

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 973

Short Title: Funds/Two-Tiered Pay for Three-Way Contracts. (Public)

Sponsors: Representatives Martin, Burr, Avila, and Hollo (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Health and Human Services, if favorable, Appropriations.

April 18, 2013

A BILL TO BE ENTITLED

AN ACT REQUIRING THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES, TO DEVELOP A TWO-TIERED SYSTEM OF PAYMENT FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS BASED ON ACUITY LEVEL; REQUIRING THE DEPARTMENT TO ESTABLISH AND ANNUALLY REPORT ON PERFORMANCE MEASURES FOR THIS TWO-TIERED SYSTEM OF PAYMENT; AND APPROPRIATING FUNDS TO THE DEPARTMENT TO IMPLEMENT THIS TWO-TIERED SYSTEM OF PAYMENT.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Department), shall develop and implement a two-tiered system of payment for purchasing local inpatient psychiatric beds or bed days to meet the needs of individuals experiencing a mental health, developmental disability, or substance abuse crisis. The two-tiered system of payment shall be based on acuity level, with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by the Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. The Department shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State in LME catchment areas, including any catchment areas served by managed care organizations, and according to greatest need based on hospital bed utilization data.

**SECTION 1.(b)** The Department shall establish performance measures to assess the effectiveness of the two-tiered system of payment for local inpatient psychiatric beds or bed days established in accordance with Section 1(a) of this act and submit a report on its assessment of this two-tiered system of payment utilizing these performance measures to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division by no later than March 1, 2014, and annually thereafter.

**SECTION 2.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of two million dollars (\$2,000,000) for the 2013-2014 fiscal year and the sum of two million dollars (\$2,000,000) for the 2014-2015 fiscal year. These funds



1 shall only be used to purchase local inpatient psychiatric beds or bed days at an enhanced rate  
2 of payment for individuals with higher acuity levels under the two-tiered system of payment  
3 established by the Department in accordance with Section 1(a) of this act.

4 **SECTION 3.** This act becomes effective July 1, 2013.