LEGISLATIVE RESEARCH COMMISSION

COMMITTEE ON ACCESS TO HEALTHCARE IN RURAL NORTH CAROLINA (LRC)(2017)

NORTH CAROLINA GENERAL ASSEMBLY

REPORT TO THE 2018 SESSION of the 2017 GENERAL ASSEMBLY OF NORTH CAROLINA

APRIL 12, 2018

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TRANSMITTAL LETTER

May 16, 2018

TO THE MEMBERS OF THE 2018 REGULAR SESSION
OF THE 2017 GENERAL ASSEMBLY

The Legislative Research Commission herewith submits to you for your consideration its report and recommendations to the 2018 Regular Session of the 2017 General Assembly. The report was prepared by the Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina (LRC)(2017), pursuant to G.S. 120-30.17(1).

Respectfully submitted,

Senator Bill Rabon

Representative David Lewis

Co-Chairs
Legislative Research Commission

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LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP

2017 – 2018

Senator Bill Rabon Co-Chair	Representative David Lewis Co-Chair
Senator Phil Berger, Ex Officio	Representative Tim Moore, Ex Officio
Senator Dan Blue	Representative William Brawley
Senator Warren Daniel	Representative Becky Carney
Senator Ralph Hise	Representative Jonathan Jordan
Senator Paul A. Lowe, Jr.	Representative John Bradford

PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is co-chaired by the President Pro Tempore of the Senate and the Speaker of the House of Representatives, or their designees, and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigation into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission authorized the study of Access to Healthcare in Rural North Carolina (LRC)(2017), under authority of G.S. 120-30.17(1). The Committee was chaired by Senator David L. Curtis and Representative David R. Lewis. The full membership of the Committee is listed under Committee Membership in Appendix A. A committee notebook containing the committee minutes and all information presented to the committee will be filed in the Legislative Library by the end of the **2017-2018** biennium.

COMMITTEE PROCEEDINGS

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina (LRC)(2017) met four times after the 2017 Regular Session. The Committee's Charge can be found in Appendix B. The following is a brief summary of the Committee's proceedings. Detailed minutes and information from each Committee meeting are available in the Legislative Library. Agendas and handouts for each meeting are on the Committee website.

Overview of Topics and Presenters

January 8, 2018

- **Welcome and Comments**
  Senator David L. Curtis, Co-Chair
  Representative David R. Lewis, Co-Chair

- **Committee Charge**
  Jason Moran-Bates, Committee Staff, Legislative Analysis Division, NCGA

- **Graduate Medical Education and Rural Healthcare**
  Dr. John Kauffman, Dean, Campbell University School of Osteopathic Medicine

- **Physicians and the Rural Healthcare Crisis**
  Chip Baggett, Sr. Vice President & Associate General Counsel, North Carolina Medical Society

- **The Rural Healthcare Crisis by the Numbers**
  Mark Holmes, Director, UNC Sheps Center for Health Services Research

- **An Overview of Rural Healthcare in North Carolina**
  Maggie Sauer, Director, North Carolina Office of Rural Healthcare, DHHS

- **Rural Healthcare and Economic Success**
  John Coggin, Director of Advocacy, North Carolina Rural Center

February 15, 2018

- **Welcome and Opening Remarks**
  Senator David L. Curtis, Co-Chair
  Representative David R. Lewis, Co-Chair

- **Telemedicine Study and Recommendations**
  Maggie Sauer, Director, North Carolina Office of Rural Healthcare, DHHS
  Amy Huffman, Department of Information Technology, Office of Broadband Infrastructure

- **State of Dental Care in Rural North Carolina**
  Dr. Gregory Chadwick, East Carolina University School of Dental Medicine
  Dr. Gary Oyster, North Carolina Dental Society

- **State of Pharmacy Access in Rural North Carolina**
  Jay Campbell, North Carolina Board of Pharmacy

- **Training and Retaining North Carolina Physicians**
  Dr. Mark Stacy, East Carolina University Brody School of Medicine
  Dr. Michael Waldrum, Vidant Health

- **Loan Repayment Programs Available to Medical Providers Practicing in Rural North Carolina**
  Maggie Sauer, Director, North Carolina Office of Rural Healthcare, DHHS

- **Financial Incentives for Physicians in Rural Areas**
  Dr. Adam Zolotor, North Carolina Institute of Medicine

- **How APRNs Can Help Mitigate the Rural Healthcare Crisis**
  David Kalbacker, North Carolina Board of Nursing
  Dr. Bobby Lowery, North Carolina Board of Nursing
  Dr. Denise Link, Arizona State University School of Nursing and Health Innovation

March 15, 2018 (Meeting held at Columbus Regional Healthcare System)

- **Welcome and Opening Remarks**
  Senator David L. Curtis, Co-Chair
  Representative David R. Lewis, Co-Chair
  Senator Danny Earl Britt, Jr.
  Representative Bendan H. Jones
  John Young, Interim CEO, Columbus Regional Healthcare System

- **Issues Around Access to Behavioral Health and Primary Care**
  Terri Veneziano, Chief Nursing Officer, Columbus Regional Healthcare System

- **The Economics of Rural Healthcare**
  Joann Anderson, President and CEO, Southeastern Regional Medical Center

- **Workforce Recruitment and Retention**
  Gregory Wood, President and CEO, Scotland Medical Center

April 12, 2018

- **Welcome and Opening Remarks**
  Senator David L. Curtis, Co-Chair
  Representative David R. Lewis, Co-Chair

- **Draft Committee Report Presented & Discussed**

Summary of Committee Meetings

The first meeting of the Committee on Access to Healthcare in Rural North Carolina was held on January 8, 2018. During the meeting, the Committee heard from Dr. John Kauffman of the Campbell University School of Osteopathic Medicine. Dr. Kauffman advised the Committee that medical students who perform their residency in rural areas are more likely to practice medicine in rural areas once their residencies are finished. There was a 67% chance that physician trainees would remain in North Carolina to practice medicine upon completion of medical school and residency if they were in North Carolina for both those phases of their medical education. Next, the Committee heard from Chip Baggett of the North Carolina Medical Society. Baggett presented on issues surrounding access to healthcare in rural North Carolina. He stated there was a growing disparity between healthcare outcomes in rural North Carolina versus urban and suburban North Carolina. Dr. Mark Holmes of the University of North Carolina Sheps Center for Health Services Research was the next presenter. Dr. Holmes discussed the impact rural hospital closure had on healthcare outcomes. He advised the Committee that there is not an overall physician shortage in North Carolina, there is a distribution problem, with a majority of physicians choosing to practice in urban and suburban, rather than rural areas. He identified four specific policies that could address this distribution problem: (i) recruit more prospective students from rural areas, (ii) train more prospective healthcare providers in rural areas, (iii) provide incentives, like loan repayments to providers who choose to practice in rural areas, or (iv) rethink everything and focus on a new healthcare delivery model, like telemedicine. Maggie Sauer, the Director of the Office of Rural Health, provided an overview of the state of rural healthcare in North Carolina and some of the programs offered by the Office of Rural Health. John Coggin of the North Carolina Rural Center concluded the meeting with a presentation on the economic impacts of healthcare in rural North Carolina. He noted that the average economic impact per physician was $2.2 million, and that health systems were among the top five employers in 44 rural counties in North Carolina. He advised the Committee that some of the top issues to improve access to healthcare in rural North Carolina were expanding access to care via telemedicine and bolstering physician recruitment by creating incentives to practice in rural areas.

The Committee met again on February 15, 2018. The Committee heard a presentation on the telemedicine study required pursuant to S.L. 2017-133 from the Office of Rural Health, Department of Health and Human Services, and the Office of Broadband Infrastructure, Department of Information Technology. The report made some specific recommendations to implement a telemedicine policy in North Carolina but also stated further studies must be conducted to identify and resolve all the issues in order to create a fully integrated telemedicine policy. The Committee also heard from the Office of Rural Health, Department of Health and Human Services about the federally, state, and privatelyfunded loan repayment programs that were available to healthcare providers who chose to practice in rural areas. The Committee heard that the state funding for these programs had been cut during the recession. The funds are available upon application by healthcare providers on a first-come, first-serve basis, and the funding is usually exhausted in three months. The loan repayment funds are not targeted toward providers in rural areas. The Brody School of Medicine at East Carolina University then advised the Committee that physicians who were educated and did their residencies in rural areas tended to practice in rural areas. Dr. Mark Stacy from the East Carolina University Brody School of Medicine and Dr. Michael Waldrum from Vidant Health also shared that telemedicine could provide a way for providers in rural areas to connect with other providers, allowing the rural providers to feel more professionally integrated and satisfied with working in a rural area. Additionally, the Committee heard that the high portion of Medicaid payers in rural areas made it difficult for providers with educational debt to survive financially. The Committee heard from the North Carolina Dental Society and the East Carolina School of Dental Medicine on the state of dental care in North Carolina and the North Carolina Board of Pharmacy on pharmacy access in North Carolina. Dr. Adam Zolotor, the President and CEO of the North Carolina Institute of Medicine, presented information on financial incentives for physicians in rural North Carolina. Finally, the North Carolina Board of Nursing and the Arizona State University School of Nursing and Health Innovation presented information on how Advanced Practice Registered Nurses (APRNs) can help mitigate the rural healthcare crisis.

The Committee's third meeting was on March 15, 2018, and took place at Columbus Regional Healthcare System in Whiteville. The Committee heard from Columbus Regional Healthcare System, Southeastern Regional Medical Center, and Scotland Medical Center. All three presenters agreed it was difficult to retain physicians in rural areas and that physicians who did their residency in rural areas were more likely to practice in rural areas after their education was completed. Southeastern Regional noted that telemedicine was a key to accessing care in rural areas, and Scotland Medical noted that cuts in the federal loan repayment program was harming its ability to be fully staffed. Southeastern Regional mentioned that although it lost money on its medical residency program, the program was a net positive because its residents tended to practice full-time in the community after concluding residency.

The Committee's fourth meeting was on April 12, 2018. The draft report was presented for consideration by the Committee.

FINDINGS AND RECOMMENDATIONS

Based on the information presented during its meetings, the Committee submits the findings and recommendations outlined below.

FINDING 1: IDENTIFY OPTIONS FOR ENHANCEMENTS TO GRADUATE MEDICAL EDUCATION FUNDING IN RURAL AREAS TO ACHIEVE THE STATE'S OBJECTIVES.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina finds that one of the best ways to increase the number of healthcare providers in rural areas is to increase the number of medical residents in rural areas. A common theme among presenters was that healthcare providers who complete their residencies in rural areas are more likely to practice in a rural area upon completion of their residencies. Many presenters also believed individuals who previously lived in a rural area were more likely to practice in a rural area as a healthcare provider. The Committee finds that Graduate Medical Education (GME) payments to hospitals through Medicaid may be able to be used to incentivize medical residents in rural areas. In addition, the Committee finds that the Area Health Education Centers (AHEC) have funding that may be used to incentivize medical residents in rural areas. Accordingly, the Committee finds that the Department of Health and Human Services should conduct a study to identify ways to use GME and AHEC funding to create incentives for healthcare providers and medical residents in rural areas. The study should identify specific steps that can be implemented by the 2019 Regular Session of the 2019 General Assembly.

RECOMMENDATION 1: IDENTIFY OPTIONS FOR ENHANCEMENTS TO GRADUATE MEDICAL EDUCATION FUNDING IN RURAL AREAS TO ACHIEVE THE STATE'S OBJECTIVES.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina recommends the Legislative Research Commission encourage the General Assembly to enact legislation [2017-BCz-6] requiring the Department of Health and Human Services (DHHS) to conduct a study identifying options for modification, enhancements, and other changes to Graduate Medical Education (GME) payments to hospitals, as well as any other reimbursements that will incentivize providers in rural areas to (i) participate in medical education programs exposing residents to rural areas, programs, and populations and (ii) support medical education and medical residency programs in a manner that addresses the health needs in the State.

The study shall examine at least all of the following: (i) the changes in Medicaid GME reimbursement and funding sources after the managed care waiver is implemented, including how the changes vary from the current model, the rationale for the changes, and the specific incentives the new structure creates for urban and rural hospitals; and (ii) options to coordinate Area Health Education Center (AHEC) funding to create incentives

for attracting residents and students to rural areas to ensure the maximum benefit of funding.

In conducting its study, the Department may collaborate with North Carolina Area Health Education Centers Program. The Department shall report its findings to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2018. The report must include specific, actionable steps that can be implemented, along with estimated costs and a timetable for implementation.

FINDING 2: IDENTIFY RURAL HOSPITALS THAT DESIRE TO BE DESIGNATED AS TEACHING HOSPITALS BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina finds that one of the best ways to increase the number of healthcare providers in rural areas is to increase the number of medical residents in rural areas. The Committee also finds that many rural hospitals in the State may wish to become residency teaching hospitals, but lack the assistance necessary to do so. The Committee finds that the Department of Health and Human Services should conduct a study to (i) identify any rural hospitals that wish to be designated as teaching hospitals by the Center for Medicare and Medicaid Services (CMS), (ii) identify the assistance those hospitals would require to be designated as teaching hospitals, and (iii) determine what it would cost for those hospitals to be designated as teaching hospitals. This study should be completed in time for the 2020 Regular Session of the 2019 General Assembly to take action on any recommendations, and an interim report should be completed by October 1, 2018.

RECOMMENDATION 2: IDENTIFY RURAL HOSPITALS THAT DESIRE TO BE DESIGNATED AS TEACHING HOSPITALS BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina recommends the Legislative Research Commission encourage the General Assembly to enact legislation [2017-BCz-6] requiring the Department of Health and Human Services to conduct a study to (i) identify rural hospitals that desire to be designated as new teaching hospitals by the Centers for Medicare and Medicaid Services (CMS); (ii) determine the technical assistance those hospitals require in order to be designated as new teaching hospitals by CMS; and (iii) calculate the expected cost for those hospitals to be designated as new teaching hospitals by CMS. In conducting this study, the Department shall engage external professionals with experience and expertise in the establishment of new teaching programs, expanding existing programs, and maximizing the effectiveness of funding for medical education, particularly in rural areas.

The study shall examine at least all of the following: (i) expansion of Graduate Medical Education (GME) payments to outpatient costs and services; (ii) modifications to cost-finding and reimbursement formulas that incentivize rural hospitals to participate in

education programs; and (iii) options in physician reimbursement to incentivize participation, including a GME or geographic add on for rural areas.

The Department shall provide an interim report by October 1, 2018, and a final report by October 1, 2019, of its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice.

FINDING 3: ADDITIONAL FUNDING FOR SOUTHERN REGIONAL AHEC AND THE EASTERN AHEC.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina heard several presentations during the course of its study that mentioned the importance of the North Carolina Area Health Education Centers (AHEC) in supporting health care providers, especially in rural areas of the State. The mission of the NC AHEC "is to meet the state's health and health workforce needs and to provide education programs and services that bridge academic institutions and communities to improve the health of the people of North Carolina, with a focus on underserved populations." The AHEC vision is "to lead the transformation of health care education and services in North Carolina." The Committee finds that NC AHEC provides support for the delivery of healthcare in rural areas. During the 2015 Session, the North Carolina General Assembly provided one million dollars ($1,000,000) in funding for the Mountain Area Health Education Center (MAHEC) for surgery and family medicine residencies in the MAHEC service area. The MAHEC serves the following counties: Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, and Yancey. Given the importance of the AHECs in supporting rural North Carolina, the Committee finds that an additional five million dollars ($5,000,000) in funding is needed for the Southern Regional AHEC and an additional three million dollars ($3,000,000) in funding is needed for the Eastern AHEC. The Southern Regional AHEC serves the following counties: Bladen, Cumberland, Harnett, Hoke, Moore, Richmond, Robeson, Sampson, and Scotland. The Eastern AHEC serves the following counties: Beaufort, Bertie, Camden, Carteret, Chowan, Craven, Currituck, Dare, Gates, Greene, Hertford, Hyde, Jones, Lenoir, Martin, Onslow, Pamlico, Pasquotank, Perquimans, Pitt, Tyrrell, Washington, and Wayne.

RECOMMENDATION 3: ADDITIONAL FUNDING FOR SOUTHERN REGIONAL AHEC AND THE EASTERN AHEC.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina recommends the Legislative Research Commission encourage the General Assembly to enact legislation [2017-SHza-6] appropriating an additional five million dollars ($5,000,000) in funding for the Southern Regional AHEC and an additional three million dollars ($3,000,000) for the Eastern AHEC, the funding shall be recurring and shall be used for surgery and family medicine residencies in the Southern Regional and Eastern AHEC service areas and for facility and structural improvements associated with current residency programs.

FINDING 4: INCREASE FUNDING FOR LOAN REPAYMENT PROGRAM AND TARGET TO RURAL HEALTH PROVIDERS.

During the meeting on February 15, 2018, the Committee heard a presentation on loan repayment programs available to medical providers practicing in rural North Carolina. During that same meeting, the Committee heard several presentations on the state of dental care in rural North Carolina and presentations on how Advanced Practice Registered Nurses may help mitigate the rural healthcare crisis. The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina finds that although North Carolina offers loan repayments as an incentive to healthcare providers, the state-funded loan repayment program (i) had its budget cut during the last recession, (ii) quickly expends its funds on a first-come, first-served basis, (iii) is not specifically targeted to providers in rural areas, (iv) does not target particular provider types, and (v) does not always coordinate with federally and privately funded loan repayment programs to maximize the funding. With regard to the North Carolina Loan Repayment Program, the Committee finds that (i) funding should be increased by three million dollars ($3,000,000) in recurring funds, eight hundred thousand dollars ($800,000) of which should be reserved for physician assistants and nurse practitioners who provide primary care, (ii) the program should be targeted to increase the number of healthcare providers in rural North Carolina, (iii) the program should encourage both recruitment and retention of providers in rural North Carolina, and (iv) the program should be coordinated with federally and privately funded loan repayment programs to maximize the benefit to rural healthcare providers. Additionally, the Committee finds that the Office of Rural Health, Department of Health and Human Services, should work with data from the Cecil G. Sheps Center for Health Services Research and other sources to identify the need for dentists in rural areas and develop a recommendation to target loan repayment funds for dentists in rural areas that have been identified as having the greatest need for dentists.

RECOMMENDATION 4: INCREASE FUNDING FOR LOAN REPAYMENT PROGRAM AND TARGET TO RURAL HEALTH PROVIDERS.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina recommends the Legislative Research Commission encourage the General Assembly to enact legislation [2017-BCza-5] appropriating an additional three million dollars ($3,000,000) in recurring funds for the 2018-2019 fiscal year to the Office of Rural Health, Department of Health and Human Services, for the North Carolina loan repayment program in order to increase the number of healthcare providers in rural North Carolina, with eight hundred thousand dollars ($800,000) of this additional amount to be used for physician assistants and nurse practitioners providing primary care in rural areas; and to direct the Office of Rural Health, Department of Health and Human Services, to ensure the North Carolina loan repayment program is aligned with the following goals: (i) to ensure the program is targeted to increase providers in rural North Carolina, (ii) to coordinate the State's program with the National Health Service Corps and Federal Loan Repayment programs, as well as any other private or public loan repayment programs or grants in an effort to leverage and maximize funding to increase providers in rural areas of the State, and (iii) to ensure that the program encourages both recruitment and retention of providers in rural North Carolina. Additionally, it is recommended that the Office of Rural Health, Department of Health and Human Services, work with data from the Cecil G. Sheps Center

for Health Services Research, and other sources, to identify the need for dentists in rural areas and to develop a recommendation to target loan repayment funds for dentists in rural areas that have been identified as having the greatest need for dentists.

FINDING 5: STUDY STATE HEALTH PLAN AND STATE MEDICAID PROGRAM TO INCREASE PREVENTATIVE HEALTH SERVICES, IMPROVE HEALTH OUTCOMES, AND LOWER COST OF CARE.

During the course of its study, the Committee on Access to Healthcare in Rural North Carolina heard a number of presentations on the difficulty of recruiting and keeping healthcare providers in rural areas. The Committee also heard about a decrease in preventative health services and lower health outcomes in rural areas, combined with the shortage of primary care physicians in rural areas. The Committee finds that it is important to study the potential for increased preventative health services, improved health outcomes, and the decreased cost of care that may be associated with a direct primary care model for the State Health Plan and the State Medicaid Program.

RECOMMENDATION 5: STUDY STATE HEALTH PLAN AND STATE MEDICAID PROGRAM TO INCREASE PREVENTATIVE HEALTH SERVICES, IMPROVE HEALTH OUTCOMES, AND LOWER COST OF CARE.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina recommends the Legislative Research Commission encourage the General Assembly to enact legislation [2017-SHz-7] to direct the Program Evaluation Division to study the State Health Plan and to direct the Department of Health and Human Services to study the State Medicaid Program, to determine whether there are changes that will increase preventative health services, improve health outcomes, and lower the overall cost of care. The alternatives studied should include evaluation of the direct primary care model. For the State Medicaid Program, the study shall determine how the options studied will relate to the outcome measures that will be included in PHP contracts under a transformed Medicaid program. For both the State Health Plan and the State Medicaid Program the study shall determine the contract options for improving primary care physician quality of life in a rural setting that include but are not limited to a direct primary care type payment model and the total cost implications and legislation needed to implement recommendations. The Program Evaluation Division shall contract with consultants for the study of the State Health Plan. The Program Evaluation Division shall report its findings and recommendations to the Joint Legislative Program Evaluation Oversight Committee. The Department of Health and Human Services shall report its findings and recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice.

FINDING 6: SUPPORT FOR IMPLEMENTATION OF A STATUTORY FRAMEWORK FOR TELEMEDICINE IN NORTH CAROLINA AND TO REQUIRE FURTHER STUDY OF ISSUES RELATED TO TELEMEDICINE.

S.L. 2017-133, Section 1, directed the Department of Health and Human Services to examine telemedicine laws in other states and to submit a report to the Joint Legislative Oversight Committee on Health and Human Services recommending standards for a

telemedicine policy for the State. The legislation specifically required the Department to examine the laws of other states as they pertained to: (i) the definition of the term telemedicine; (ii) the scope of services that can be covered by telemedicine; (iii) acceptable communication and data transfer standards necessary to ensure the privacy of health information and appropriate for insurance reimbursement; (iv) informed consent standards; (v) online prescribing standards; (vi) telemedicine provider licensing standards; and (vii) private payer telemedicine reimbursement standards.

The Department of Health and Human Services presented the telemedicine study, recommendations, and report to both the Joint Legislative Oversight Committee on Health and Human Services and the Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina. The report recommended that North Carolina adopt a definition of telemedicine as "the use of electronic information and telecommunication technologies to support and promote long distance clinical health care, patient and professional health-related education, public health, and health administration," and that the terms "telemedicine" and "telehealth" be used interchangeably. The report also made specific recommendations that the State should (i) support the provision of healthcare services through telemedicine by medical providers; (ii) adopt guidelines for handling protected health information in the use of telemedicine; and (iii) develop a standard of care for providing telemedicine services, including online prescribing standards. There were also some areas that were not addressed and that need further study.

On March 13, 2018, the Joint Legislative Oversight Committee on Health and Human Services endorsed a recommendation encouraging the General Assembly to enact legislation (i) establishing the framework for the practice of telemedicine in the state of North Carolina to include definitions, the provision of services by providers licensed under Chapter 90 of the General Statutes, informed consent standards, guidelines for handling protected health information, and a standard of care; and (ii) directing the Department of Health and Human Services to conduct studies on reimbursement of telemedicine by private health benefit plans, a program to ensure all North Carolina residents have access to broadband internet sufficient to support telemedicine, metrics and other data to be used in assessing the quality of care provided by telemedicine, and licensing standards for individuals providing healthcare through telemedicine.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina heard from providers about the use of telemedicine during the first two meetings and again during the meeting at Columbus Regional Healthcare on March 15, 2018. The Committee also heard the telemedicine study and recommendations from the Department of Health and Human Services during its meeting on February 15, 2018. As such, the Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina finds that telemedicine is an important component to the delivery of healthcare in rural areas and supports the telemedicine recommendation from the Joint Legislative Oversight Committee on Health and Human Services.

RECOMMENDATION 6: SUPPORT FOR IMPLEMENTATION OF A STATUTORY FRAMEWORK FOR TELEMEDICINE IN NORTH CAROLINA AND TO REQUIRE FURTHER STUDY OF ISSUES RELATED TO TELEMEDICINE.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina supports the recommendation from the Joint Legislative Oversight Committee on Health and Human Services that the General Assembly enact legislation to implement a statutory framework for telemedicine in North Carolina and require further study of issues related to telemedicine.

FINDING 7: SUPPORT FOR LEGISLATION RECOMMENDING CONTINUED STUDY OF A PLAN TO SUPPORT MEDICAL EDUCATION AND MEDICAL RESIDENCY PROGRAMS IN A MANNER THAT ADDRESSES THE HEALTH CARE NEEDS OF THE STATE, AND RECOMMENDS THE DEVELOPMENT OF MEASURABLE OBJECTIVES TO BE USED WHEN FUNDING MEDICAL EDUCATION AND RESIDENCY PROGRAMS.

As mentioned previously, the focus of the work for the Committee on Access to Healthcare in Rural North Carolina overlapped with the work of another study committee. Pursuant to S.L. 2017-27, Sec. 11J.2, the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee appointed the Joint Subcommittee on Medical Education and Medical Residency Programs. The Joint Subcommittee on Medical Education and Medical Residency Programs focused on medical education and medical residency. The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina also heard many presentations on medical education and medical residency during the meetings in January, February, and March.

The Joint Subcommittee on Medical Education and Medical Residency Programs concluded its work and issued a report to its respective oversight committees on March 1, 2018. The Joint Subcommittee found there was continued interest in examining ways to support medical education and medical residency programs with a goal of addressing the short-term and long-term healthcare needs of the State's residents. The Joint Subcommittee also found that more information is needed to identify specific measurable objectives, along with specified timeframes for achievement, which will be used by the State when funding medical education and residency programs that address healthcare needs throughout the State, particularly increased health care access in rural areas, and to provide the Department of Health and Human Services direction in designing programs to support those objectives. The Joint Subcommittee recommended to its respective oversight committees that the General Assembly enact legislation addressing these findings.

The Committee on Access to Healthcare in Rural North Carolina concurs with the findings and recommendations the Joint Subcommittee on Medical Education and Medical Residency Programs made to the Joint Legislative Oversight Committee on Health and Human Services and to the Joint Legislative Education Oversight Committee.

RECOMMENDATION 7: SUPPORT FOR LEGISLATION RECOMMENDING CONTINUED STUDY OF A PLAN TO SUPPORT MEDICAL EDUCATION AND MEDICAL RESIDENCY PROGRAMS IN A MANNER THAT ADDRESSES THE HEALTH CARE NEEDS OF THE STATE, AND RECOMMENDS THE DEVELOPMENT OF MEASURABLE OBJECTIVES TO BE USED WHEN FUNDING MEDICAL EDUCATION AND RESIDENCY PROGRAMS.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina recommends the Legislative Research Commission encourage the General Assembly to enact legislation recommended by the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee to (i) allow continued study and development of a plan to support medical education and medical residency programs in a manner that addresses the health care needs of the State and to (ii) require the Department of Health and Human Services to gather and report information to facilitate the development of measurable objectives, along with specified timeframes for achievement, which will be used by the State when funding medical education and medical residency programs addressing the health care needs of residents throughout the State and to provide the Department of Health and Human Services direction in designing programs to support those objectives.

The Legislative Research Commission's Committee on Access to Healthcare in Rural North Carolina also recommends the General Assembly consider amending Section 3 of the legislative proposal submitted by the Joint Subcommittee on Medical Education and Medical Residency Programs to include Campbell University School of Osteopathic Medicine, Duke University School of Medicine, and Wake Forest School of Medicine.

Appendix A

COMMITTEE MEMBERSHIP

2017-2018

Senate Members:

Senator David L. Curtis, Co-Chair

Senator Don Davis
Senator Kathy Harrington
Senator Joyce Krawiec
Senator Trudy Wade
Senator Bill Rabon, Ex Officio

House of Representatives Members:

Representative David R. Lewis, Co-Chair

Representative Josh Dobson
Representative Howard J. Hunter, III
Representative Gregory F. Murphy, MD
Representative Evelyn Terry

Appendix B

COMMITTEE CHARGE

The Committee on Access to Healthcare in Rural North Carolina shall study issues surrounding the access rural communities in North Carolina have to health care. As part of the study, the Committee may consider the following:

1. The physician shortage in North Carolina and its impact on medically underserved areas in the state;
2. Potential solutions to address the shortage and its impacts, including approaches used by other states facing similar issues; and
3. Availability of eye care in rural communities and ways to increase provision of related services.

STATUTORY AUTHORITY

NORTH CAROLINA GENERAL STATUTES
ARTICLE 6B.

Legislative Research Commission.

§ 120-30.17. Powers and duties.

The Legislative Research Commission has the following powers and duties:

(1) Pursuant to the direction of the General Assembly or either house thereof, or of the chairmen, to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner.

(2) To report to the General Assembly the results of the studies made. The reports may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations.

(3), (4) Repealed by Session Laws 1969, c. 1184, s. 8.

(5), (6) Repealed by Session Laws 1981, c. 688, s. 2.

(7) To obtain information and data from all State officers, agents, agencies and departments, while in discharge of its duty, pursuant to the provisions of G.S. 120-19 as if it were a committee of the General Assembly.

(8) To call witnesses and compel testimony relevant to any matter properly before the Commission or any of its committees. The provisions of G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Commission and its committees as if each were a joint committee of the General Assembly. In addition to the other signatures required for the issuance of a subpoena under this subsection, the subpoena shall also be signed by the members of the Commission or of its committee who vote for the issuance of the subpoena.

(9) For studies authorized to be made by the Legislative Research Commission, to request another State agency, board, commission or committee to conduct the study if the Legislative Research Commission determines that the other body is a more appropriate vehicle with which to conduct the study. If the other body agrees, and no legislation specifically provides otherwise, that body shall conduct the study as if the original authorization had assigned the study to that body and shall report to the General Assembly at the same time other studies to be conducted by the Legislative Research Commission are to be reported. The other agency shall conduct the transferred study within the funds already assigned to it.

Appendix D

LEGISLATIVE PROPOSALS

Appendix D

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

U **D**

BILL DRAFT 2017-BCz-6 [v.2] (03/27)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
03/27/2018 02:49:15 PM

Short Title: GME/Rural Hospital Study. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT DIRECTING THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO STUDY AND REPORT RECOMMENDATIONS TO CREATE INCENTIVES FOR MEDICAL EDUCATION IN RURAL AREAS OF THE STATE AND TO ASSIST RURAL HOSPITALS IN BECOMING DESIGNATED AS TEACHING HOSPITALS BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1(a). The Department of Health and Human Services shall conduct a study to identify options for modification, enhancements, and other changes to graduate medical education payments to hospitals, as well as any other reimbursements, to incentivize healthcare providers in rural areas of the State to (i) participate in medical education programs exposing residents to rural areas, programs, and populations and (ii) support medical education and medical residency programs in a manner that addresses the health needs in the State. In conducting the study, the Department may collaborate with the North Carolina Area Health Education Centers Program. The study shall examine at least all of the following:

(1) Changes in Medicaid graduate medical education reimbursement and funding sources after the 1115 Medicaid waiver submitted by the Department to the Centers for Medicare and Medicaid Services is approved, including how the changes vary from the current model, the rationale for the changes, and the specific incentives the new structure creates for urban and rural hospitals.

(2) Options to coordinate North Carolina Area Health Education Centers funding to create incentives for attracting residents and students to rural areas of the State, with the goal of ensuring the maximum benefit of the funding.

(3) Any other issues the Department deems appropriate.

SECTION 1(b). The Department shall report its findings to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2018. The report must include specific, actionable steps that can be implemented, along with estimated costs and a timetable for implementation.

SECTION 2(a). The Department of Health and Human Services shall conduct a study to (i) identify rural hospitals that desire to be designated as new teaching hospitals by the Centers for Medicare and Medicaid Services; (ii) determine the technical assistance those hospitals require in order to be designated as new teaching hospitals by the Centers for Medicare

and Medicaid Services; and (iii) calculate the expected cost for those hospitals to be designated as new teaching hospitals by the Centers for Medicare and Medicaid Services. In conducting this study, the Department shall engage external professionals with experience and expertise in the establishment of new teaching programs, expanding existing programs, and maximizing the effectiveness of funding for medical education, particularly in rural areas. The study shall examine at least all of the following:

(1) Expansion of graduate medical education payments to outpatient costs and services.

(2) Modifications to cost-finding and reimbursement formulas that incentivize rural hospitals to participate in education programs.

(3) Options in physician reimbursement to incentivize participation, including a graduate medical education or geographic add on for rural areas of the State.

(4) Any other issues the Department deems appropriate.

SECTION 2(b). The Department shall provide an interim report of its findings to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2018. The Department shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by October 1, 2019.

SECTION 3. This act is effective when it becomes law.

Appendix D

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

U **D**

BILL DRAFT 2017-SHza-6 [v.3] (03/29)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
03/29/2018 03:32:14 PM

Short Title:	Southern Regional & Eastern AHEC Funds.	(Public)
Sponsors:		
Referred to:		

A BILL TO BE ENTITLED

AN ACT APPROPRIATING ADDITIONAL FUNDS FOR THE SOUTHERN REGIONAL AHEC AND THE EASTERN AHEC, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the additional sum of five million dollars ($5,000,000) for the 2018-2019 fiscal year to be allocated for the support of the Southern Regional AHEC and the additional sum of three million dollars ($3,000,000) for the 2018-2019 fiscal year to be allocated for the support of the Eastern AHEC. This additional funding shall be recurring funding and shall be used for surgery and family medicine residencies in the Southern Regional and Eastern AHEC service areas and for facility and structural improvements associated with current residency programs.

SECTION 2. This act becomes effective July 1, 2018.

Appendix D

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

U **D**

BILL DRAFT 2017-BCza-5 [v.8] (03/27)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
03/29/2018 11:09:58 AM

Short Title:	Rural Hlth Loan Funds/Target for Rural Areas.	(Public)
Sponsors:		
Referred to:		

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS TO THE OFFICE OF RURAL HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES, FOR THE STATE LOAN REPAYMENT PROGRAM AND DIRECTING THE OFFICE OF RURAL HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES, TO ENSURE ITS LOAN REPAYMENT PROGRAM IS TARGETED TO BENEFIT HEALTHCARE PROVIDERS IN RURAL NORTH CAROLINA INCLUDING IDENTIFYING THE NEED FOR DENTISTS IN RURAL AREAS AND TO MAKE RECOMMENDATIONS TO THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Office of Rural Health, Department of Health and Human Services, the sum of three million dollars ($3,000,000) for the 2018-19 fiscal year. This funding shall be used to supplement current funding for the North Carolina State Loan Repayment Program and this additional funding shall be recurring. Eight hundred thousand dollars ($800,000) of the three million dollars ($3,000,000) shall be used for repayment of loans owed by physician assistants and nurse practitioners who provide primary care services in rural areas of the State.

SECTION 2.(a) The Office of Rural Health, Department of Health and Human Services, is directed to structure the North Carolina State Loan Repayment Program so that it is aligned with all of the following goals:

(1) The Program is targeted to increase the number of healthcare providers in rural areas of the State.

(2) The Program is coordinated with the National Health Service Corps and Federal Loan Repayment programs, as well as any other publicly or privately funded programs, to maximize funding in order to increase the number of healthcare providers in rural areas of the State.

(3) The Program encourages both recruitment and retention of healthcare providers in rural areas of the State.

SECTION 2.(b) The Office of Rural Health, Department of Health and Human Services, is directed to work with data from the Cecil G. Sheps Center for Health Services Research, and other sources, to identify the need for dentists in rural areas in North Carolina and

to develop a recommendation to target loan repayment funds for dentists in rural areas that have been identified as having the greatest need for dentists.

SECTION 2.(c) On or before October 1, 2018, the Office of Rural Health, Department of Health and Human Services, shall provide an interim report to the Joint Legislative Oversight Committee on Health and Human Services on the actions required by this section. On or before October 1, 2019, the Office of Rural Health, Department of Health and Human Services, shall provide a final report to the Joint Legislative Oversight Committee on Health and Human Services on the actions required by this section.

SECTION 3. This act becomes effective July 1, 2018.

Appendix D

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

U **D**

BILL DRAFT 2017-SHz-7 [v.1] (03/29)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
03/29/2018 05:02:52 PM

Short Title:	Study State Health Plan & Medicaid.	(Public)
Sponsors:		
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE PROGRAM EVALUATION DIVISION TO STUDY CHANGES TO THE STATE HEALTH PLAN AND TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO STUDY CHANGES TO THE MEDICAID PROGRAM THAT WILL INCREASE PREVENTATIVE HEALTH SERVICES, IMPROVE HEALTH OUTCOMES, AND LOWER THE COST OF CARE, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. The Joint Legislative Program Evaluation Oversight Committee shall include in the work plan of the Program Evaluation Division, an evaluation of the State Health Plan to determine whether there are changes that will increase preventative health services, improve health outcomes, and lower the overall cost of care. The alternatives studied should include evaluation of the direct primary care model. The Program Evaluation Division shall contract with consultants for the study. The study shall determine the following: (i) the contract options for improving primary care physician quality of life in a rural setting that include but are not limited to a direct primary care type payment model and (ii) the total cost implications and legislation needed to implement recommendations. The Program Evaluation Division shall report its findings and recommendations to the Joint Legislative Program Evaluation Oversight Committee on or before September 1, 2018.

SECTION 2. The Department of Health and Human Services shall study whether there are changes to the State Medicaid Program that will increase preventative health services, improve health outcomes, and lower the overall cost of care. The alternatives studied should include evaluation of the direct primary care model. The study shall determine the following: (i) how options will relate to the outcome measures that will be included in Prepaid Health Plan contracts under the transformed Medicaid program, (ii) the contract options for improving primary care physician quality of life in a rural setting that include but are not limited to a direct primary care type payment model and (iii) the total cost implications and legislation needed to implement recommendations. The Department of Health and Human Services shall report its findings and recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on or before October 1, 2019.

SECTION 3. This act is effective when it becomes law.