

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-360
SENATE BILL 402**

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER
PURPOSES.

The General Assembly of North Carolina enacts:

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SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)

**DETAILED MEDICAID REFORM PROPOSAL TO BE PREPARED BY
DEPARTMENT OF HEALTH AND HUMAN SERVICES; MEDICAID REFORM
ADVISORY GROUP ESTABLISHED**

SECTION 12H.1.(a) The Department of Health and Human Services, Division of Medical Assistance, (Department), in consultation with the Medicaid Reform Advisory Group created by subsection (e) of this section, shall create a detailed plan for, but not implement, significant reforms to the State's Medicaid Program that shall accomplish the following:

- (1) Create a predictable and sustainable Medicaid program for North Carolina taxpayers.
- (2) Increase administrative ease and efficiency for North Carolina Medicaid providers.
- (3) Provide care for the whole person by uniting physical and behavioral health care.

SECTION 12H.1.(b) The Department shall submit its detailed proposal of how to reform the State's Medicaid Program to the General Assembly. The report shall contain the following:

- (1) The details of the reform plan, including how the plan would accomplish the goals set out in subsection (a) of this section.
- (2) The Department's methodology for selecting the reform plan over alternatives.
- (3) Forecasts of the reform plan's potential to slow the growth of the costs of the Medicaid Program, including the assumptions and methodology used for the forecast, as well as an explanation of how the Department's forecast methodology has been improved to produce more accurate forecasting than in prior years.
- (4) The reform plan's impact, as compared to the existing Medicaid Program, on both providers and recipients in areas such as enrollment within the Medicaid system, access to services, quality of care, and payment methodologies, and any other areas of comparison to help the General Assembly evaluate the reform plan.
- (5) If regional demonstration projects, pilot projects, or similar projects will be used to test a proposal, how the Department will ensure that the test methodology is scientifically valid and consistent with social science research methods.
- (6) How financial risks will be allocated under the reform plan.
- (7) The mechanisms through which the Department and any contractors under the reform plan would be held accountable for the implementation and performance of the plan.
- (8) Short-term costs to implement the plan and expected long-term savings in future years from slowing the growth of costs.

- (9) A realistic time line for implementation.
- (10) Draft Medicaid State Plan Amendments, Medicaid waivers, amendments to State law, or other changes necessary to legally allow the Department to implement its reform plan.
- (11) Any other detailed information that would assist the General Assembly in evaluating the strength of the reform plan and the plan's ability to accomplish the goals set out in subsection (a) of this section.

SECTION 12H.1.(c) The Department is encouraged to and may submit draft Medicaid State Plan amendments, draft waiver applications, or other documents to the federal government to solicit feedback on the Department's proposal prior to reporting to the General Assembly. The Department shall not, however, submit any documents to the federal government to implement the reform plan without legislation authorizing the Department to implement the Department's reform plan.

SECTION 12H.1.(d) The Department shall submit its reform plan to the General Assembly no later than March 17, 2014, but is encouraged to submit its plan as early as it responsibly can.

SECTION 12H.1.(e) Advisory Group. – There is established the North Carolina Medicaid Reform Advisory Group (Advisory Group) in order to advise the Department of Health and Human Services in its development of its detailed plan to reform Medicaid. The Advisory Group shall meet in order to (i) provide stakeholder input in a public forum and (ii) ensure the transparency of the process of developing the reform proposal. The Advisory Group shall meet at the call of the chair.

The Advisory Group shall consist of the following five members, and the appointing officer shall fill vacancies:

- (1) A Representative appointed by the Speaker of the House of Representatives.
- (2) A Senator appointed by the President Pro Tempore of the Senate.
- (3) Three persons appointed by the Governor, one of whom shall be designated as the chair.

Legislative members of the Advisory Group shall receive per diem, subsistence, and travel expenses as provided in G.S. 120-3.1. Non-legislative members of the Advisory Group shall receive per diem, subsistence, and travel expenses as allowed under G.S. 138-5 or, if the member is a State employee, lodging and travel expenses as allowed under G.S. 138-6.

The Secretary of Health and Human Services shall ensure adequate staff representation and support from the Department of Health and Human Services.

The Advisory Group shall terminate on July 1, 2014.

SECTION 12H.1.(f) Eligibility of Legislation. – Legislation based on the Department's reform proposal and recommended by the Advisory Group shall be eligible for consideration when the 2013 General Assembly reconvenes in 2014, and G.S. 143C-5-2 does not apply to such legislation.

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