

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 314

Short Title: GPAC/Certificates of Need.

(Public)

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Sponsors: (by request) Representatives G. Miller, Blue, Barnes, Diamont, Hackney, Hensley, H. Hunter, Nesbitt, and Robinson.

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Referred to: Health and Human Services.

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February 25, 1993

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT  
2 PERFORMANCE AUDIT COMMITTEE REGARDING CERTIFICATES OF  
3 NEED.  
4

5 The General Assembly of North Carolina enacts:

6 —ICF/MR CON MORATORIUM.

7 Section 1. (a) The General Assembly finds that intermediate care facilities for the  
8 mentally retarded (ICFs/MR) continue to be developed in North Carolina even though  
9 most states have decreased the number of individuals residing in these facilities and that  
10 North Carolina continues to admit a significant number of individuals to State-operated  
11 ICFs/MR while most other states are moving to deinstitutionalize the mentally retarded.  
12 The General Assembly further finds that North Carolina rates for private ICFs/MR are  
13 ranked among the highest in the country.

14 (b) Effective July 1, 1993, through June 30, 1995, the Division of Facility  
15 Services, Department of Human Resources, shall not grant a Certificate of Need for the  
16 development of any new intermediate care facility for the mentally retarded. The  
17 Department of Human Resources shall ensure that stringent screening and assessment  
18 take place to ensure appropriate utilization of home- and community-based services that  
19 will be required during the moratorium and to avoid a sudden surge in the growth of  
20 new beds, after the moratorium is lifted.

21 (c) The base budget of the Division of Medical Assistance, Department of  
22 Human Resources, is reduced by two million four hundred thousand dollars  
23 (\$2,400,000) for the 1994-95 fiscal year due to the implementation of this section.

1 (d) This section becomes effective July 1, 1993, and applies to applications for  
2 new certificates of need received on or after that date.

3 —CON BED NEED FORMULA CHANGE.

4 Sec. 2. (a) The General Assembly finds that the Certificate of Need process  
5 has not been effective in controlling the development and expansion of hospital beds  
6 and that its current methodology for projecting need for additional long-term care  
7 facilities beds can be improved.

8 (b) Effective July 1, 1994, the Division of Facility Services, Department of  
9 Human Resources, shall implement a changed Certificate of Need bed need formula.  
10 This changed formula shall be developed by expanding the size of the current health  
11 planning areas to include larger geographic regions and by expanding beyond the need  
12 to rely solely on current rates of institutionalization, in order to take cognizance of  
13 people who have been identified as actually needing services or who should be directed  
14 away from intermediate care facilities for the mentally retarded (ICFs/MR) care to  
15 home- and community-based services, thus providing a more actual projection of bed  
16 need.

17 (c) This section becomes effective July 1, 1993.

18 —CON CAPITAL EXPENDITURE LIMIT.

19 Sec. 3. (a) The General Assembly finds that North Carolina's Certificate of  
20 Need capital expenditure threshold does not address major medical equipment  
21 purchases and that costly new technologies such as lithotripters, magnetic resonance  
22 imaging scanners, and linear accelerators are not subject to Certificate of Need review  
23 because expenditures for these services can fall under the two million dollar  
24 (\$2,000,000) capital expenditures threshold. The General Assembly further finds that  
25 these technologies are costly services and increase the cost of medical services to all  
26 consumers.

27 (b) G.S. 131E-176(16)b. reads as rewritten:

28 "(16) b. The obligation by any person of any capital expenditure on behalf  
29 of or for a health service facility as defined in subsection (9b) of this  
30 section exceeding ~~two million dollars (\$2,000,000),~~ five hundred  
31 thousand dollars (\$500,000), other than one to acquire an existing  
32 health service facility or to replace such a facility destroyed or  
33 irreparably damaged by accident or natural disaster. The cost of any  
34 studies, surveys, designs, plans, working drawings, specifications, and  
35 other activities, including staff effort and consulting and other services,  
36 essential to the acquisition, improvement, expansion, or replacement of  
37 any plant or equipment with respect to which an expenditure is made  
38 shall be included in determining if the expenditure exceeds ~~two million~~  
39 ~~dollars (\$2,000,000),~~ five hundred thousand dollars (\$500,000);".

40 (c) This section becomes effective October 1, 1993, and applies to applications  
41 for Certificate of Need requested on or after that date.

42 —CON SELF-FUNDED.

43 Sec. 4. (a) The General Assembly finds that, while other states with  
44 Certificate of Need agencies have increased fees or downsized staff to fund their

1 programs without state revenue, the application fees generated by North Carolina's  
2 Certificate of Need process currently cover only seventy-five percent (75%) of program  
3 expenses.

4 (b) Effective October 1, 1993, the Division of Facility Services, Department of  
5 Human Resources, shall increase all application fees for a Certificate of Need by fifty  
6 percent (50%).

7 (c) Effective October 1, 1993, G.S. 131E-177(9) reads as rewritten:

8 "(9) Establish and collect fees for submitting applications for ~~certificates of~~  
9 ~~need, certificates of need,~~ which fees shall be based on the total cost of  
10 the project for which the applicant is applying. This fee ~~may~~ shall not  
11 exceed ~~fifteen thousand dollars (\$15,000)~~ twenty-two thousand five  
12 hundred dollars (\$22,500) and ~~may~~ shall not be less than ~~four hundred~~  
13 dollars (\$400.00) ~~six hundred dollars (\$600.00).~~"

14 (d) The base budget of the Division of Facility Services, Department of Human  
15 Resources, is reduced by two hundred thousand dollars (\$200,000) for the 1993-94  
16 fiscal year due to the implementation of this section.

17 (e) Unless otherwise stated, this section becomes effective July 1, 1993, and  
18 applies to application fees for applications requested on or after October 1, 1993.