

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1993**

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SENATE BILL 363

Short Title: GPAC/Medicaid Contracting.

(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

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT  
PERFORMANCE AUDIT COMMITTEE TO IMPLEMENT CERTAIN  
SELECTIVE CONTRACTING PROGRAMS FOR MEDICAID.

The General Assembly of North Carolina enacts:

Section 1. Effective July 1, 1994, in order to encourage facilities to operate efficiently and reduce Medicaid expenditures for inpatient hospital services, the Division of Medical Assistance, Department of Human Resources, shall implement selective contracting programs for Medicaid in geographically feasible regions of the State. The Division may consider these programs for areas where competition among hospitals exists, such as in Durham, Charlotte, and Raleigh. If the Division does implement selective contracting programs in these areas, the Division shall negotiate with facilities to obtain better rates. The Division shall also develop mechanisms that encourage physicians to send Medicaid recipients to these low-cost facilities whenever possible.

Sec. 2. There is appropriated from the General Fund to the Division of Medical Assistance, Department of Human Resources, the sum of one hundred thirty-five thousand dollars (\$135,000) for the 1993-94 fiscal year, as administrative costs incurred in implementing Section 1 of this act.

Sec. 3. The base budget of the Division of Medical Assistance, Department of Human Resources, is reduced by six million nine hundred thousand dollars (\$6,900,000) for the 1994-95 fiscal year due to savings incurred by the implementation of Section 1 of this act.

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