

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 375

Short Title: GPAC/ICF/MR.

(Public)

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

Referred to: Appropriations.

February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
PERFORMANCE AUDIT COMMITTEE REGARDING INTERMEDIATE CARE
FACILITIES FOR THE MENTALLY RETARDED.

The General Assembly of North Carolina enacts:

—TRANSITION ICF/MR RES.

Section 1. (a) The General Assembly finds that North Carolina continues to admit a significant number of individuals to State-operated intermediate care facilities for the mentally retarded (ICFs/MR), while most other states are moving to deinstitutionalize the mentally retarded and that there are 236 individuals inappropriately placed in ICFs/MR settings.

(b) Effective July 1, 1995, the Department of Human Resources shall ensure that the individuals inappropriately placed in ICFs/MR are transitioned to home- and community-based settings, where they will receive services in a more appropriate setting. The process of transition shall include:

(1) Ensuring that stringent criteria will be applied so that the excess capacity in ICFs/MR created by the transition is not refilled inappropriately again; and

(2) Consideration of a capital reimbursement system to ensure that capital costs, which could be reallocated among remaining residents, are not reimbursed.

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

—ICF/MR REIMBURSEMENT METHOD CHANGE.

1 Sec. 2. (a) The General Assembly finds that the current Medicaid
2 reimbursement policy for intermediate care facilities for the mentally retarded
3 (ICFs/MR), based on facility-specific costs, results in wide variance of rates paid across
4 facilities. North Carolina's rates are relatively high compared to the rest of the nation.
5 The current reimbursement policy does not allow the State to determine whether some
6 facilities face higher costs because of more patient needs or because of inefficient
7 operation. Because cost-based reimbursement methodologies do not address the
8 relative needs of patients in establishing rates, the General Assembly finds that the
9 current system limits the State's ability to control costs by encouraging facilities to
10 operate efficiently.

11 (b) Effective July 1, 1994, the Division of Medical Assistance, Department of
12 Human Resources, shall implement a prospective case-mix methodology for Medicaid
13 reimbursement for ICFs/MR. This methodology shall compensate facilities according
14 to the needs of its residents and shall ensure that facilities will receive payment
15 sufficient to meet residents' staffing needs. In addition, the methodology shall include:

- 16 (1) Ensuring that it will distribute payments equitably among providers
17 according to the relative needs of their patients;
- 18 (2) Ensuring that it will effect efficient provision of care by making use of
19 peer grouping and cost ceilings, when appropriate;
- 20 (3) Ensuring that it improves access for patients requiring more intense
21 levels of care;
- 22 (4) Consideration of whether to move towards a capital reimbursement
23 policy, which standardizes payments across facilities, provides
24 incentives for facilities to control capital costs, and ensures the
25 appropriate amount of investment in the ICFs/MR industry; and
- 26 (5) Consideration of whether additional resources may be necessary to
27 maintain the system because case-mix systems require periodic
28 patients' assessments.

29 (c) There is appropriated from the General Fund to the Division of Medical
30 Assistance, Department of Human Resources, the sum of six hundred forty-five
31 thousand dollars (\$645,000) for the 1993-94 fiscal year for administrative costs incurred
32 in implementing this section.

33 (d) The base budget of the Division of Medical Assistance, Department of
34 Human Resources, is reduced by five million dollars (\$5,000,000) for the 1994-95 fiscal
35 year due to the implementation of this section.

36 (e) This section becomes effective July 1, 1993.