

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 365

Short Title: GPAC/Elim. Return-on-Equity Pay.

(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 ELIMINATE THE MEDICAID
RETURN-ON-EQUITY PAYMENTS TO NURSING HOMES.

The General Assembly of North Carolina enacts:

Section 1. The General Assembly finds that many states have eliminated Medicaid return-on-equity payments to private nursing facilities because current reimbursement policy permits facilities to retain the difference between the facilities' indirect costs and the statewide flat rates. The General Assembly finds that, for this reason, nursing facilities already receive a "profit" and that eliminating the extra return-on-equity payments in North Carolina would reduce Medicaid expenditures and be consistent with other states' policies.

Sec. 2. Effective July 1, 1993, G.S. 108A-55 is amended by adding a new subsection to read:

"(e) No payment shall be made as 'return-on-equity' reimbursement to nursing homes and no such payment shall be included in the State Health Plan."

Sec. 3. The base budget of the Division of Medical Assistance, Department of Human Resources, is reduced by one million three hundred thousand dollars (\$1,300,000) for the 1994-95 fiscal year due to the implementation of this act.

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