



# HOUSE BILL 76: Access to Healthcare Options.

2023-2024 General Assembly

---

<b>Committee:</b>		<b>Date:</b>	February 20, 2023
<b>Introduced by:</b>	Reps. Lambeth, White, Wray, Humphrey	<b>Prepared by:</b>	Jennifer Hillman
<b>Analysis of:</b>	Second Edition		Staff Attorney

---

## **OVERVIEW: Part I of the bill would:**

- **Provide Medicaid coverage through NC Health Works to adults aged 18-64 with incomes up to 133% of the federal poverty level beginning January 1, 2024.**
- **Provide increased Medicaid reimbursements to hospitals through the Healthcare Access and Stabilization Program (HASP) upon federal approval of a request developed and submitted by the Department of Health and Human Services (DHHS).**
- **Increase hospital assessments to provide funding for the NC Health Works coverage and the HASP program.**
- **Provide additional funding to counties for Medicaid administration and inmate medical costs.**

*Part II of the bill would enact various workforce development measures to promote employment among Medicaid enrollees and to provide forgivable loans to students who agree to practice medicine or nursing on a full-time basis in a rural area.*

*The bill would become effective on the date that the Current Operations Appropriations Act for the 2023-2024 fiscal year becomes law.*

## **BILL ANALYSIS:**

**Part I** of the bill would do all of the following:

- **Provide Medicaid coverage through NC Health Works to adults aged 18-64 with incomes up to 133% of the federal poverty level.** The coverage would include preventive care and wellness incentives. NC Health Works coverage for these individuals would begin **January 1, 2024**, and individuals would be able to apply for the coverage beginning December 1, 2023. (**Section 1.1**)
- **Trigger the discontinuation of the NC Health Works coverage as follows:** (i) if the federal share of the cost of providing the coverage becomes less than 90%, then coverage would end no earlier than the date the lower federal share is effective (**Section 1.2, G.S. 108A-54.3C**); and (ii) coverage would end as expeditiously as possible if, for any fiscal year, the nonfederal share of the cost of the NC Health Works coverage cannot be fully funded through the following sources (**Section 1.2, G.S. 108A-54.3B**):
  - Increases in revenue from the gross premiums tax due to NC Health Works coverage.
  - Increases in intergovernmental transfers due to NC Health Works coverage.
  - The hospital health advancement assessments enacted in Section 1.6 of the bill.

Jeffrey Hudson  
Director



Legislative Analysis  
Division  
919-733-2578

# House Bill 76

Page 2

- Savings to the State attributable to NC Health Works coverage that correspond to State General Fund budget reductions to other State programs.
- **Establish an ARPA Temporary Savings Fund** to hold savings realized by the Division of Health Benefits (DHB) from the enhanced federal medical assistance percentage (FMAP) available under the American Rescue Plan Act (ARPA) for states that expand Medicaid. (**Section 1.3**)
- **Authorize increased Medicaid reimbursements to hospitals through the Healthcare Access and Stabilization Program (HASP).** The Department of Health and Human Services (DHHS) would be directed to request approval from the Centers for Medicare and Medicaid Services (CMS) for a new directed payment program, HASP, that would provide reimbursements to hospitals. (**Section 1.4/G.S. 108A-148.1**) Key features of the HASP program would include:
  - HASP reimbursements could begin at the start of the next fiscal quarter after the HASP program is approved by CMS. If allowable and approved, the increased hospital reimbursements could be made for hospital services provided since July 1, 2022.
  - For the 2023-2024 fiscal year, DHHS would request total hospital reimbursements of at least \$3.2 billion for hospital services provided to Medicaid enrollees who are not in NC Health Works. HASP reimbursements would also be made for NC Health Works enrollees, and those amounts would be in addition to the \$3.2 billion.
  - HASP reimbursements would only be made to hospitals that contract with prepaid health plans.
  - The nonfederal share of HASP reimbursement costs would be funded through hospital assessments. In any quarter where the total of all hospital assessments exceed the permissible federal limit on those assessments, HASP reimbursements would be reduced.
- **Increase hospital assessments to provide funding for the nonfederal share of the cost of NC Health Works coverage and HASP reimbursements, as follows:**
  - A one-time hospital assessment would generate funding for the nonfederal share of start-up costs for implementing NC Health Works coverage. (**Section 1.5**)
  - Health advancement assessments on hospitals would generate ongoing funding, beginning January 1, 2024, for the nonfederal share of the cost of adding NC Health Works coverage, including the following costs (**Section 1.6(b)**):
    - Service costs, including the cost of HASP reimbursements. The assessments would collect a presumptive amount of service cost each quarter, and the amount would be reconciled two quarters later based on actual expenditures for services. (**Section 1.6(b)/G.S. 108A-147.5, G.S. 108A-147.6, and G.S. 108A-147.11**)
    - Administrative costs, including county administrative costs. Hospital assessment funds representing the county share of administrative costs of NC Health Works coverage would be paid to the counties. (**Section 1.6(b)/G.S. 108A-147.7**)
  - A state retention component of \$10.75 million per quarter (\$43 million annually) would offset the anticipated loss of disproportionate share (DSH) receipts resulting from the addition of NC Health Works coverage and the HASP program. (**Section 1.6(b)/G.S. 108A-147.8**)
  - Intergovernmental transfers made by qualified public hospitals would reduce the amount of assessment collected from those hospitals. (**Section 1.6(b)/G.S. 108A-147.9**)

# House Bill 76

Page 3

- The amount of assessments collected from hospitals would also be reduced by an estimated amount of the increase in gross premiums tax revenue collected by the State as a result of the NC Health Works program. **(Section 1.6(b)/G.S. 108A-147.12)** The intention would be to use the increase in the gross premiums tax revenue to fund NC Health Works coverage and for the General Assembly to appropriate that amount for each fiscal year to DHB for that purpose. **(Section 1.6(d))**
- Health advancement assessment receipts would be deposited into a Health Advancement Receipts Special Fund to ensure they are used for their intended purposes. **(Section 1.6(c) and Section 1.6(b)/G.S. 108A-147.13)**
- Technical and conforming changes would be made to the existing modernized hospital assessments related to the addition of the NC Health Works coverage and HASP program. **(Section 1.7)**
- **Appropriate \$50 million from the General Fund to be distributed to all counties** for the administrative costs of Medicaid eligibility determinations and for inmate medical costs. **(Section 1.8)**

**Part II** of the bill would do all of the following:

- Direct the Secretary of Commerce (Commerce) to develop a plan to create a seamless, statewide, comprehensive workforce development program that includes both existing programs and the development of new programs. Commerce is required to develop this plan in collaboration with identified stakeholders. **(Section 2.1)**
- Direct DHHS, in collaboration with Commerce, to develop a referral plan that includes consultation with a workforce development case manager for assessing the employment status and barriers to employment of Medicaid and other social service programs beneficiaries. **(Section 2.2)**
- Direct DHB to provide Medicaid applicants with information about the Health Insurance Marketplace that includes contact information for the Navigators Consortium. This information must also be provided to all Medicaid enrollees by January 1, 2024, and again each time their Medicaid eligibility is redetermined, and upon their termination from the Medicaid program. **(Section 2.3)**
- Require DHB to negotiate with CMS to obtain approval to add work requirements as a condition of participation in the Medicaid program if there is any indication that work requirements may be authorized. **(Section 2.4)**
- Appropriate \$14.4 million from the General Fund for a new Doctors and Nurses in Rural Areas Forgivable Loan Pilot Program, which would provide forgivable loans to an estimated 200 students who agree to practice medicine or nursing on a full-time basis in a rural area. **(Section 2.5)**

**EFFECTIVE DATE:** Except as otherwise provided, the bill would be effective on the date that the Current Operations Appropriations Act for the 2023-2024 fiscal year becomes law. The bill expires if, by December 31, 2023, no Current Operations Appropriations Act for the 2023-2024 fiscal year has become law.