

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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S.B. 742  
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SENATE BILL DRS45534-BCz-6\*

Short Title: GME/Rural Hospital Study.

(Public)

Sponsors: Senators Curtis, McInnis, and Britt (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT DIRECTING THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO  
3 STUDY AND REPORT RECOMMENDATIONS TO CREATE INCENTIVES FOR  
4 MEDICAL EDUCATION IN RURAL AREAS OF THE STATE AND TO ASSIST RURAL  
5 HOSPITALS IN BECOMING DESIGNATED AS TEACHING HOSPITALS BY THE  
6 CENTERS FOR MEDICARE AND MEDICAID SERVICES, AS RECOMMENDED BY  
7 THE LEGISLATIVE RESEARCH COMMISSION.

8 The General Assembly of North Carolina enacts:

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

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

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

31 **SECTION 2.(a)** The Department of Health and Human Services shall conduct a  
32 study to (i) identify rural hospitals that desire to be designated as new teaching hospitals by the  
33 Centers for Medicare and Medicaid Services; (ii) determine the technical assistance those  
34 hospitals require in order to be designated as new teaching hospitals by the Centers for Medicare  
35 and Medicaid Services; and (iii) calculate the expected cost for those hospitals to be designated  
36 as new teaching hospitals by the Centers for Medicare and Medicaid Services. In conducting this



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1 study, the Department shall engage external professionals with experience and expertise in the  
2 establishment of new teaching programs, expanding existing programs, and maximizing the  
3 effectiveness of funding for medical education, particularly in rural areas. The study shall  
4 examine at least all of the following:

- 5 (1) Expansion of graduate medical education payments to outpatient costs and  
6 services.
- 7 (2) Modifications to cost-finding and reimbursement formulas that incentivize  
8 rural hospitals to participate in education programs.
- 9 (3) Options in physician reimbursement to incentivize participation, including a  
10 graduate medical education or geographic add-on for rural areas of the State.
- 11 (4) Any other issues the Department deems appropriate.

12 **SECTION 2.(b)** The Department shall provide an interim report of its findings to  
13 the Joint Legislative Oversight Committee on Health and Human Services and the Joint  
14 Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2018. The  
15 Department shall submit a final report to the Joint Legislative Oversight Committee on Health  
16 and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health  
17 Choice by October 1, 2019.

18 **SECTION 3.** This act is effective when it becomes law.