

2016 Healthcare Legislation

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[2016 Legislative Session in Review: Health Care Policy \(9/14/16\)](#)

The 2016 legislative short session officially adjourned shortly before midnight on Friday, July 1, 2016.

Passed Legislation

The following bills were passed by the House and Senate during the short session and have been signed into law by the Governor. If you would like to read more about health care bills that were signed in law in 2015, please click [here](#).

[HB 287: Amend Insurance Laws](#): Along with numerous changes to automobile and property insurance statutes, the legislation provides that accountable care organizations participating in Medicare programs are not regulated by the Department of Insurance. This provision of the bill became law when it was signed by the Governor in June.

[HB 842: Medicaid Waiver Protections/ Military Families](#): Allows dependents of Armed Forces members to maintain their Medicaid community-based and home waiver status when the member is transferred to an assignment outside of the state, so long as the member is retaining NC as their legal residence after military service. The law goes into effect on January 1, 2017.

[HB 972: Law Enforcement Recording/ No Public Record](#).: The bulk of this legislation handles the state's policy regarding body worn cameras by law enforcement agents; however, the legislation also addresses needle exchange programs. HB 972 authorizes governmental and nongovernmental organizations in the state to operate needle and syringe exchange programs to reduce the spread of blood borne diseases, reduce needle stick injuries to law enforcement officers and emergency personnel and to encourage individuals to enroll in drug addiction treatment programs. This provision went into effect immediately upon the Governor's signature.

[SB 734: Statewide Standing Order/ Opioid Antagonist](#): Authorizes the current State Health Director to prescribe a statewide standing order for an opioid antagonist with immunity from criminal and civil liability. This will allow any person in the state to immediately acquire a dose of naloxone hydrochloride, a medication that blocks or reverses the effects of narcotics, from any pharmacist across the state. The bill became effective on June 16 when it was signed by the Governor.

[SB 838: Medicaid Transformation Modifications](#): Adjusts 2015 law to make various clarifying changes to the Medicaid and NC Health Choice programs, including:

- Excludes certain treatments from capitated contracts.

- Adds additional categories to the list of populations excluded from Prepaid Health Plan (PHP) coverage.
- Increases the number of Provider Led Entities allowed to enter into a regional PHP contract from 10 to 12.

The legislation became retroactively effective on June 1, 2016.

[SB 865: State Health Plan Changes](#): Increases the number of local governments able to participate in the State Health Plan and makes administrative changes to the plan. The legislation allows local governments to participate in the plan until the number of local government employees and dependents reaches 13,500. The bill went into effect on July 22, when it was signed by the Governor.

Health Care Budget Provisions

[HB 1030: 2016 Appropriations Act](#): Total Health & Human Services budget: \$5.02 Billion, including federal receipts.

- \$318 Million Medicaid Rebase.
- Appropriates \$200,000 to fund NC MedAssist, which provides uninsured and low-income North Carolinians with free pharmaceuticals and other health assistance.
- Provides an additional \$250,000 for the You Quit Two Quit smoking prevention and cessation program for pregnant and postpartum women.
- Establishes a Healthy-Out-of-School Time recognition program. The program directs the Department of Health and Human Services to recognize and provide resources on programs that serve school age children outside of school time and meet the National Institute on Out-of-School Time Healthy Eating and Physical Activity Standards.
- Appropriates \$18 Million from the sale of the Dorthea Dix Hospital property to pay for new psychiatric units or crisis centers in rural areas.
- Establishes a Healthy Food Small Retailer program to reimburse small food retailers in food desert zones for costs associated with stocking nutrient-dense food.
- Provides \$477,500 for Zika prevention and detection.
- Appropriates \$10 Million to implement the recommendations of the Governor's Task Force on Mental Health and Substance Abuse.

Failed Legislation

[HB 1048: Reduce Barriers to Improve NC Health & Safety](#): This legislation had two major components effecting state health policy. HB 1048 had two major portions. The first would have regulated health benefit coverage of abuse-deterrent opioids. The second portion of the legislation would have created step therapy protocols. Ultimately, the bill's sponsor, Rep. David Lewis (R-Harnett), withdrew the bill from consideration.

Several members of the Democrat party attempted to expand Medicaid eligibility during the 2015-16 session of the General Assembly. None of the bills received a committee hearing during the biennium. The bills were: [HB 1073: Expand Medicaid Eligibility](#) and [HB 330 / SB 365: Expand Medicaid Eligibility to All Below 133% FPL/Funds](#). The legislation would have expanded Medicaid eligibility to include all people under age 65 who have incomes equal to or below 133% of the Federal poverty level.

In June, Sen. Tom Apodaca (R-Hendersonville) announced that the Senate would be attempting to repeal Certificate of Need provisions for hospitals by 2021 by gutting and replacing the language of another bill. Though the bill did receive a committee hearing, it was never voted on and did not move.

[SB 825: Expand Hospital Disclosure Requirements](#): Would have increased the disclosure requirements of hospitals to include the disclosure of charity care, patient revenues, income and capital assets and improvements.

[SB 837: Prepaid Health Plans by DOI](#): Would have created the Prepaid Health Plan Licensing Act, which would have required all PHPs to ensure solvency and obtain a license from the Department of Insurance.

During the interim leading up to the short session, the legislature study independent practice for advanced practice registered nurses (APRNs) and, however, no legislation moved forward during the short session. Additionally, several bills concerning scope of practice that had been considered during the long session deadline failed to move forward.

CMS Waiver Submission

On June 1, the Governor filed an application for a Section 1115 Waiver with the Center for Medicare and Medicaid Services (CMS). Should the waiver be approved:

- The State's Medicaid and NC Health Choice Programs will be managed by three statewide managed care organizations and 10 regional provider organizations.
- There will be a significant change in the payment structure: the North Carolina Department of Health and Human Services will contract with two types of health plans: provider led entity and commercial healthcare plans.
- The Department will mandate that the two plans incentivize healthcare providers to administer better and more cost effective care for Medicaid recipients.

[State House passes budget proposal \(5/23/16\)](#)

Last week, the North Carolina House of Representatives debated and passed [H1030: 2016 Appropriations Act](#), which makes adjustments to the 2015-2017 state budget. Totalling over \$22 billion, the House budget adjustment proposal is a 2.3% increase from the 2015-2016 fiscal year. Ultimately, the budget passed with strong bi-partisan support- 103-12.

It is now the Senate's turn to propose and debate their version of the budget. While much of it is expected to be the same or very similar, it is also expected that several items will be in contention between the two chambers.

The House's budget proposal:

- Invests over \$7 million to establish a residency program at Cape Fear Valley Hospital through Campbell University's medical school.
- Includes almost \$2 million to the Chronic Disease and Injury Prevention Section for evidence-based diabetes programs targeted to minority populations.
- Increases funding for Project CARE, which supports families acting as caregivers to family members with Alzheimer's disease.
- Provides funds for the "You Quit Two Quit" smoking cessation program, which is aimed at smoking prevention and cessation for pregnant and postpartum women and mothers.
- Invests \$30 million in the recommendations that resulted from the Governor's Task Force on Mental Health and Substance Abuse.
- Establishes a Medicaid analytics pilot program, aimed at making the current program more efficient and effective.

- Provides \$750,000 to develop an infrastructure to detect, prevent, control and respond to the Zika virus and other vector-borne illnesses.
 - Invests \$350,000 in the healthy corner store initiative, which aims to provide fruits and vegetables to food desert areas of the state.
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[NCGA convenes for 2016 short session \(5/18/16\)](#)

On April 25, the North Carolina General Assembly officially convened for the 2016 short session. While lawmakers did successfully tackle many key policy items during the first year of the 2015-2016 biennium, including Medicaid reform, there are still plenty of unsettled matters that will be debated and voted on this year.

Legislative rules allow for only certain matters to be considered during the short session years. Those matters include bills that: directly affect the state budget, amend the Constitution of North Carolina, successfully passed out of one of the two chambers in 2015, resulted from an interim study or oversight committee, impact state or local pension or retirement systems, pertain to redistricting or election law, or local bills that are deemed noncontroversial and approved by every representative and senator whose district is impacted by the local bill.

While it is hard to predict what will undeniably become law by the end of the short session, and what will ultimately not make the cut, it is possible to make some educated predictions on what to expect.

Health Care

Throughout this year's interim, the Joint Legislative Oversight Committee on Health & Human Services took a deeper dive into many issues that originally surfaced in previous years, but additional study and work was needed for many of the issues. This year, we can expect to potentially see legislation concerning:

- Certificate of Need
- Reforms to the child welfare and foster care systems
- Expanded scope of practice for advanced practice registered nurses
- Recommendations from the Governor's Task Force on Mental Health and Substance Abuse
- Authorizing a statewide standing order for the state health director to prescribe opioid antagonists
- Funding dementia caregiver programs
- Modifications to the state's laws governing step therapy protocols for prescription drugs
- Further consolidation of the LME/MCO regions

Medicaid Reform

The Medicaid reform legislation that passed in 2015, [H372: Medicaid Transformation & Reorganization](#), directed the Department of Health & Human Services to submit all legislation by March 1, 2016, that would be needed in order to allow the Medicaid reform plan to continue to progress. Consequently, the following recommendations were put forth by the Department:

- Exclude the following populations from pre-paid health plan (PHP) enrollment: medically needy beneficiaries, beneficiaries who are eligible only for emergency services, coverage for refugees, services provided by local education agencies (LEAs), Program for All-Inclusive Care for the

Elderly (PACE), and Child Developmental Agencies (CDSAs), and individuals who are presumptively eligible for Medicaid from the PHP delivery system.

- Allow up to 12 regional contracts with provider-led entities (PLEs), current law allows for 10 regional contracts.

Also, the NC Department of Insurance (DOI) was charged with recommending solvency requirements to apply to PHPs and the statutory changes needed to implement the recommendations. As a result, on March 1, DOI reported their [recommended changes for solvency, licensing, and fee requirements](#) to the General Assembly.

State Budget Adjustments

Even though lawmakers pass the biennial budget in odd-numbered years that does not prevent the legislature from making adjustments to the budget, depending on the state's financial situation. Currently, the state is reporting a \$237 million surplus for the 2015-2016 fiscal year, which gives lawmakers plenty of wiggle room when it comes to state employee and teacher raises, and funding other priorities. At the end of April, Governor McCrory released his [proposed fiscal year 2016-2017 budget recommendations](#).

The Governor's budget recommendations account for 23 percent of the total proposed budget, spending \$5 billion over the fiscal year.

- Expands Medicaid services for adults with Alzheimer's or related dementia by adding an additional 320 slots to the Community Alternatives Program for Disabled Adults.
- Expands Medicaid services for people with developmental disabilities through adding an additional 250 Medicaid Innovations Waiver slots.
- Includes dollars for funding residency programs in the 70+ North Carolina counties that are designated health professionals shortage areas (HPSA).
- Invests in statewide resources for the state to identify and track the primary carrier of the Zika virus and other similar diseases.
- Devotes \$30 million in the recommendations that resulted from the Governor's Task Force on Mental Health & Substance Abuse. The recommendations include \$9 million to combat heroin and prescription drug abuse, \$5 million to support therapeutic courts and diversion from the justice system to treatment, \$13 million for case management, and another \$3 million for emergency housing for persons with mental illness that are transitioning out of emergency departments and correctional facilities.

The House will be the first chamber to take up proposed adjustments to the state budget. Leaders from both the House and Senate have stated that they do plan to pass the budget out of both chambers before the new fiscal year begins on July 1, 2016.