

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1297  
Committee Substitute Favorable 5/11/09  
Senate Health Care Committee Substitute Adopted 7/29/09

Short Title: Provider Credentials/Insurer/Provider Contract.

(Public)

Sponsors:

Referred to:

April 9, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT PERTAINING TO THE CREDENTIALING OF HEALTH CARE PROVIDERS  
3 UNDER HEALTH BENEFIT PLANS; ADDING A DEFINITION, AND AMENDING  
4 NOTICE AND CONTRACT NEGOTIATION PROVISIONS FOR HEALTH BENEFIT  
5 PLAN AND PROVIDER CONTRACTING; CLARIFYING A CON EXEMPTION  
6 CRITERION; AND MODIFYING INSPECTION PRACTICES OF CERTAIN  
7 HOSPITAL OUTPATIENT LOCATIONS.

8 The General Assembly of North Carolina enacts:

9 SECTION 1. G.S. 58-3-230 reads as rewritten:

10 "§ 58-3-230. Uniform provider credentialing.

11 (a) An insurer that provides a health benefit plan and that credentials providers for its  
12 networks shall maintain a process to assess and verify the qualifications of a licensed health  
13 care practitioner within 60 days of receipt of a completed provider credentialing application  
14 form approved by the Commissioner. If the insurer has not approved or denied the provider  
15 credentialing application form within 60 days of receipt of the completed application, upon  
16 receipt of a written request from the applicant and within five business days of its receipt, the  
17 insurer shall issue a temporary credential to the applicant if the applicant has a valid North  
18 Carolina professional or occupational license to provide the health care services to which the  
19 credential would apply. The insurer shall not issue a temporary credential if the applicant has  
20 reported on the application a history of medical malpractice claims, a history of substance  
21 abuse or mental health issues, or a history of Medical Board disciplinary action. The temporary  
22 credential shall be effective upon issuance and shall remain in effect until the provider's  
23 credentialing application is approved or denied by the insurer. When a health care practitioner  
24 joins a practice that is under contract with an insurer to participate in a health benefit plan, the  
25 effective date of the health care practitioner's participation in the health benefit plan network  
26 shall be the date the insurer approves the practitioner's credentialing application.

27 (b) The Commissioner shall by rule adopt a uniform provider credentialing application  
28 form that will provide health benefit plans with the information necessary to adequately assess  
29 and verify the qualifications of an applicant. The Commissioner may update the uniform  
30 provider credentialing application form, as necessary. No insurer that provides a health benefit  
31 plan may require an applicant to submit information that is not required by the uniform  
32 provider credentialing application form.

33 (c) As used in this section, the terms "health benefit plan" and "insurer" shall have the  
34 meaning provided under G.S. 58-3-167."

35 SECTION 2.(a) If Senate Bill 877 becomes law, G.S. 58-50-270, as enacted in  
36 Section 1 of Senate Bill 877, is amended by adding a new subdivision to read:



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1           "(3a) 'Health care provider' – An individual who is licensed, certified, or otherwise  
2           authorized under Chapter 90 or Chapter 90B of the General Statutes or under  
3           the laws of another state to provide health care services in the ordinary  
4           course of business or practice of a profession or in an approved education or  
5           training program and a facility that is licensed under Chapter 131E or  
6           Chapter 122C of the General Statutes or is owned or operated by the State of  
7           North Carolina in which health care services are provided to patients."

8           **SECTION 2.(b)** If Senate Bill 877 becomes law, G.S. 58-50-271(b), as enacted in  
9 Section 1 of Senate Bill 877, reads as rewritten:

10          "(b) ~~Date of receipt for~~ Means for sending all notices provided under a contract shall be  
11 one or more of the following, calculated as (i) five business days following the date the notice  
12 is placed, first-class postage prepaid, in the United States ~~mail.~~ mail; (ii) on the day the notice is  
13 hand delivered; (iii) for certified or registered mail, the date on the return receipt; or (iv) for  
14 commercial courier service, the date of delivery. Nothing in this section prohibits the use of an  
15 electronic medium for a communication other than an amendment if agreed to by the insurer  
16 and the provider."

17          **SECTION 2.(c)** If Senate Bill 877 becomes law, G.S. 58-50-272, as enacted in  
18 Section 1 of Senate Bill 877, is amended by adding a new subsection to read:

19          "(d) Nothing in this Part prohibits a health care provider and insurer from negotiating  
20 contract terms that provide for mutual consent to an amendment, a process for reaching mutual  
21 consent, or alternative notice contacts."

22          **SECTION 3.** G.S. 131E-184(e), as enacted by Session Law 2009-145, reads as  
23 rewritten:

24          "(e) The Department shall exempt from certificate of need review a capital expenditure  
25 that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if  
26 all of the following conditions are met:

- 27           (1) The proposed capital expenditure would:
- 28           a. Be used solely for the purpose of renovating, replacing on the same  
29           site, or expanding an existing:
- 30           1. Nursing home facility,  
31           2. Adult care home facility, or  
32           3. Intermediate care facility for the mentally retarded; and
- 33           b. Not result in a change in bed capacity, as defined in  
34           G.S. 131E-176(5), or the addition of a health service facility or any  
35           other new institutional health service other than that allowed in  
36           G.S. 131E-176(16)b.
- 37           (2) The entity proposing to incur the capital expenditure provides prior written  
38           notice to the Department, which notice includes documentation that  
39           demonstrates that the proposed capital expenditure would be used for ~~only~~  
40           one or more of the following purposes:
- 41           a. Conversion of semiprivate resident rooms to private rooms.  
42           b. Providing innovative, homelike residential dining spaces, such as  
43           cafes, kitchenettes, or private dining areas to accommodate residents  
44           and their families or visitors.  
45           c. Renovating, replacing, or expanding residential living or common  
46           areas to improve the quality of life of residents."

47          **SECTION 4.(a)** G.S. 131E-76(3) reads as rewritten:

48          "(3) "Hospital" means any facility which has an organized medical staff and  
49          which is designed, used, and operated to provide health care, diagnostic and  
50          therapeutic services, and continuous nursing care primarily to inpatients  
51          where such care and services are rendered under the supervision and

1 direction of physicians licensed under Chapter 90 of the General Statutes,  
2 Article 1, to two or more persons over a period in excess of 24 hours. The  
3 term includes facilities for the diagnosis and treatment of disorders within  
4 the scope of specific health specialties. The term does not include private  
5 mental facilities licensed under Article 2 of Chapter 122C of the General  
6 Statutes, nursing homes licensed under G.S. 131E-102, ~~and~~ adult care homes  
7 licensed under G.S. 131D-2, 131D-2, and any outpatient department  
8 including a portion of a hospital operated as an outpatient department, on or  
9 off of the hospital's main campus, that is operated under the hospital's  
10 control or ownership and is classified as Business Occupancy by the Life  
11 Safety Code of the National Fire Protection Association as referenced under  
12 42 C.F.R. § 482.41. Provided, however, if the Business Occupancy  
13 outpatient location is to be operated within 30 feet of any hospital facility, or  
14 any portion thereof, which is classified as Health Care Occupancy or  
15 Ambulatory Health Care Occupancy under the Life Safety Code of the  
16 National Fire Protection Association, the hospital shall provide plans and  
17 specifications to the Department for review and approval as required for  
18 hospital construction or renovations in a manner described by the  
19 Department."

20 **SECTION 4.(b)** G.S. 131E-80(a) reads as rewritten:

21 "(a) The Department shall make or cause to be made inspections as it may deem  
22 necessary. Any hospital licensed under this Part shall at all times be subject to inspections by  
23 the Department according to the rules of the Commission. Except as provided under  
24 G.S. 131E-77(b) of this Part, after the hospital's initial licensing, any location included or added  
25 to the hospital's accreditation through an accrediting body approved pursuant to section 1865(a)  
26 of the Social Security Act, shall be deemed to be part of the hospital's license; provided,  
27 however, that all locations may be subject to inspections which the Department deems  
28 necessary to validate compliance with the requirements set forth in this Part."

29 **SECTION 5.** G.S. 122C-55(a1) reads as rewritten:

30 "(a1) Any facility may share confidential information regarding any client of that facility  
31 with the Secretary, and the Secretary may share confidential information regarding any client  
32 with a facility when necessary to conduct quality assessment and improvement activities or to  
33 coordinate appropriate and effective care, treatment or habilitation of the client. For purposes of  
34 this subsection and subsection (a6) of this section, the purposes or activities for which  
35 confidential information may be disclosed include, but are not limited to, case management and  
36 care coordination, disease management, outcomes evaluation, the development of clinical  
37 guidelines and protocols, the development of care management plans and systems,  
38 population-based activities relating to improving or reducing health care costs, and the  
39 provision, coordination, or management of mental health, developmental disabilities, and  
40 substance abuse services and related services. As used in this section, "facility" includes an  
41 LME and "Secretary" includes the Department's Community Care of North Carolina Program  
42 or other primary care case management programs that contract with the Department to provide  
43 a primary care case management program for recipients of publicly funded health and related  
44 services."

45 **SECTION 6.** Section 1 of this act becomes effective January 1, 2010. Sections  
46 2(a), 2(b), and 2(c) of this act become effective January 1, 2010, and apply to health benefit  
47 plan contracts between health care providers and health benefit plans or insurers delivered,  
48 amended, or renewed on or after that date. The remainder of this act is effective when it  
49 becomes law.