

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 1650

Short Title: Inflationary Increase/Medicaid Providers. (Public)

Sponsors: Senators Purcell; and Atwater.

Referred to: Appropriations/Base Budget.

May 18, 2006

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE DEPARTMENT OF HEALTH AND HUMAN
2 SERVICES TO GRANT INFLATIONARY INCREASES TO THE RATES OF
3 REIMBURSEMENT FOR CERTAIN MEDICAID PROVIDERS.
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5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** The Department of Health and Human Services may grant
7 inflationary increases to the rates of reimbursement for specific groups of providers
8 participating in the Medicaid program, as prescribed by the State Medical Assistance
9 Plan and the individual rate plans for each provider group.

10 **SECTION 1.(b)** When considering inflationary increases, the Department
11 shall consider the increasing costs of wages, benefits, workers compensation, liability
12 insurance, energy, fuel, facility maintenance, and new construction, and other factors
13 contributing to the rising cost of providing medical care and services to Medicaid
14 clients. When determining the final amount of the inflationary increase, the Department
15 shall analyze each provider request against increases in the Consumer Price Index, the
16 Medical Care Cost Inflation Index, and other relevant inflationary indices or measures
17 of inflationary costs for the immediate past year and the current year.

18 **SECTION 1.(c)** Providers may request rate adjustments based on inflation
19 by submitting a written request to the Department of Health and Human Services
20 detailing the provider's analysis and justification for the request within the provider's
21 rate group. The Department shall grant inflationary increases according to a showing of
22 reasonable and necessary cost increases based on cost reports, cost-modeled rate
23 findings, or negotiated rates for specific provider groups, and specific proposed
24 adjustments for individual provider groups filed with the Department of Health and
25 Human Services, Division of Medical Assistance.

26 **SECTION 1.(d)** The Department may adjust rates for individual Medicaid
27 providers or specific Medicaid provider groups, which include factors other than
28 inflation on a case-by-case basis. All adjustments are subject to the approval of the
29 Secretary of Health and Human Services.

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SECTION 2. This act becomes effective July 1, 2006.