PART III. STUDY STATE HEALTH PLAN AND MEDICAID

SECTION 4. The Joint Legislative Program Evaluation Oversight Committee shall include in the work plan of the Program Evaluation Division an evaluation of the State Health Plan to determine whether there are changes that will increase preventative health services, improve health outcomes, and lower the overall cost of care. The alternatives studied should include evaluation of the direct primary care model. The study shall determine the following: (i) the contract options for improving primary care physician quality of life in a rural setting that include, but are not limited to, a direct primary care type payment model and (ii) the total cost implications and legislation needed to implement recommendations. The Program Evaluation Division shall report its findings and recommendations to the Joint Legislative Program Evaluation Oversight Committee on or before March 1, 2019.

SECTION 5. The Department of Health and Human Services shall study whether there are changes to the State Medicaid Program that will increase preventative health services, improve health outcomes, and lower the overall cost of care. The alternatives studied should include evaluation of the direct primary care model. The study shall determine the following: (i) how options will relate to the outcome measures that will be included in Prepaid Health Plan contracts under the transformed Medicaid program, (ii) the contract options for improving primary care provider quality of life in a rural setting that include, but are not limited to, a direct primary care type payment model, and (iii) the total cost implications and legislation needed to implement recommendations. The Department of Health and Human Services shall report its findings and recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on or before October 1, 2019.

PART IV. EFFECTIVE DATE

SECTION 6. This act is effective when it becomes law.