

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

**H**

**D**

**HOUSE DRH60630-RCz-26\* (04/27)**

Short Title: Strengthen MH/DD/SA Private Providers. (Public)

---

Sponsors: Representatives Insko; Alexander, Barnhart, Earle, England, Justice, and Steen.

---

Referred to:

---

A BILL TO BE ENTITLED

AN ACT TO ASSIST PRIVATE PROVIDERS TO DELIVER MENTAL HEALTH,  
DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES  
AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT  
COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 122C-3(14) reads as rewritten:

**"§ 122C-3. Definitions.**

As used in this Chapter, unless another meaning is specified or the context clearly requires otherwise, the following terms have the meanings specified:

...

(14) "Facility" means any person at one location whose primary purpose is to provide services for the care, treatment, habilitation, or rehabilitation of the mentally ill, the developmentally disabled, or substance abusers, and includes:

- a. An "area facility", which is a facility that is operated by or under contract with the area authority or county program. For the purposes of this subparagraph, a contract is a contract, memorandum of understanding, or other written agreement whereby the facility agrees to provide services to one or more clients of the area authority or county program. Area facilities may also be licensable facilities in accordance with Article 2 of this Chapter. A State facility is not an area facility;
- b. A "licensable facility", which is a facility that provides services to individuals who are mentally ill, developmentally disabled,

1 or substance abusers for one or more minors or for two or more  
 2 adults. ~~When the services offered are provided to individuals~~  
 3 ~~who are mentally ill or developmentally disabled, these~~ These  
 4 services shall be day services offered to the same individual for  
 5 a period of three hours or more during a 24-hour period, or  
 6 residential services provided for 24 consecutive hours or more.  
 7 ~~When the services offered are provided to individuals who are~~  
 8 ~~substance abusers, these services shall include all outpatient~~  
 9 ~~services, day services offered to the same individual for a~~  
 10 ~~period of three hours or more during a 24-hour period, or~~  
 11 ~~residential services provided for 24 consecutive hours or more.~~  
 12 Facilities for individuals who are substance abusers include  
 13 chemical dependency facilities;  
 14 c. A "private facility", which is a facility that is either a licensable  
 15 facility or a special unit of a general hospital or a part of either  
 16 in which the specific service provided is not covered under the  
 17 terms of a contract with an area authority;  
 18 d. The psychiatric service of the University of North Carolina  
 19 Hospitals at Chapel Hill;  
 20 e. A "residential facility", which is a 24-hour facility that is not a  
 21 hospital, including a group home;  
 22 f. A "State facility", which is a facility that is operated by the  
 23 Secretary;  
 24 g. A "24-hour facility", which is a facility that provides a  
 25 structured living environment and services for a period of 24  
 26 consecutive hours or more and includes hospitals that are  
 27 facilities under this Chapter; and  
 28 h. A Veterans Administration facility or part thereof that provides  
 29 services for the care, treatment, habilitation, or rehabilitation of  
 30 the mentally ill, the developmentally disabled, or substance  
 31 abusers."

32 **SECTION 2.** G.S. 122C-112.1(a) is amended by adding a new subdivision

33 to read:

34 **"§ 122C-112.1. Powers and duties of the Secretary.**

35 (a) The Secretary shall do all of the following:

- 36 ...
- 37 (31) Implement standard forms, contracts, processes, and procedures to be  
 38 used by all area authorities and county programs with other public and  
 39 private service providers. These processes and procedures shall include  
 40 standardized denial codes and a standard policy regarding the  
 41 coordination of benefits. The Secretary shall consult with area  
 42 authorities and county programs regarding the development of these  
 43 forms, contracts, processes, and procedures. Any document or process  
 44 developed under this subdivision shall place an obligation upon

1           providers to transmit to area authorities and county programs timely  
2           client information and outcome data. The Secretary shall also adopt  
3           rules regarding what constitutes a clean claim for purposes of billing.  
4           When implementing this subdivision, the Secretary shall balance the  
5           need for area authorities and county programs to exercise discretion in  
6           the discharge of their management responsibilities with the need of  
7           private service providers for a uniform system of doing business with  
8           public entities. The Secretary shall also (i) identify other areas of  
9           standardization that may be implemented without undermining the  
10          authority of area authorities and county programs, and (ii) identify and  
11          eliminate processes and procedures that are duplicative or result in  
12          unnecessary paperwork."

13           **SECTION 3.** G.S. 122C-142(a) reads as rewritten:

14          **"§ 122C-142. Contract for services.**

15           (a)     When the area authority contracts with persons for the provision of services,  
16          ~~the area authority~~ it shall use the standard contract adopted by the Secretary and shall  
17          assure that these contracted services meet the requirements of applicable State statutes  
18          and the rules of the Commission and the Secretary. However, an area authority or  
19          county program may amend the contract to comply with any court-imposed duty or  
20          responsibility. Terms of the standard contract shall require the area authority to monitor  
21          the contract to assure that rules and State statutes are met. It shall also place an  
22          obligation upon the entity providing services to provide to the area authority timely data  
23          regarding the clients being served, the services provided, and the client outcomes. The  
24          Secretary may also monitor contracted services to assure that rules and State statutes are  
25          met."

26           **SECTION 4.** This act is effective when it becomes law.