

# **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**

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## 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.<sup>1</sup>

**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 <sup>2</sup>	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)

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<sup>1</sup> 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.

<sup>2</sup> 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.

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## 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."