

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 201

Short Title: GPAC/Medicaid Cost Control Policy.

(Public)

Sponsors: Senators Martin of Guilford; Daniel and Blackmon.

Referred to: Government Performance Audit.

February 17, 1993

A BILL TO BE ENTITLED

**AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
PERFORMANCE AUDIT COMMITTEE TO ESTABLISH A POLICY OF
DEVELOPING MORE CREATIVE AND PRIORITIZED STRATEGIES FOR
CONTROLLING MEDICAID EXPENDITURES.**

The General Assembly of North Carolina enacts:

Section 1. The General Assembly finds that certain drastic measures could be taken to reduce the level of Medicaid expenditures, such as by eliminating eligibles and services, and imposing restrictive service limits. The General Assembly finds, however, that these measures are effective only in the short term. In the long term, they do not decrease demand for services. The cost of care provided to newly ineligible clients may be shifted to other payors as hospitals and other providers attempt to recover the costs of uncompensated care. Eliminating services that allow individuals to remain at home will eventually increase the use and costs of more expensive facility-based care. Eliminating coverage of primary care services will result in many individuals postponing care. Eventually, more expensive institutional services are needed. Thus, these drastic measures may result in the ultimate increase of expenditures for health care. Also, by shifting costs to other payors, State expenditures for health care will increase because federal matching funds will be forfeited.

It is the intent of the General Assembly that State Medicaid policy should incorporate more creative strategies for controlling Medicaid costs, such as by the development of a managed care program. This policy shall also make clear that drastic measures such as the elimination of eligible groups and optional services or the imposition of restrictive service limits shall be employed only as options of last resort.

1 Sec. 2. The Division of Medical Assistance, Department of Human
2 Resources, shall conform its State Medicaid policy to the requirements of Section 1 of
3 this act.

4 Sec. 3. This act is effective upon ratification.