

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 370

Short Title: Repeal Certificate of Need Laws. (Public)

Sponsors: Senators Sawrey, Galey, and Jarvis (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 24, 2025

A BILL TO BE ENTITLED
AN ACT REPEALING NORTH CAROLINA'S CERTIFICATE OF NEED LAWS.
The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 6-19.1(a) reads as rewritten:

"(a) In any civil action, other than an adjudication for the purpose of establishing or fixing a rate, or a disciplinary action by a licensing board, brought by the State or brought by a party who is contesting State action pursuant to G.S. 150B-43 or any other appropriate provisions of law, unless the prevailing party is the State, the court may, in its discretion, allow the prevailing party to recover reasonable attorney's fees, including attorney's fees applicable to the administrative review portion of the case, in contested cases arising under Article 3 of Chapter 150B, to be taxed as court costs against the appropriate agency if:

- (1) The court finds that the agency acted without substantial justification in pressing its claim against the party; and
- (2) The court finds that there are no special circumstances that would make the award of attorney's fees unjust. The party shall petition for the attorney's fees within 30 days following final disposition of the case. The petition shall be supported by an affidavit setting forth the basis for the request.

~~Nothing in this section shall be deemed to authorize the assessment of attorney's fees for the administrative review portion of the case in contested cases arising under Article 9 of Chapter 131E of the General Statutes.~~

Nothing in this section grants permission to bring an action against an agency otherwise immune from suit or gives a right to bring an action to a party who otherwise lacks standing to bring the action.

Any attorney's fees assessed against an agency under this section shall be charged against the operating expenses of the agency and shall not be reimbursed from any other source."

SECTION 1.(b) Subsection (a) of this section applies to contested cases arising on or after January 1, 2026.

SECTION 2.(a) G.S. 7A-29(a) reads as rewritten:

"(a) From any final order or decision of the North Carolina Utilities Commission not governed by subsection (b) of this section, ~~the Department of Health and Human Services under G.S. 131E-188(b),~~ the North Carolina Industrial Commission, the North Carolina State Bar under G.S. 84-28, the Property Tax Commission under G.S. 105-290 and G.S. 105-342, the Commissioner of Insurance under G.S. 58-2-80, the State Board of Elections under G.S. 163-127.6, the Office of Administrative Hearings under G.S. 126-34.02, or the Secretary of Environmental Quality under G.S. 104E-6.2 or G.S. 130A-293, appeal as of right lies directly to the Court of Appeals."



SECTION 2.(b) Subsection (a) of this section applies to appeals arising on or after January 1, 2026.

SECTION 3. G.S. 58-50-61(a) reads as rewritten:

"(a) Definitions. – As used in this section, in G.S. 58-50-62, and in Part 4 of this Article, the term:

...

(7a) "Health care facility" means a hospital; long-term care hospital; psychiatric facility; rehabilitation facility; nursing home facility; adult care home; kidney disease treatment center, including freestanding hemodialysis units; intermediate care facility for individuals with intellectual disabilities; home health agency office; chemical dependency treatment facility; diagnostic center; hospice office, hospice inpatient facility, or hospice residential care facility; or ambulatory surgical facility.

(8) "Health care provider" means any person who is licensed, registered, or certified under Chapter 90 of the General Statutes or the laws of another state to provide health care services in the ordinary care of business or practice or a profession or in an approved education or training program; a health care facility as defined in ~~G.S. 131E-176(9b)~~ this section or the laws of another state to operate as a health care facility; or a pharmacy.

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SECTION 4. G.S. 58-55-35(a) reads as rewritten:

"(a) Whenever long-term care insurance provides coverage for the facilities, services, or physical or mental conditions listed below, unless otherwise defined in the policy and certificate, and approved by the Commissioner, the facilities, services, or conditions have the following definitions:

...

(10) Hospice. – ~~As defined in G.S. 131E-176(13a).~~ Any coordinated program of home care with provision for inpatient care for terminally ill patients and their families. This care is provided by a medically directed interdisciplinary team directly or through an agreement under the direction of an identifiable hospice administration. A hospice program of care provides palliative and supportive medical and other health services to meet the physical, psychological, social, spiritual, and special needs of patients and their families, which are experienced during the final stages of terminal illness and during dying and bereavement.

(11) Intermediate care facility for individuals with intellectual disabilities. – ~~As defined in G.S. 131E-176(14a).~~ Facilities licensed pursuant to Article 2 of Chapter 122C of the General Statutes for the purpose of providing health and habilitative services based on the developmental model and principles of normalization for individuals with intellectual disabilities, autism, cerebral palsy, epilepsy, or related conditions.

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SECTION 5. G.S. 90-21.82A(a) reads as rewritten:

"(a) The following definitions apply in this section:

(1) Abortion clinic. – As defined in G.S. 131E-153.1.

(2) Ambulatory surgical facility. – ~~As defined in G.S. 131E-176.~~ A facility licensed under Part 4 of Article 6 of Chapter 131E of the General Statutes.

(3) Hospital. – ~~As defined in G.S. 131E-176.~~ A facility licensed under Article 5 of Chapter 131E of the General Statutes."

SECTION 6. G.S. 90-414.4(a1)(1) reads as rewritten:

"(1) The following providers of Medicaid services licensed to operate in the State that have an electronic health record system shall begin submitting, at a minimum, demographic and clinical data by June 1, 2018:

- a. ~~Hospitals as defined in G.S. 131E-176(13).~~ Hospitals, defined for the purposes of this section as public or private institutions which are primarily engaged in providing to inpatients, by or under supervision of physicians, diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or rehabilitation services for the rehabilitation of injured, disabled, or sick persons. The term includes all facilities licensed pursuant to G.S. 131E-77, except long-term care hospitals.
- b. Physicians licensed to practice under Article 1 of Chapter 90 of the General Statutes, except for licensed physicians whose primary area of practice is psychiatry.
- c. Physician assistants as defined in ~~21 NCAC 32S.0201~~, 21 NCAC 32S.0201.
- d. Nurse practitioners as defined in ~~21 NCAC 36.0801~~, 21 NCAC 36.0801."

SECTION 7. G.S. 90-414.4(b)(1) reads as rewritten:

"(1) Each ~~hospital, as defined in G.S. 131E-176(13) that has an electronic health record system.~~ hospital."

SECTION 8. G.S. 113A-12(3)e. reads as rewritten:

- "e. A health care facility financed pursuant to Article 1 of Chapter 131A of the General Statutes ~~or receiving a certificate of need under Article 9 of Chapter 131E of the General Statutes.~~"

SECTION 9. G.S. 122C-23.1(e) reads as rewritten:

"(e) As used in this section, "residential treatment facility" means a "residential facility" as defined in and licensed under this Chapter, ~~but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes.~~ Chapter."

SECTION 10. G.S. 131D-2.4(a) reads as rewritten:

"(a) Licensure. – Except for those facilities exempt under G.S. 131D-2.3, the Department of Health and Human Services shall inspect and license all adult care homes. The Department shall issue a license for a facility not currently licensed as an adult care home for a period of six months. If the licensee demonstrates substantial compliance with Articles 1 and 3 of this Chapter and rules adopted thereunder, the Department shall issue a license for the balance of the calendar year. ~~A facility not currently licensed as an adult care home that was licensed as an adult care home within the preceding 12 months is considered an existing health service facility for the purposes of G.S. 131E-184(a)(8).~~"

SECTION 11. G.S. 131E-13(a)(1) reads as rewritten:

"(1) The corporation shall continue to provide the same or similar clinical hospital services to its patients in medical-surgery, obstetrics, pediatrics, outpatient and emergency treatment, including emergency services for the indigent, that the hospital facility provided prior to the lease, sale, or conveyance. These services may be terminated only as prescribed ~~by Certificate of Need Law prescribed in Article 9 of Chapter 131E of the General Statutes, or, if Certificate of Need Law is inapplicable,~~ by review procedure designed to guarantee public participation pursuant to rules adopted by the Secretary of the Department of Health and Human Services."

SECTION 12. G.S. 131E-84(a1) reads as rewritten:

"(a1) In the event of a declaration of a state of emergency by the Governor in accordance with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency

by the President of the United States, a declaration of a public health emergency by the Secretary of the United States Department of Health and Human Services; or to the extent necessary to allow for consistency with any temporary waiver or modification issued by the Secretary of the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division of Health Service Regulation determines the existence of an emergency that poses a risk to the health or safety of patients, the Division of Health Service Regulation may ~~do either or both of the following:~~

(1) ~~Temporarily temporarily~~ waive any rules of the Commission pertaining to hospitals.

(2) ~~Notwithstanding G.S. 131E-183, allow a hospital to temporarily increase its bed capacity."~~

SECTION 13. G.S. 131E-136(4) reads as rewritten:

"(4) "Home health agency" means a home care agency which is certified to receive Medicare and Medicaid reimbursement for providing nursing care, therapy, medical social services, and home health aide services on a part-time, intermittent ~~basis as set out in G.S. 131E-176(12), and is thereby also subject to Article 9 of Chapter 131E.~~basis."

SECTION 14. The following laws are repealed:

(1) Article 9 of Chapter 131E of the General Statutes.

(2) G.S. 130A-45.02(i).

(3) G.S. 131E-78.3(c).

(4) G.S. 131E-146(3), as enacted by Section 3.2(b) of S.L. 2023-7.

(5) G.S. 131E-147.5, as enacted by Section 3.2(c) of S.L. 2023-7.

(6) G.S. 143B-1292.

(7) G.S. 150B-2(8a)k.

(8) G.S. 150B-21.1(a)(6).

SECTION 15. This act becomes effective January 1, 2026.