

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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HOUSE BILL 998*
Committee Substitute Favorable 6/6/18
Third Edition Engrossed 6/11/18
Senate Health Care Committee Substitute Adopted 6/13/18

Short Title: Improving NC Rural Health.

(Public)

Sponsors:

Referred to:

May 24, 2018

A BILL TO BE ENTITLED

1 AN ACT TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO
2 STUDY AND REPORT RECOMMENDATIONS TO CREATE INCENTIVES FOR
3 MEDICAL EDUCATION IN RURAL AREAS OF THE STATE AND TO ASSIST RURAL
4 HOSPITALS IN BECOMING DESIGNATED AS TEACHING HOSPITALS BY THE
5 CENTERS FOR MEDICARE AND MEDICAID SERVICES; TO DIRECT THE OFFICE
6 OF RURAL HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES, TO
7 ENSURE ITS LOAN REPAYMENT PROGRAM IS TARGETED TO BENEFIT HEALTH
8 CARE PROVIDERS IN RURAL NORTH CAROLINA, INCLUDING IDENTIFYING
9 AND MAKING RECOMMENDATIONS TO ADDRESS THE NEED FOR DENTISTS IN
10 RURAL AREAS; AND TO IMPROVE ACCESS TO DENTAL CARE IN RURAL NORTH
11 CAROLINA; AND TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN
12 SERVICES TO STUDY MEDICAID HEALTH OUTCOMES PROGRAMS.

13 The General Assembly of North Carolina enacts:

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16 **PART I. GME AND NEW TEACHING HOSPITALS**

17 **SECTION 1.(a)** The Department of Health and Human Services shall conduct a
18 study to identify options for modification, enhancements, and other changes to graduate medical
19 education payments to hospitals, as well as any other reimbursements, to incentivize health care
20 providers in rural areas of the State to (i) participate in medical education programs exposing
21 residents to rural areas, programs, and populations and (ii) support medical education and
22 medical residency programs in a manner that addresses the health needs in the State. In
23 conducting the study, the Department may collaborate with the North Carolina Area Health
24 Education Centers Program. The study shall examine at least all of the following:

- 25 (1) Changes in Medicaid graduate medical education reimbursement and funding
26 sources after the 1115 Medicaid waiver submitted by the Department to the
27 Centers for Medicare and Medicaid Services is approved, including how the
28 changes vary from the current model, the rationale for the changes, and the
29 specific incentives the new structure creates for urban and rural hospitals.
- 30 (2) Options to coordinate North Carolina Area Health Education Centers funding
31 to create incentives for attracting residents and students to rural areas of the
32 State, with the goal of ensuring the maximum benefit of the funding.
- 33 (3) Any other issues the Department deems appropriate.



1 **SECTION 1.(b)** The Department shall report its findings to the Joint Legislative
2 Oversight Committee on Health and Human Services and the Joint Legislative Oversight
3 Committee on Medicaid and NC Health Choice by October 1, 2018. The report must include
4 specific, actionable steps that can be implemented, along with estimated costs and a timetable for
5 implementation.

6 **SECTION 2.(a)** The Department of Health and Human Services shall conduct a
7 study to (i) identify rural hospitals that desire to be designated as new teaching hospitals by the
8 Centers for Medicare and Medicaid Services; (ii) determine the technical assistance those
9 hospitals require in order to be designated as new teaching hospitals by the Centers for Medicare
10 and Medicaid Services; and (iii) calculate the expected cost for those hospitals to be designated
11 as new teaching hospitals by the Centers for Medicare and Medicaid Services. In conducting this
12 study, the Department shall engage external professionals with experience and expertise in the
13 establishment of new teaching programs, expanding existing programs, and maximizing the
14 effectiveness of funding for medical education, particularly in rural areas. The study shall
15 examine at least all of the following:

- 16 (1) Expansion of graduate medical education payments to outpatient costs and
17 services.
- 18 (2) Modifications to cost-finding and reimbursement formulas that incentivize
19 rural hospitals to participate in education programs.
- 20 (3) Options in physician reimbursement to incentivize participation, including a
21 graduate medical education or geographic add-on for rural areas of the State.
- 22 (4) Any other issues the Department deems appropriate.

23 **SECTION 2.(b)** The Department shall provide an interim report of its findings to
24 the Joint Legislative Oversight Committee on Health and Human Services and the Joint
25 Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2018. The
26 Department shall submit a final report to the Joint Legislative Oversight Committee on Health
27 and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health
28 Choice by October 1, 2019.

29 30 **PART II. TARGET LOAN REPAYMENT PROGRAMS**

31 **SECTION 3.(a)** The Office of Rural Health, Department of Health and Human
32 Services, is directed to structure the North Carolina State Loan Repayment Program so that it is
33 aligned with all of the following goals:

- 34 (1) The Program is targeted to increase the number of health care providers in
35 rural areas of the State.
- 36 (2) The Program is coordinated with the National Health Service Corps and
37 Federal Loan Repayment programs, as well as any other publicly or privately
38 funded programs, to maximize funding in order to increase the number of
39 health care providers in rural areas of the State.
- 40 (3) The Program encourages both recruitment and retention of health care
41 providers in rural areas of the State.

42 **SECTION 3.(b)** The Office of Rural Health, Department of Health and Human
43 Services, is directed to work with data from the Cecil G. Sheps Center for Health Services
44 Research, and other sources, to identify the need for dentists in rural areas in North Carolina and
45 to develop a recommendation to target loan repayment funds for dentists in rural areas that have
46 been identified as having the greatest need for dentists.

47 **SECTION 3.(c)** On or before October 1, 2018, the Office of Rural Health,
48 Department of Health and Human Services, shall provide an interim report to the Joint
49 Legislative Oversight Committee on Health and Human Services on the actions required by this
50 section. On or before October 1, 2019, the Office of Rural Health, Department of Health and

1 Human Services, shall provide a final report to the Joint Legislative Oversight Committee on
2 Health and Human Services on the actions required by this section.

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4 **PART III. IMPROVE ACCESS TO DENTAL CARE**

5 **SECTION 6.(a)** In addition to the efforts in Section 3(b) of this act, residents of rural
6 areas will benefit from increased access to dental care provided by expediting the license by
7 credentials process for dentists in states that border North Carolina.

8 **SECTION 6.(b)** G.S. 90-36 reads as rewritten:

9 **"§ 90-36. Licensing practitioners of other states.**

10 (a) The North Carolina State Board of Dental Examiners may issue a license by
11 credentials to an applicant who has been licensed to practice dentistry in any state or territory of
12 the United States if the applicant produces satisfactory evidence to the Board that the applicant
13 has the required education, training, and qualifications, is in good standing with the licensing
14 jurisdiction, has passed satisfactory examinations of proficiency in the knowledge and practice
15 of dentistry as determined by the Board, and meets all other requirements of this section and rules
16 adopted by the Board. The Board may conduct examinations and interviews to test the
17 qualifications of the applicant and may require additional information that would affect the
18 applicant's ability to render competent dental care. The Board may, in its discretion, refuse to
19 issue a license by credentials to an applicant who the Board determines is unfit to practice
20 dentistry.

21 (a1) The North Carolina State Board of Dental Examiners shall issue a license by
22 credentials to any dentist who applies for a license by credentials and who holds a current license
23 and is in good standing with the licensing jurisdiction in one of the four states that border North
24 Carolina provided that the dental board of the border state will also issue a license by credentials
25 to a dentist having a license to practice in North Carolina. The requirements of subsections (b),
26 (c) and (d) of this section shall apply to any dentist who applies for a license by credentials from
27 a border state in accordance with this subsection.

28 (b) The applicant for licensure by credentials shall be of good moral character and shall
29 have graduated from and have a DDS or DMD degree from a program of dentistry in a school or
30 college accredited by the Commission on Dental Accreditation of the American Dental
31 Association and approved by the Board.

32 (c) The applicant must meet all of the following conditions:

- 33 (1) Has been actively practicing dentistry, as defined in G.S. 90-29(b)(1) through
34 (b)(9), for a minimum of five years immediately preceding the date of
35 application.
- 36 (2) Has not been the subject of final or pending disciplinary action in the Armed
37 Forces of the United States, in any state or territory in which the applicant is
38 or has ever been licensed to practice dentistry, or in any state or territory in
39 which the applicant has held any other professional license.
- 40 (3) Presents evidence that the applicant has no felony convictions and that the
41 applicant has no other criminal convictions that would affect the applicant's
42 ability to render competent dental care.
- 43 (4) Has not failed an examination conducted by the North Carolina State Board
44 of Dental Examiners.

45 (d) The applicant for licensure by credentials shall submit an application to the North
46 Carolina State Board of Dental Examiners, the form of which shall be determined by the Board,
47 pay the fee required by G.S. 90-39, successfully complete examinations in Jurisprudence and
48 Sterilization and Infection Control, and meet the criteria or requirements established by the
49 Board.

50 ~~(e) The holder of a license issued under this section shall establish a practice location and~~
51 ~~actively practice dentistry, as defined in G.S. 90-29(b)(1) through (b)(9), in North Carolina within~~

1 ~~one year from the date the license is issued. The license issued under this section shall be void~~
2 ~~upon a finding by the Board that the licensee fails to limit the licensee's practice to North Carolina~~
3 ~~or that the licensee no longer actively practices dentistry in North Carolina. However, when a~~
4 ~~dentist licensed under this section faces possible Board action to void the dentist's license for~~
5 ~~failure to limit the dentist's practice to North Carolina, if the dentist demonstrates to the Board~~
6 ~~that out of state practice actions were in connection with formal contract or employment~~
7 ~~arrangements for the dentist to provide needed clinical dental care to patients who are part of an~~
8 ~~identified ethnic or racial minority group living in a region of the other state with low access to~~
9 ~~dental care, the Board, in its discretion, may waive the in State limitations on the out of state~~
10 ~~practice for a maximum of 12 months."~~

11 12 **PART V. MEDICAID HEALTH OUTCOMES PROGRAMS STUDY**

13 **SECTION 7.(a)** The Department of Health and Human Services (Department) shall
14 conduct a study to propose two coordinated quality outcomes programs that are consistent with
15 subdivision (7) of Section 4 of S.L. 2015-245 requiring that the State's transformed Medicaid
16 delivery system be built on defined measures and goals for risk-adjusted health outcomes and
17 quality of care subject to specific accountability measures. One program shall be designed to
18 apply to all acute care hospitals participating in the State Medicaid program. Another program
19 shall be designed to apply to all Medicaid Prepaid Health Plans in the State. Components to be
20 included in the proposed programs are as follows:

- 21 (1) The programs shall be designed to reduce unnecessary and inappropriate
22 service utilization by providing hospitals and Prepaid Health Plans with
23 information and incentives to reduce potentially avoidable hospital
24 admissions, hospital readmissions, and emergency department visits.
- 25 (2) The programs shall be designed to generate sustainable savings within the
26 Medicaid program that are quantifiable within a three-year period following
27 implementation.
- 28 (3) The programs shall be initiated with comprehensive analysis of State
29 Medicaid databases to identify potentially avoidable events causing waste in
30 the Medicaid system. The Department shall establish the methodology for
31 identifying potentially avoidable events, that is, to the extent possible,
32 consistent with methodologies utilized by other state Medicaid programs or
33 commercial payers. For hospitals and Prepaid Health Plans, potentially
34 avoidable events shall include potentially avoidable hospital readmissions and
35 complications. For Prepaid Health Plans, potentially avoidable events shall
36 also include potentially avoidable hospital admissions and emergency
37 department visits.
- 38 (4) The programs shall include the establishment of benchmarks for measurement
39 of outcomes and cost savings related to potentially avoidable events for each
40 program, based on the incidence and cost of potentially avoidable events
41 identified through the comprehensive analysis.
- 42 (5) The programs shall include the establishment of a potentially avoidable events
43 reporting system for hospitals and Prepaid Health Plans and monitoring of this
44 system.
- 45 (6) The programs shall include financial incentives related to the reduction of
46 potentially avoidable events by hospitals and Prepaid Health Plan utilizing
47 value-based payments consistent with sub-subdivision a. of subdivision (5) of
48 Section 5 of S.L. 2015-245.

49 **SECTION 7.(b)** No later than October 1, 2018, the Department shall submit a report
50 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice containing the

1 proposed programs required by this section. This report shall also contain the following
2 information:

- 3 (1) Specific, measurable details of each component of the programs, including the
4 time frame for implementation of each component and a description of the
5 measurable improvement in health outcomes that the programs are designed
6 to achieve.
- 7 (2) An estimate of the cost to implement the programs and a description of all
8 other resources that would be needed to implement the programs.
- 9 (3) A projected estimate of the savings that would be generated as a result of the
10 achievement of the proposed outcomes and quality measures included in the
11 two programs. This estimate shall (i) identify the portion of savings that is
12 projected to be achieved by the State and (ii) identify how the estimated
13 savings will be achieved in addition to anticipated savings associated with the
14 management functions to be performed by Prepaid Health Plans under the
15 transformed Medicaid system.
- 16 (4) Any anticipated barriers to implementation of the programs.
- 17 (5) A detailed description of any other initiatives or programs the Department is
18 planning that will accomplish similar objectives.
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20 **PART VI. EFFECTIVE DATE**

21 **SECTION 8.** Section 6(b) of this act becomes law effective October 1, 2018. The
22 remainder of this act is effective when it becomes law.