

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2003**

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**SENATE BILL 205\***

Short Title: Long-Term Care/Enhancement Funds. (Public)

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Sponsors: Senators Swindell, Purcell; and Bingham.

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Referred to: Appropriations/Base Budget.

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February 26, 2003

A BILL TO BE ENTITLED

1 AN ACT TO APPROPRIATE FUNDS FOR LABOR ENHANCEMENT PAYMENTS  
2 FOR NURSE AIDES IN NONINSTITUTIONAL SETTINGS.  
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4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** There is appropriated from the General Fund to the  
6 Department of Health and Human Services the sum of twenty-eight million five  
7 hundred eighty thousand three hundred three dollars (\$28,580,303) for the 2003-2004  
8 fiscal year and the sum of fifty-seven million seven hundred twenty-four thousand three  
9 hundred twenty dollars (\$57,724,320) for the 2004-2005 fiscal year. These funds shall  
10 be used to match federal Medicaid funds to provide a thirty-two and seven hundredths  
11 percent (32.07%) labor enhancement payment for Medicaid-reimbursed long-term care  
12 services. These funds shall be in addition to funds provided for routine inflationary  
13 increases in Medicaid reimbursements for long-term care services. The funds  
14 appropriated in this act shall be used only to increase wages or benefits for long-term  
15 care aide workers in noninstitutional settings, or to provide for shift differential  
16 payments for long-term care aides in noninstitutional settings who work during hard-to-  
17 fill working hours or shifts. Counties shall not be required to pay any of the funds  
18 required to match the federal Medicaid funds for the labor enhancement payments  
19 authorized by this act.

20 **SECTION 2.** Funds appropriated in this act shall be allocated in accordance  
21 with the following:

- 22 (1) The amount of the labor enhancement benefit shall be allocated  
23 equitably among the various care settings.
- 24 (2) Long-term care facilities and agencies that receive labor enhancement  
25 funds shall have the flexibility to determine whether labor  
26 enhancement funds are used for wages, benefits, or shift differentials,  
27 or any combination thereof.
- 28 (3) If labor enhancement funds are used to enhance wages, the long-term  
29 care facility or agency shall determine which aides receive wage

1 increases and the amount of the increase provided. The determination  
2 shall be based on local market wage demands, rewarding longevity of  
3 service by the worker, and other wage-related needs of the agency or  
4 facility.

- 5 (4) Long-term care facilities and agencies that receive labor enhancement  
6 funds shall, as a condition of receiving the funds, submit reports and  
7 information required by the Department for the purpose of verifying  
8 use of the labor enhancement funds. Reports and information provided  
9 by facilities and agencies shall include for each facility and agency  
10 information needed to determine annual labor turnover rates in the  
11 agency or facility, including data on prelabor enhancement turnover  
12 rates and turnover rates at the end of each fiscal year for which labor  
13 enhancement funds are received.

14 **SECTION 3.** Not later than January 15, 2004, the Department of Health and  
15 Human Services shall report to the House Appropriations Subcommittee on Health and  
16 Human Services, the Senate Appropriations Committee on Human Resources, and the  
17 North Carolina Study Commission on Aging on the use of labor enhancement funds  
18 appropriated under this act. The report shall include detailed information on:

- 19 (1) The amount of funds used for wages, for benefits, and for shift  
20 differentials.  
21 (2) Comparative information on average hourly wages paid to aides and  
22 turnover rates by setting for fiscal year 1999-2000 through fiscal year  
23 2003-2004.

24 **SECTION 4.** This act becomes effective July 1, 2003.