

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 214

Short Title: GPAC/Medicaid "Bundled" Payment.

(Public)

Sponsors: Senators Martin of Guilford; and Blackmon.

Referred to: Government Performance Audit.

February 17, 1993

A BILL TO BE ENTITLED

AN ACT TO MOVE TOWARDS A "BUNDLED" PROSPECTIVE MEDICAID
PAYMENT METHODOLOGY FOR OUTPATIENT HOSPITAL SERVICES.

The General Assembly of North Carolina enacts:

Section 1. The General Assembly finds that prospective reimbursement of outpatient hospital services encourages hospitals to control costs and efficiently use resources. "Bundled" prospective payment relies on a fee schedule for specific service "bundles", which are groups of services that are provided on the same day or as part of the same incident of care.

Sec. 2. Effective July 1, 1994, the Division of Medical Assistance shall implement a "bundled" prospective payment approach for Medicaid outpatient hospital services. The development of this approach shall include consideration of the following:

- (1) Use of peer grouping to address the problem that facilities that serve more seriously ill patients may be underpaid;
- (2) Consideration of prospective fee-for-service payment versus current cost-settled arrangements;
- (3) Payment of nonemergency care at comparable clinic or office visit rates;
- (4) Flat rate payment for all facilities versus current facility-specific percentage of costs;
- (5) Rates set based on relative cost of "bundled" services versus current service-specific costs;

- 1 (6) Payment for outpatient surgeries at rates based on Medicare's
2 Ambulatory Surgery Center (ASC) Groups; and
3 (7) Rebasing on a multiyear cycle, with annual updates based on an
4 inflater.

5 Sec. 3. The Division shall report on its progress towards implementing a
6 "bundled" prospective payment approach for Medicaid hospital outpatient services to
7 the appropriate subcommittees of the House and Senate Appropriations Committees of
8 the 1993 General Assembly, Regular Session 1994.

9 Sec. 4. There is appropriated from the General Fund to the Division of
10 Medical Assistance, Department of Human Resources, the sum of one hundred fifty
11 thousand dollars (\$150,000) for the 1993-94 fiscal year, as administrative costs incurred
12 in developing the "bundled" prospective payment approach mandated by this act.

13 Sec. 5. The base budget of the Division of Medical Assistance, Department
14 of Human Resources, is reduced by eight hundred thousand dollars (\$800,000) for the
15 1994-95 fiscal year due to implementation of the "bundled" prospective payment
16 approach mandated by this act.

17 Sec. 6. 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 the "bundled" prospective payment approach
20 mandated by this act, according to the following schedule:

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22	Fiscal Year	Amount
23	1995-96	\$900,000
24	1996-97	\$1,000,000
25	1997-98	\$1,200,000
26	1998-99	\$1,400,000
27	1999-00	\$1,600,000
28	2000-01	\$1,800,000
29	2001-02	\$2,000,000.

30 Sec. 7. This act becomes effective July 1, 1993.