

NC Collaborative for Children, Youth and Families

DATE: August 27, 2019

Upcoming Pertinent Legislative Meetings:

Date and Time	Committee	Location Legislative Office Building (LOB) Legislative Building (LB) Audio link: https://www.ncleg.gov/Audio
August 27, 9:00 a.m.	House Appropriations	643 LOB, audio available

House Bill 555: Medicaid Transformation Implementation

HB555 has been making strides at the same time that the budget remains in limbo. The Senate just passed their version of the bill and the House had passed it earlier this session. Now it will head back to the House where they can either accept the Senate version or decline it and a conference committee will be appointed.

HB555 provides funding and direction for the operation of Medicaid and the Medicaid Transformation. In fact, the bill authorizes the transfer of \$224 million into the Medicaid Transformation Fund where DHHS may access it for certain purposes. Perhaps the most important reason DHHS needs this funding is the cost of beginning managed care as soon as November 1. The claims lag will mean that they are simultaneously paying the capitations to the Prepaid Health Plans and claims still coming in from past service usage.

Funds are appropriated to the Division of Health Benefits for transitioning Medicaid managed care, they can also be used for claims run out during the transition and elimination of Medicaid graduate medical education reimbursement is eliminated.

A sticky-wicket for DHHS is an administrative reduction in Medicaid. The bill calls for a \$72 million recurring reduction in DHHS administrative costs by the second year of the biennium (State Fiscal Year 2020-2021). Periodic reports are due to the legislature describing how those reductions have been taken.

One additional focus of HB555 is related to hospitals. Because the Medicaid Transformation no longer allows supplemental payments, DHHS must set new hospital claim payments equivalent to the existing payments and their supplemental payments. The capitated rates set for managed care will be calculated using these new, higher hospital claim payments. The Hospital

Uncompensated Care Fund is established to hold disproportionate share hospital adjustment receipts for payments related to uncompensated care.

Finally, under HB555, prepaid health plans are now subject to gross premiums tax and insurance regulatory charges. A tax rate of 1.9% is established for prepaid health plan premiums, a deduction for capitation payments refunded by a prepaid health plan to the State is allowed, and capitation payments for the Medicaid or Health Choice programs received by PHPs in the tax base on which the gross premium tax is imposed are included.

Bills that are on the move:

[H822](#): Comprehensive Behavioral Health Plan, the bill has been sent to the Senate, passed the 1st Senate reading, and has been sent to the Senate Committee on Rules and Operations.

[H555](#): Modernize Medicaid Telemedicine Policies, the Senate Committee Substitute was adopted, the Senate Amendment Adopted A1, and the bill passed its 2nd reading in the Senate.

[H609](#): Once known as Raise the Age Modifications, the original bill was gutted, re-labeled Salary Increases/Adult Correctional Employees, and on its way to passing the legislature. This bill will be taken off of this tracking sheet since it has been repurposed.

[S199](#): Child Sex Abuse/Strengthen Laws, the bill has failed to concur in the House committee substitute, however, the Senate and House have confirmed the committee appointed.

[S361](#): The Health Care Expansion Act of 2019 passed the House on 08/12/19. It was sent to the Senate on 08/20/19 but the Senate failed to concur on the health committee substitution.

Additional bills we are tracking:

[H5](#): Close the Medicaid Insurance Gap (see S3)

[H75](#): School Mental Health Screening Study

[H76](#): School Safety Omnibus

[H102](#): Enhance Permanency Innovation Institute (see S245)

[H121](#): Expunction Related to Raise the Age/No Conviction

[H234](#): Funds for Child Advocacy Centers

[H241](#): Education Bond Act of 2019

[H250](#): Dept. of Health and Human Services Revisions

[H291](#): Continue Social Services Regional Supervision and Collaboration Work Group (SSWG) and Extend Children's Council

[H297](#): Psychologist Interjurisdictional Compact

[H434](#): Suicide Risk Ref./Mental Health/Teen Violence

[H471](#): Reduce Administrative Duplication MH/DD/SAS Providers

[H580](#): Increase Foster Care Rates/Funds (see S636)

[H601](#): Funds for NAMI North Carolina, Inc.

[H613](#): Essential Services for Homeless Youth

[H655](#): NC Health Care for Working Families

[H702](#): Modify Juvenile Crime Prevention Councils (see S555)

[H826](#): Standardized Assessment/Foster Care Pilot

[H935](#): Social Services Reform/DHHS Recommendations, after receiving a favorable committee substitute and being withdrawn from the House Committee on Health and Human Services Appropriations, the bill has been re-referred to the House Committee on Appropriations.

[H956](#): Funds/Youth Villages and Other Purposes

[H966](#): 2019 Appropriations Act, vetoed on 6/28/19

[S3](#): Close the Medicaid Insurance Gap (see H5)

[S175](#): Funds/Eliminate NC Pre-K Waitlist

[S212](#): NC Fast/Early Child/Transformation/ACH Assess., Conference Committee has been appointed

[S245](#): Enhance Permanency Innovation Institute (see H102)

[S251](#): Modernization of Drug Court Programs

[S382](#): School Psychologist Compensation and Recruitment (see H482)

[S427](#): Smart Start Funds (see H124)

[S476](#): Compt-Based Assess. & Mental Health/Teen Viol., awaiting Conference Committee appointments

[S549](#): Child Welfare/Behavioral Health Pilot/Funds

[S624](#): Guilford County Mental Health Facility /Funds (see H360)

[S636](#): Increase Foster Care Rates/Funds (see H580)

Bills that have been signed into Law:

[H301](#): CIP Revisions/Juvenile Code, signed by the governor on 6/21/19 as Ch. SL 2019-33.

[S413](#): Raise the Age Modifications, signed into law on 8/1/19 as Ch. SL 2019-186.

[H656](#): Medicaid Changes for Transformation, signed into law by the Governor on 7/4/19 as Ch. SL 2019-81.