

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 211

Short Title: GPAC/Medicaid Managed Care.

(Public)

Sponsors: Senators Martin of Guilford; and Blackmon.

Referred to: Government Performance Audit.

February 17, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
PERFORMANCE AUDIT COMMITTEE TO EXPAND THE USE OF MEDICAID
MANAGED CARE OPTIONS.

The General Assembly of North Carolina enacts:

Section 1. The General Assembly finds that the use of managed care encourages physicians to coordinate and monitor utilization of services and provides physicians with incentives to use low-cost facilities and make referrals to cost-effective hospitals.

Sec. 2. Effective July 1, 1994, the Division of Medical Assistance, Department of Human Resources, shall expand its use of Medicaid managed care options to include implementation of a savings sharing program or capitation of all primary care services. In developing its expanded options the Division shall:

- (1) Continue to work with physicians to educate them regarding the importance of managed care programs, as these programs can improve quality of care as well as achieve cost savings and can provide physicians with greater incentives to monitor and control utilization;
- (2) In order to develop savings-sharing options, collect extensive data regarding utilization of services in order to determine savings payment amounts and to ensure that the Medicaid Management Information System (MMIS) tracks utilization of groups of services used by specific recipients assigned to primary care physicians;
- (3) Work with rural hospitals and health care clinics;

- 1 (4) Develop enhanced utilization review to ensure that quality of care and
2 access to services are not compromised;
- 3 (5) Consider ways to limit a physician's risk, such as limiting it to ten
4 percent (10%) above the total amount of capitated payments;
- 5 (6) Consider exempting patients requiring large amounts of health care
6 from the capitation plan; and
- 7 (7) Implement other mechanisms that encourage appropriate care,
8 including a disenrollment process and patient control process.

9 Sec. 3. There is appropriated from the General Fund to the Division of
10 Medical Assistance, Department of Human Resources, the sum of twenty-five thousand
11 dollars (\$25,000) for the 1993-94 fiscal year and the sum of twenty-five thousand
12 dollars (\$25,000) for the 1994-95 fiscal year, to implement this act.

13 Sec. 4. The base budget of the Division of Medical Assistance, Department
14 of Human Resources, is reduced by one million six hundred eighty-five thousand
15 dollars (\$1,685,000) for the 1994-95 fiscal year due to the savings incurred in
16 implementing this act.

17 Sec. 5. It is the intent of the General Assembly to reduce the base budget of
18 the Division of Medical Assistance, Department of Human Resources, in subsequent
19 fiscal years due to implementation of this act, according to the following schedule:

Fiscal Year	Amount
20 1995-96	\$1,900,000
21 1996-97	\$2,000,000
22 1997-98	\$2,000,000
23 1998-99	\$2,100,000
24 1999-00	\$2,200,000
25 2000-01	\$2,300,000
26 2001-02	\$2,400,000.

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28 Sec. 6. This act becomes effective July 1, 1993.