# Bill Draft 2019-MGza-135: COVID-19 Health Care Subcommittee Funding Rec.

*2019-2020 General Assembly*

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| **Committee:** | House Select Committee on COVID-19 | **Date:** | April 22, 2020 |
| **Introduced by:** | | **Prepared by:** | Committee Staff |
| **Analysis of:** | 2019-MGza-135 | | |

***OVERVIEW: Bill Draft 2019-MGza-135 would allocate funds to help North Carolina respond to the COIVD-19 emergency. The bill would (1) allocate funds to enhance capacity for public and behavioral health crisis services, (2) fund additional Medicaid-related costs because of the COVID-19 emergency, (3) fund an increase in the State's supply of personal protective equipment and safety supplies, (4) fund efforts toward tracking, tracing, and trend analysis, (5) allocate funds to food, safety, shelter, and child care expenses, (6) provide targeted support to rural and underserved regions of the state, (7) provide relief to hospitals, (8) provide funds for COVID-19 research, (9) provide for the use of unencumbered funds, and (10) appropriate departmental receipts. The bill also contains a severability clause.***

## BILL ANALYSIS:

## PART I. DEFINITIONS

Section 1.1 would establish definitions for "Coronavirus relief fund," "CDC," "COVID-19," "COVID-19 diagnostic test," "COVID-19 emergency," and "COVID-19 antibody test."

Section 1.1 would become effective when it becomes law.

## PART II. ENHANCED CAPACITY FOR PUBLIC HEALTH, BEHAVIORAL HEALTH AND CRISIS SERVICES.

### Section 2.1: Enhanced Public Health Capacity

Section 2.1 would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to the Department of Health and Human Services (DHHS) to support public health, the State Laboratory of Public Health, local health departments and rural health providers.

Section 2.1 would become effective when it becomes law.

### Section 2.2: Enhanced Behavioral Health Capacity

Section 2.2 would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to DHHS to support behavioral health and crisis services to respond to COVID-19. At a minimum, funds must be used to divert individuals experiencing behavioral health emergencies from emergency departments, and to allocate $12,600,000 in nonrecurring funds, distributed as a one-time payment, to each local management entity/managed care organization (LME/MCO) to be used to provide temporary additional funding assistance for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IDD) services.

Section 2.2 would become effective when it becomes law.

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## PART III. MEDICAID COVID-19 FUNDING AND AUTHORIZATION

### Section 3.1: Funds for Additional Medicaid Costs

Section 3.1 would appropriate $40 million in nonrecurring funds received from the Coronavirus Relief Fund to be used for additional Medicaid costs related to the COVID-19 pandemic, including: (i) costs for additional provider support for long-term care, primary care, and other providers at risk of insolvency due to disrupted revenue; (ii) costs for COVID-19 testing and treatment; and (iii) costs associated with increased enrollment in Medicaid.

Section 3.1 would become effective when it becomes law.

### Section 3.2: Medicaid Provider Rate Increases

Section 3.2 would require DHHS to provide a 5% increase in the Medicaid fee-for-service rates paid to all provider types by the Division of Health Benefits. The rate increase will be effective March 1, 2020, through the duration of the nationwide coronavirus public health emergency.

Section 3.2 would become effective when it becomes law.

### Section 3.3 Temporary Medicaid Coverage for the Prevention, Testing, and Treatment of COVID-19

Section 3.3 would authorize DHHS to provide Medicaid coverage for COVID-19 testing for the uninsured during the nationwide coronavirus public health emergency as allowed under the Families First Coronavirus Response Act. The coverage may be retroactive to the extent allowed.

Section 3.3 would become effective when it becomes law.

### Section 3.4: Provide Medicaid Coverage for COVID-19 Testing to Uninsured Individuals in North Carolina During the Nationwide Public Health Emergency

Section 3.4(a) and (b) would authorize DHHS to provide temporary, targeted Medicaid coverage to individuals with incomes up to 200% of the federal poverty level, as described in the 1115 waiver request that DHHS submitted for federal approval. Coverage for this group cannot exceed coverage of services for the prevention, testing, and treatment of COVID-19, and must be for a limited time period related to the nationwide coronavirus public health emergency. The coverage may be retroactive to the extent allowed.

Section 3.4 would become effective when it becomes law.

### Section 3.5: Implement Temporary Provider Enrollment Changes Authorized Under the Medicaid 1135 Waiver

Section 3.5 would specify that certain provisions of State law pertaining to provider enrollment shall not apply to the Medicaid and Health Choice programs from March 1, 2020, through the duration of the nationwide coronavirus public health emergency, in order to implement temporary provider enrollment authorized under the recently-approved Medicaid 1135 waiver. The provisions are as follows:

- G.S. 108C-2.1, which requires a $100 fee for provider enrollment applications and requires recredentialing every five years.
- G.S. 108C-4(a), which imposes a State requirement to conduct criminal history record checks.

- G.S. 108C-9(a) and (c), which requires providers to complete certain trainings prior to initial enrollment as a Medicaid and Health Choice provider.

Section 3.5 would become effective when it becomes law.

## PART IV. ENHANCED PERSONNEL SAFETY EQUIPMENT AND SANITATION SUPPLIES

### Section 4.1: Funds to Increase the State's Supply of Personal Protective Equipment and Other Equipment and Supplies to Respond to COVID-19

Section 4.1(a), (b), and (c) would appropriate $50 million in nonrecurring funds received from the Coronavirus Relief Fund to the Office of State Budget and Management (OSBM) for allocation to DHHS and the Division of Emergency Management (DEM), Department of Public Safety, to be used to: (1) purchase personal protective equipment (PPE) that meets CDC guidelines for infection control; (2) purchase other supplies and equipment related to emergency protective measures to address immediate threats to life, public health, and safety related to COVID-19 (such as ventilators, touch-free thermometers, disinfectant, and sanitizing wipes); and (3) meet State match requirements for Federal Emergency Management act (FEMA) public assistance funds for the COVID-19 pandemic. Any supplies and equipment purchased with these funds may be made available to both public and private health care providers and other entities that DHHS or DEM deem essential to the COVID-19 response. The DHHS and DEM must ensure that funds appropriated are expended in a manner that does not adversely affect eligibility for federal funds and must avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

Section 4.1 would become effective when it becomes law.

## PART V. TESTING, TRACING, AND TRENDS

### Section 5.1: Funds for Testing, Contact Tracing, and Trends Tracking Analysis

Section 5.1 would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to DHHS to expand public and private COVID-19 testing, contact tracing, and trends tracking and analysis including (1) building capacity for widespread COVID-19 diagnostic testing to enable rapid case-based interventions; (2) building capacity for antibody testing to enable rapid deployment when such testing becomes available; (3) expanding contact tracing workforce and infrastructure to routinely identify potentially exposed persons and take appropriate public health actions; (4) increasing research and data tools and analysis infrastructure to support better predictive models, surveillance and response strategies.

Section 5.1 would become effective when it becomes law.

## PART VI. FOOD, SAFETY, SHELTER, AND CHILD CARE

### Section 6.1: Funding for Various Responses Related to Food, Safety, Shelter, and Child Care

Section 6.1(a) would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to DHHS to provide funding for adult and child protective services response, support for homeless and domestic violence shelters and housing security, child care response, and technology modifications to support COVID-19 emergency relief beneficiaries.

Section 6.1(b) would allocate $6,000,000 of those funds, distributed equally, to each of the six food banks in the State.

Section 6.1(c) would allocate $2,500,000 of those funds to Reinvestment Partners for its Produce Prescription Program to serve individuals impacted by the Covid-19 emergency. It would expire three months from the date it becomes effective.

Section 6.1(c) would become effective when it becomes law.

**Section 6.2: Supplemental Payments for Foster Care**

Section 6.2 would appropriate $2,250,000 in nonrecurring funds received from the Coronavirus Relief Fund to the Department of Health and Human Services, Division of Social Services, to be used for monthly $100 supplement payments for each child receiving foster care assistance payments for the months of April, May, and June 2020.

Section 6.2 would become effective when it becomes law.

**Section 6.3: One-Time Financial Assistance for Facilities Licensed to Accept State-County Special Assistance**

Section 6.3(a) would establish definitions for "facility licensed to accept State-County Special Assistance payments or facility" and "State-County Special Assistance".

Section 6.3(b) would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to the Department of Health and Human Services, Division of Social Services, for a one-time payment to facilities licensed to accept State-County Special Assistance (SA). Each eligible facility will receive $1,325 per resident of the facility who is a SA recipient between March 10, 2020 through July 30, 2020, to offset the costs of serving these residents during the COVID-19 emergency. If a recipient is transferred to another facility during this time frame, only the first eligible facility will receive payment.

Section 6.3(c) would clarify the General Assembly does not have an obligation to appropriate funds, nor is there an entitlement by any facility or resident of a facility to receive financial assistance.

Section 6.3 would become effective when it becomes law.

## PART VII. TARGETED SUPPORT FOR RURAL AND UNDERSERVED COMMUNITIES

**Section 7.1: Funds for Underserved Communities and Rural Hospitals**

Section 7.1 would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to DHHS to provide funds to support rural and underserved communities. These funds may be used for directed grants to health care providers other than rural hospitals; targeted Medicaid assistance for rural providers; enhanced telehealth services; transportation for critical services; health care security for the uninsured; and other related purposes.

Section 7.1 would become effective when it becomes law.

**Section 7.2: Funds for Rural Hospitals**

Section 7.2(a) would appropriate $75 million in nonrecurring funds received from the Coronavirus Relief Fund as a direct grant to the North Carolina Healthcare Foundation (NCHF). These funds would be used to award grants to eligible rural hospitals within 30 days after receiving of an application on the basis of need according to tier designation, county health ranking, and hospital-specific financial data. NCHF would provide technical assistance to grant recipients for a 5 year period following distribution of the funds.

Section 7.2(b) would require grant recipients to only use these funds for the purpose of offsetting the listed costs related to providing patient care in North Carolina as a result of the COVID-19 pandemic.

Section 7.2(c) would require grant recipients to submit a report to NCHF on the use of funds by November 1, 2020. It would require NCHF to submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of funds and recommendations on how recipient facilities can prepare for post-COVID 19 sustainability by December 1, 2020.

Section 7.2 would become effective when it becomes law.

### Section 7.3: Funds for Free and Charitable Clinics

Section 7.3 would appropriate $1,400,000 in nonrecurring funds received from the Coronavirus Relief Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, to provide the 67 member clinics of the North Carolina Association of Free and Charitable Clinics directed grants of equal amounts.

Section 7.3 would become effective when it becomes law.

### Section 7.4 Funds for NC MedAssist

Section 7.4 would appropriate $1,500,000 in nonrecurring funds as a directed grant to NC MedAssist to offset increased costs for providing prescription assistance services during the COVID-19 pandemic to individuals who are indigent or uninsured.

Section 7.4 would become effective when it becomes law.

## PART VIII. COVID-19 RELIEF FOR NON-RURAL HOSPITALS

### Section 8.1: COVID-19 Relief for Teaching Hospitals

Section 8.1 would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to the Office of State Budget and Management (OSBM) to establish the COVID-19 Teaching Hospitals Relief Fund. OSBM would award grants to eligible teaching hospitals based on (i) the amount of charitable care provided in North Carolina and (ii) the amount of lost revenue sustained within North Carolina as a result of the COVID-19 pandemic. Grant recipients would be required to use these funds only to offset listed costs related to patient care provided in North Carolina to respond to the COVID-19 pandemic.

Section 8.1(b) would require each grant recipient to submit to OSBM a report on the use of appropriated funds by November 1, 2020. It would require OSBM to submit to the Joint Legislative Oversight Committee on Health and Human Services a report on the use of appropriated funds by December 1, 2020.

Section 8.1 would become effective when it becomes law.

### Section 8.2: COVID-19 Relief for Other Hospitals

Section 8.2 would appropriate $25 million in nonrecurring funds received from the Coronavirus Relief Fund to OSBM to establish the COVID-19 Large Hospitals Relief Fund. OSBM would award grants to eligible large hospitals based on (i) the amount of charitable care provided in North Carolina and (ii) the amount of lost revenue sustained within North Carolina as a result of the COVID-19 pandemic. Grant recipients would be required to use the funds only to offset listed costs related to patient care provided in North Carolina to respond to the COVID-19 pandemic.

Section 8.2(b) would require grant recipients to submit a report to OSBM on the use of appropriated funds by November 1, 2020. It would require OSBM to submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the use of appropriated funds by December 1, 2020.

Section 8.2 would become effective when it becomes law.

## PART IX. FUNDS FOR COVID-19 RESEARCH

### Section 9.1: COVID-19 Response Research Fund

Section 9.1(a) would appropriate $110 million in nonrecurring funds received from the Coronavirus Relief Fund to OSBM to establish the COVID-19 Response Research Fund.

OSBM would allocate $100 million to the North Carolina Policy Collaboratory (Collaboratory) at the University of North Carolina at Chapel Hill. Funds would be provided to the following entities to be used for (i) the rapid development of a countermeasure of neutralizing antibodies for COVID-19 that can be used as soon as possible to both prevent infection, and for those infected, treat infection, (ii) for bringing a safe and effective COVID-19 vaccine to the public as soon as possible, (iii) community testing initiatives, (iv) and other research related to COVID-19:

- $25 million to the Duke University Human Vaccine Institute (DHVI) of the Duke University School of Medicine;
- $25 million to the Gillings School of Global Public Health at the University of North Carolina at Chapel Hill;
- $25 million to the Brody School of Medicine at East Carolina University;
- $25 million to the Wake Forest School of Medicine.

$10 million would be allocated to the Campbell University School of Osteopathic Medicine for a community and rural-focused primary care workforce response to COVID-19.

Section 9.1(b) would require the Collaboratory, DHVI, Gillings School of Global Public Health, Brody School of Medicine, and Wake Forest School of Medicine to report on the progress of the development of a countermeasure and vaccine, findings from their community testing initiatives, and other research related to COVID-19, and the use of the appropriated funds to the Joint Legislative Oversight Committee on Health and Human Services by September 1, 2020. It would require Campbell University School of Osteopathic Medicine to report on its findings and use of appropriated funds to the Joint Legislative Oversight Committee on Health and Human Services by September 1, 2020.

Section 9.1 would become effective when it becomes law.

## PART X. CARRYFORWARD OF FUNDS

Section 10 would clarify that State funds appropriated for the purposes outlined in the act that are unexpended or unencumbered on June 30, 2020, do not revert to the General Fund, but remain available for the purposes authorized on this act and as provided under federal law.

## PART XI. DEPARTMENTAL RECEIPTS

Section 11 would assert departmental receipts are appropriated for the 2020-2021 fiscal year up to the amounts needed to implement the provisions in this act for the 2019-20 and 2020-21 fiscal years.

**EFFECTIVE DATE:** Except as otherwise provided, this act would become effective when it becomes law.

**BACKGROUND:** The House Select Committee on COVID-19, Health Care Working Group, consists of six Cochairs and 16 total Members. The Working Group met six times between March 26, 2020, and April 23, 2020, and heard from over 28 presenters on a range of issues impacting the delivery of health and behavioral health care. Additionally, the Health Care Working Group Members and Cochairs received information directly from a variety of entities and from the public through online comments.