

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE BILL 119**

Short Title: Wage Enhancement/Funds. (Public)

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Sponsors: Representatives Clary, Nye (Primary Sponsors); Weiss, Wilson, Alexander, Bordsen, Coleman, England, Faison, Farmer-Butterfield, Insko, Jeffus, LaRoque, Lewis, McLawhorn, and Rapp.

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Referred to: Aging, if favorable, Appropriations.

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February 9, 2005

A BILL TO BE ENTITLED

1 AN ACT TO APPROPRIATE FUNDS FOR LABOR ENHANCEMENT PAYMENTS  
2 FOR NURSE AIDES IN NONINSTITUTIONAL SETTINGS, AS  
3 RECOMMENDED BY THE NORTH CAROLINA STUDY COMMISSION ON  
4 AGING.  
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6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** There is appropriated from the General Fund to the  
8 Department of Health and Human Services the sum of fifty-one million five hundred  
9 eighty-three thousand seven hundred twenty-four dollars (\$51,583,724) for the  
10 2005-2006 fiscal year and the sum of sixty-one million eight hundred sixty-six thousand  
11 five hundred eighty-nine dollars (\$61,866,589) for the 2006-2007 fiscal year. These  
12 funds shall be used to match federal Medicaid funds to provide a thirty-two and seven  
13 hundredths percent (32.07%) labor enhancement payment for Medicaid-reimbursed  
14 long-term care services. These funds shall be in addition to funds provided for routine  
15 inflationary increases in Medicaid reimbursements for long-term care services. The  
16 funds appropriated in this act shall be used only to increase wages or benefits for  
17 long-term care aide workers in noninstitutional settings, or to provide for shift  
18 differential payments for long-term care aides in noninstitutional settings who work  
19 during hard-to-fill working hours or shifts. Counties shall not be required to pay any of  
20 the funds required to match the federal Medicaid funds for the labor enhancement  
21 payments authorized by this act.

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

- 24 (1) The amount of the labor enhancement benefit shall be allocated  
25 equitably among the various care settings.  
26 (2) Long-term care facilities and agencies that receive labor enhancement  
27 funds shall have the flexibility to determine whether labor

1 enhancement funds are used for wages, benefits, or shift differentials,  
2 or any combination thereof.

3 (3) If labor enhancement funds are used to enhance wages, the long-term  
4 care facility or agency shall determine which aides receive wage  
5 increases and the amount of the increase provided. The determination  
6 shall be based on local market wage demands, rewarding longevity of  
7 service by the worker, and other wage-related needs of the agency or  
8 facility.

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

18 **SECTION 3.** Not later than January 15, 2007, the Department of Health and  
19 Human Services shall report to the House of Representatives Appropriations  
20 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
21 Health and Human Services, and the North Carolina Study Commission on Aging on  
22 the use of labor enhancement funds appropriated under this act. The report shall include  
23 detailed information on:

24 (1) The amount of funds used for wages, for benefits, and for shift  
25 differentials.

26 (2) Comparative information on average hourly wages paid to aides and  
27 turnover rates by setting for fiscal year 1999-2000 through fiscal year  
28 2005-2006.

29 **SECTION 4.** This act becomes effective July 1, 2005.