

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 361

Short Title: GPAC/Statewide Managed Care.

(Public)

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Sponsors: Senator Martin of Guilford.

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Referred to: Government Performance Audit.

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February 24, 1993

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT  
2 PERFORMANCE AUDIT COMMITTEE TO DEVELOP A STATEWIDE  
3 MANAGED CARE PROGRAM TO CONTRACT WITH EXISTING PROVIDER  
4 NETWORKS AND TO EVALUATE THE FEASIBILITY OF STATEWIDE  
5 MANAGED CARE PROGRAMS FOR CERTAIN POPULATIONS AND  
6 REGIONS OF THE STATE.

7  
8 The General Assembly of North Carolina enacts:

9 Section 1. The General Assembly finds that managed care programs offer  
10 several advantages over traditional fee-for-service arrangements.

11 Sec. 2. Effective July 1, 1993, the Division of Medical Assistance,  
12 Department of Human Resources, shall develop a statewide managed care system to  
13 contract with existing provider networks. This system shall address the following  
14 objectives:

- 15 (1) Promote early diagnosis and treatment for preventive health care;  
16 (2) Shift care from hospitals to physicians' offices and clinics;  
17 (3) Stabilize and contain the escalation of Medicaid costs;  
18 (4) Enable clients to form primary care contact with physicians;  
19 (5) Ensure patient access to care; and  
20 (6) Improve the quality of care.

21 Facilities that serve as contractors for the system shall provide all health care  
22 services and shall receive a capitated payment per Medicaid patient per month. In  
23 developing the system, the Division shall consider whether to limit the financial risk of  
24 the contractors by implementing a stop-loss provision in which each contractor's losses

1 are limited to a fixed amount of aggregate capitation payments. The Division shall  
2 encourage Carolina Access providers to participate through their inclusion in provider  
3 networks.

4           Sec. 3. The Division of Medical Assistance, Department of Human  
5 Resources, shall evaluate the feasibility of statewide managed care programs for certain  
6 populations and certain regions of the State. The Division shall report the results of its  
7 feasibility study to the General Assembly by May 1, 1994. This study shall include:

- 8           (1) How best to ensure physician and hospital acceptance and  
9           involvement;
- 10           (2) Consideration of the theory that the greater the financial risk borne by  
11           the managed care program and providers the greater the success in  
12           controlling utilization and cost;
- 13           (3) Consideration of long-term care; and
- 14           (4) How to ensure that the State and counties will make investments in  
15           establishing the appropriate administrative systems for internal  
16           operations and external oversight.

17           Sec. 4. (a) There is appropriated from the General Fund to the Division of  
18 Medical Assistance, Department of Human Resources, the sum of four hundred  
19 thousand dollars (\$400,000) for the 1993-94 fiscal year and the sum of six hundred  
20 thousand dollars (\$600,000) for the 1994-95 fiscal year, as administrative costs incurred  
21 in implementing Section 2 of this act.

22           (b) There is appropriated from the General Fund to the Division of Medical  
23 Assistance, Department of Human Resources, the sum of one hundred thousand dollars  
24 (\$100,000) for the 1993-94 fiscal year to implement Section 3 of this act.

25           Sec. 5. This act becomes effective July 1, 1993.