



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

December 20, 2023

SENT VIA ELECTRONIC MAIL

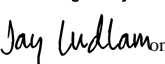
Mr. Brian Matteson, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Director Matteson:

North Carolina General Statute 108A-146.17, as amended by SL 2021-62, requires the Department of Health and Human Services to report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified of a possible change of hospital status. The report shall be due 60 days after the Department is notified of the possible change. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at Karen.Wade@dhhs.nc.gov.

Sincerely,

DocuSigned by:
 on behalf of Kody H. Kinsley
06565C1C2A8F4C8...
Kody H. Kinsley
Secretary

cc:	Mark Collins	Joyce Jones	Lisa Wilks	Jessica Meed
	Theresa Matula	Katherine Restrepo	Amy Jo Johnson	Luke MacDonald
	Nathan Babcock	Francisco Celis Villagrana	Fred Aikens	Todd Barlow
	Darryl Childers	Melissa Roark	Marissa Doctrove	Tai Rochelle

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

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The Honorable Joyce Krawiec, Chair
Senate Appropriations Committee on
Health and Human Services
North Carolina General Assembly
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Jim Burgin, Chair
Senate Appropriations Committees on
Health and Human Services
North Carolina General Assembly
Room 620, Legislative Office Building
Raleigh, NC 27603

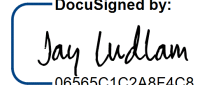
The Honorable Kevin Corbin, Chair
Senate Appropriations Committee on
Health and Human Services
North Carolina General Assembly
Room 623, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

North Carolina General Statute 108A-146.17, as amended by SL 2021-62, requires the Department of Health and Human Services to report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified of a possible change of hospital status. The report shall be due 60 days after the Department is notified of the possible change. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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SENT VIA ELECTRONIC MAIL

The Honorable Donna White, Chair
House Appropriations Committee on
Health and Human Services
North Carolina General Assembly
Room 307, Legislative Office Building
Raleigh, NC 27603

The Honorable Larry Potts, Chair
House Appropriations Committees on
Health and Human Services
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

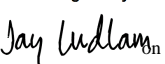
The Honorable Kristin Baker, Chair
House Appropriations Committee on
Health and Human Services
North Carolina General Assembly
Room 306A3, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

North Carolina General Statute 108A-146.17, as amended by SL 2021-62, requires the Department of Health and Human Services to report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified of a possible change of hospital status. The report shall be due 60 days after the Department is notified of the possible change. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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Change of Hospital Status Report

Session Law 2021-61, Section 2 (codified as G.S. 108A-146.17)



Report to the

**House of Representatives Appropriations Committee on Health and Human
Services**

and

Senate Appropriations Committee on Health and Human Services

and

Fiscal Research Division

By

North Carolina Department of Health and Human Services

December 20, 2023

BACKGROUND

North Carolina Session Law 2021-61 requires that the Department of Health and Human Services report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department has been notified of a change of hospital status. This must contain the following information (see Table 1 for Department responses):

- The change of hospital status and the date of the change.
- Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that are needed as a result of the change in hospital status, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.

Please see Appendix 1 for a copy of the legislative text.

REPORT OF CHANGE IN HOSPITAL STATUS

Change of Hospital Status and Date of Change: Martin General Hospital was a Non-Qualified Public Hospital (NQPH) that was subject to the private hospital assessment under G.S. 108A-146.3. Effective as of August 3, 2023, Martin General Hospital closed and, therefore, is not subject to the public or private hospital assessments.¹

Proposed Revisions to Article 7B of Chapter 108A Necessitated by the Anticipated Change in Hospital Status: The Department proposes for consideration by the General Assembly to adjust the public/private historical assessment shares to account for Martin General Hospital’s change in status. The proposed revisions—displayed in Table 1—would make small changes to the allocation of non-federal share among hospital classes but would not impact the aggregate amount of non-federal share collected to support the non-federal share of Medicaid payments. The mathematical calculations supporting the proposed changes to the public and private hospital historical assessment shares derive from a hospital assessment model that was developed in collaboration with the Fiscal Research Division, Legislative Drafting, the Office of State Management and Budget as well as the NC Healthcare Association.

Table 1: Proposed Revisions to Article 7B of Chapter 108A of the General Statutes

Item	Current Value ²	Proposed Value	Leg. Reference
Private Hospital Historical Assessment Share	80.25%	80.17%	§ 108A-145.3(19)
Public Hospital Historical Assessment Share	19.75%	19.83%	§ 108A-145.3(21)

¹ This report is intended to satisfy subsections (b) and (c) of G.S. 108A-146.17. The Department did not receive notification ahead of the change in status.

² Note: North Carolina Session Law 2023-134, Section 9E.23.(f) adjusts the Private Hospital Historical Assessment Share to 80.2% and the Public Hospital Historical Assessment Share to 19.8% to account for a separate change in hospital status by Davis Regional Medical Center. These changes will become effective on January 1, 2024.

APPENDIX 1

S.L. 2016-21, section 2 in relevant part reads:

"§ 108A-146.17. Changes of hospital status.

- (a) For purposes of this section, hospital status includes all of the following:
 - (1) A hospital's status as a public acute care hospital, a private acute care hospital, or a hospital owned or controlled by the UNC Health Care system.
 - (2) The operating status of an acute care hospital as open or closed, including new hospitals and hospital closures.
- (b) The Department of Health and Human Services shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified of a possible change of hospital status. The report shall be due 60 days after the Department is notified of the possible change. The report shall include all of the following:
 - (1) The anticipated change of hospital status and the anticipated time frame during which the change of hospital status may occur.
 - (2) Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that would be needed if the change in hospital status occurs, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.
- (c) The Department of Health and Human Services shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified that a change in hospital status has occurred. The report shall be due 60 days after the Department is notified of the change. The report shall include all of the following:
 - (1) The change of hospital status and the date of the change.
 - (2) Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that are needed as a result of the change in hospital status, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.
 - (3) If the change of hospital status occurred because a public acute care hospital closed or became a private acute care hospital, then the amount of the public acute care hospital's intergovernmental transfer to the Department made during its last quarter of operation."