

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

**SESSION LAW 2009-399
HOUSE BILL 102**

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT A PERCENTAGE OF THE LEVEL AUTHORIZED IN S.L. 2008-107, AS AMENDED.

The General Assembly of North Carolina enacts:

AUTHORIZATION FOR EXPENDITURE OF FUNDS

SECTION 1. Section 1 of S.L. 2009-215, as rewritten by Section 1 of S.L. 2009-296, reads as rewritten:

"**SECTION 1.** The Director of the Budget may continue to allocate funds for expenditure for current operations by State departments, institutions, and agencies at a level not to exceed eighty-four percent (84%) of the level at which those operations were authorized in S.L. 2008-107, as amended. The Director of the Budget shall implement the budget reductions set out in Senate Bill 202, 3rd edition, and Senate Bill 202, 6th edition, that are not in controversy. The Director of the Budget shall not implement any transfers set out in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both.

Vacant positions subject to proposed budget reductions in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both, shall not be filled after June 30, 2009.

State employees employed in positions subject to elimination in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both, because of a reduction, in total or in part, in the funds used to support the job or its responsibilities shall, as soon as practicable and in accordance with Reduction in Force policies, be provided written notification of termination of employment 30 days prior to the effective date of the termination.

State agencies shall not make grant awards with funds that are subject to proposed budget reductions in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both.

Except as otherwise provided by this act, the limitations and directions for the 2008-2009 fiscal year in S.L. 2007-323, as amended, and in S.L. 2008-107, as amended, that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section."

USE OF ARRA FUNDS BY LEAS

SECTION 2. Section 6(c) of S.L. 2009-215 shall not be construed to prohibit the use of federal ARRA funds to employ teachers and other school personnel for the 2009-2010 school year.

ACCELERATED DHHS PROCUREMENT PROCESS TO ACHIEVE BUDGET REDUCTIONS

SECTION 3. Section 8A of S.L. 2009-215 reads as rewritten:

"**SECTION 8A.(a)** Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may modify or extend existing contracts or as necessary enter into sole source contracts to timely achieve savings. Any such modifications or



contract extensions or sole source contracts must be approved by the ~~Governor~~ Secretary of the Department of Administration and reported to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Fiscal Research Division, and the Office of State Budget and Management. This subsection applies to the following activities and shall expire six months from the date of enactment of this act:

- (1) ~~Acquisition of medical equipment, supplies, and appliances;~~
- (2) Maximizing technology to increase third-party recovery, increase cost avoidance activities, identify provider overbilling and other abuse or program integrity activities;
- (3) Implementing prior authorization efforts in imaging and other high-cost services;
- (4) Providing technical assistance to enhance care coordination, analysis, and reports to assess provider compliance and performance;
- (5) Conducting independent assessments; and
- (6) Providing technology services to establish physician/provider online attestation reporting and assist CCNC in care management activities.

SECTION 8A.(b) The Department shall report on the activities conducted under this section to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before April 1, 2010."

USE PRE-STIMULUS FMAP FOR MEDICAID HOLD HARMLESS

SECTION 4.(a) G.S. 105-523(b)(2) reads as rewritten:

"(b) Definitions. – The following definitions apply in this section:

- ...
- (2) Hold harmless threshold. – The amount of a county's Medicaid service costs and Medicare Part D clawback payments assumed by the State under G.S. 108A-54 for the fiscal year, less five hundred thousand dollars (\$500,000). A county's Medicaid service costs for fiscal years 2008-2009, 2009-2010, and 2010-2011 are determined without regard to the changes made to the Federal Medical Assistance Percentage by section 5001 of the American Recovery and Reinvestment Act of 2009."

SECTION 4.(b) This section is effective when it becomes law and applies to distributions for months beginning on or after October 1, 2008.

USE OF FUNDS IN THE UNRESERVED CREDIT BALANCE

SECTION 5.(a) Notwithstanding Chapter 143C of the General Statutes, funds in the unreserved credit balance on June 30, 2009, may be used only to partially repay federal funds that were overdrawn in the Medicaid Program in the 2008-2009 fiscal year. The remainder of the overdrawn funds may be repaid during the 2009-2011 fiscal biennium. The Director of the Budget shall report the timing and amount of the repayment to the chairs of the Senate and House of Representatives Appropriations Committees and the Fiscal Research Division by October 1, 2009.

SECTION 5.(b) This section becomes effective June 30, 2009.

EFFECTIVE DATE

SECTION 6. Section 10 of S.L. 2009-215, as rewritten by Section 2 of S.L. 2009-296, reads as rewritten:

"SECTION 10. Except as otherwise provided, this act becomes effective July 1, 2009, and expires ~~July 31, 2009, at 11:59 P.M. when the Current Operations and Capital Improvements Appropriations Act of 2009 becomes law.~~"

SECTION 7. Except as otherwise provided in this act, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of July, 2009.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 2:45 p.m. this 31st day of July, 2009