

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 362

Short Title: GPAC/Medicaid Indirect Care Cap.

(Public)

Sponsors: Senator Martin of Guilford.

Referred to: Government Performance Audit.

February 24, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
PERFORMANCE AUDIT COMMITTEE TO ESTABLISH A CAP ON INDIRECT
CARE EFFICIENCY MEDICAID PAYMENTS FOR NURSING HOMES.

The General Assembly of North Carolina enacts:

Section 1. The General Assembly finds that, under the current Medicaid reimbursement policy, nursing facilities retain the entire difference between actual indirect costs and the flat indirect rate. Differences between indirect costs and the flat indirect rate are substantial for some facilities. The General Assembly finds that establishing a ceiling amount on these payments does not impair the State's ability to encourage facilities to operate efficiently.

Sec. 2. Effective January 1, 1993, the Division of Medical Assistance, Department of Human Resources, shall establish a cap of two dollars (\$2.00) on Medicaid indirect care efficiency payments for nursing facilities, to eliminate excessive nursing facility "profits" and to reduce Medicaid expenditures with little impact on incentives to control indirect care costs.

Sec. 3. The base budget of the Division of Medical Assistance, Department of Human Resources, is reduced by one million two hundred thousand dollars (\$1,200,000) for the 1993-94 fiscal year and by two million four hundred thousand dollars (\$2,400,000) for the 1994-95 fiscal year due to the implementation of this act.

Sec. 4. This act becomes effective July 1, 1993.