



INTRODUCTION

The Senate issued its \$22.9 billion proposed budget this week, having first unveiled it with an 11:58 p.m. release on Tuesday night. After hearings in multiple Committees this week the budget bill was passed along party lines, with the final vote coming around 3:00 this morning. The Senate budget includes another round of tax cuts (the 6th since 2011), millions more into savings reserve and relatively modest raises for teachers and State employees. It also contains a significant amount of policy, much of which was lifted from other pieces of legislation currently before the General Assembly. As expected, the first legislative budget proposal released this year (the House and Senate take turns each session) was a statement of priorities, and a marker of sorts that the other chamber (the House in this case) will spend the next few weeks responding to.

It's important to remember that the House still needs to craft its budget proposal and then the two chambers will negotiate the differences, so these funding priorities and provisions could change (and many certainly will) before it's all said and done. Below is a rundown of the main items of interest:

Funding for LME/MCOs. The budget significantly reduces funding for LME/MCOs by:

- \$37M recurring in FY18
- \$33M non-recurring in FY18
- \$68M recurring in FY19
- \$34M non-recurring in FY19

Management Flexibility Cut for Medicaid Program. The budget imposes a \$20M recurring cut to be determined by DHHS.

Health Information Exchange. The budget establishes a successor HIE Network. Hospitals, physicians, physician assistants and nurse practitioners must establish connectivity and commence submission of demographic and clinical data or encounter claims data by June 1, 2018. Other providers have a deadline of June 1, 2019.

CSRS. The budget provides \$1.2 million in funding for contractual hours to develop and implement software to improve the CSRS.



NORTH CAROLINA COLLEGE OF EMERGENCY PHYSICIANS



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Graduate Medical Education. The budget eliminates funding provided to establish a residency program at Cape Fear Valley Medical Center. The funds were originally appropriated in anticipation of lost Medicare revenue that would result from the Medical Center's planned reclassification as a rural hospital by the federal Centers for Medicare and Medicaid Services (CMS). However, recent changes in CMS policy will allow Cape Fear Valley Medical Center to regain its urban hospital classification effective October 1, 2017. One-time funding, \$3 million nonrecurring, is provided to offset anticipated revenue losses for the period July 1, 2017 to September 30, 2017.

Medicaid Non-Emergency Medical Transportation. The budget realigns funding provided by county departments of social services for Medicaid non-emergency medical transportation to the Division of Medical Assistance. Funding for Medicaid non-emergency medical transportation is eliminated in the Division of Social Services budget. The revised net appropriation in Fund 1376, Medicaid Eligibility is \$356,326 in each year of the biennium.

Traumatic Brain Injury Pilot. The budget provides nonrecurring funding intended to increase compliance with internationally approved evidence-based treatment guidelines. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services must contract with an external party to assist providers in implementing an interactive quality assessment and quality assurance clinical decision support tool. The revised net appropriation for Fund 1110 is \$16,878,628 in FY 2017-18 and \$17,028,628 in FY 2018-19.

Community Paramedicine Pilot Project Fund. The budget provides funds to continue the New Hanover Regional Medical Center EMS pilot to expand the role of paramedics to allow them to divert persons to community-based initiatives designed to avoid nonemergency use of hospital emergency departments. The revised net appropriation for the Community Paramedicine Pilot Project is \$210,000 in each year of the biennium.

Inpatient Behavioral Health Beds. The budget transfers funds to the Department of Health and Human Service for the purpose of expanding inpatient capacity in rural areas near counties with limited inpatient capacity relative to their needs through constructing new beds or renovating existing beds to form new inpatient psychiatric units. Of the funds transferred up to \$1.8 million will be used for inpatient beds at the Dix Crisis Intervention Center in Onslow County. Beds converted or constructed with these funds shall be named in honor of Dorothea Dix.

Graduate Medical Education Fund. The budget reinstates funding to maintain the graduate medical education add on to the inpatient hospital DRG payment effective July 1, 2017.

Study Continuing Education for Health Care Providers Licensed to Prescribe Controlled Substances. The budget establishes a study of continuing education for health care providers licensed to prescribe controlled substances. A report by the NC Area Health Education Centers Program is due to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1, 2017.

Certificate of Need. The budget includes language to eliminate the state's certificate of need laws by 2025.

Balance Billing. Though efforts to insert the majority of SB 629 were stopped, the budget still contains broad notice and disclosure provisions that must be followed even in emergency

situations. The outside provider network section also provides that “upon notice from the insured, the insurer shall determine whether a health care provider able to meet the health care needs of the insured is reasonably available to the insured without unreasonable delay by reference to the insured’s location and the specific medical needs of the insured.”

Pilot Projects to Treat Opiate Overdose. Sen. Jackson introduced an amendment during the final Senate budget floor debate to significantly increase the funding for pilot projects to treat opiate overdose in the cities of Wilmington, Jacksonville, Hickory and the counties of Gaston, Moore, Mitchell and Watauga. The amendment increases funding for the pilot projects by \$1,805,215, and it was adopted.

UNC School of Medicine. The budget provides for 15 new slots for medical students at UNC School of Medicine.

UNC School of Medicine – Asheville. The budget provides for an \$8 million expansion to the UNC School of Medicine's Asheville campus project.

East Carolina. The budget provides \$4 million to stabilize East Carolina University's medical school.

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