

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2015**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 465 (First Edition)

**SHORT TITLE:** Clarify & Modify Certain Abortion Laws.

**SPONSOR(S):** Representatives Schaffer, McElraft, R. Turner, and S. Martin

<b>FISCAL IMPACT</b>					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
<b>State Impact</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
General Fund Revenues:					
General Fund Expenditures:	\$8,800	\$8,000	\$8,000	\$8,000	\$8,000
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
<b>NET STATE IMPACT</b>	<b>(\$8,800)</b>	<b>(\$8,000)</b>	<b>(\$8,000)</b>	<b>(\$8,000)</b>	<b>(\$8,000)</b>

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:**  
 UNC School of Medicine at Chapel Hill, Brody School of Medicine at ECU, UNC Healthcare System, UNC Hospitals, Dept of Health and Human Services

**EFFECTIVE DATE:** When the act becomes law for sections 4,5,6, 7, 8, and 9; January 1, 2016 for G.S.14-45.1(b1) and G.S. 14-45.1(c) as enacted by Section 1; October 1, 2015 for the remainder of the act.

**TECHNICAL CONSIDERATIONS:**  
 None

**BILL SUMMARY:**

**H465. CLARIFY & MODIFY CERTAIN ABORTION LAWS. (April 2, 2015)**

Amends GS 14-45.1, when abortion not unlawful, as follows. Specifies that the abortion must be performed by an obstetrician or gynecologist (was, physician). Requires specified records to be kept by physicians who advise, procure, or cause a miscarriage or abortion after the 16th week of a woman's pregnancy, including the method used by the physician to determine the gestational age of the unborn child at the time the procedure is to be performed, as well as certain ultrasound images. Provides that physicians that procure or cause a miscarriage or abortion after the 20th week of a pregnancy must record the findings and analysis on which the physician based the determination that continuance of the pregnancy would threaten the life or gravely impair the health of the woman. Provides that any information submitted to Department of Health and Human Services (DHHS) in accordance with the above provisions are to be used for statistical purposes only, protecting the confidentiality of the patient. Requires that DHHS collect statistical summary reports from ambulatory surgical facilities as well as hospitals and clinics. Effective January 1,

2016, and applies to abortions performed or attempted on or after that date. Makes technical and conforming changes.

Amends GS 90-21.82 to increase the waiting period for an abortion from 24 to 72 hours. Makes conforming changes to GS 90-21.86.

Amends GS 116-36.1, Regulation of institutional trust funds, to make all trust funds subject to GS 143C-6-5.5 (Limitation on use of State funds for abortions). Effective when the act becomes law. Enacts new GS 116-36.7, prohibiting employees at the medical schools at East Carolina University or the University of North Carolina at Chapel Hill from performing or supervising an abortion as part of the employee's official duties. Allows exceptions for when the life of the mother is endangered if the child were carried to term, or the pregnancy is the result of rape or incest. Effective when the act becomes law.

Amends GS 116-37 to prohibit using money from the UNC Health Care System for abortions. Prohibits state facilities created, owned, controlled, or managed by the UNC Health Care System from being used in the performance of abortions. Sets out exceptions. Effective when the act becomes law.

Amends GS 116-37.2, Regulation of University of North Carolina Hospitals at Chapel Hill Funds, to make funds under the statute subject to GS 143C-6-5.5 (Limitation on use of State funds for abortions). Effective when the act becomes law.

Includes a severability clause. Effective when the act becomes law.

Unless otherwise indicated, effective October 1, 2015, and applies to abortions performed on or attempted on or after October 1, 2015.

#### **ASSUMPTIONS AND METHODOLOGY:**

##### **Department of Health and Human Services (DHHS)**

Section 1 of the bill requires physicians to submit data to DHHS and that the data shall be used for statistical purposes only, protecting the confidentiality of the patient. DHHS is required to collect statistical summary reports from ambulatory surgical facilities as well as hospitals and clinics. The NC State Center for Health Statistics (SCHS), within the DHHS Division of Public Health Department, would incur minimal, one-time costs, approximately \$800 to revise existing forms that will be used to collect the additional data required under Section 1. In addition, NCHS' annual operating cost would increase by about \$8,000. This is the cost of increased data entry work currently performed by a contractor.

Additional recurring costs may be incurred to scan, index, and store any ultrasound images submitted to SCHS along with the statistical data. Currently, providers submit the forms by U.S. mail to SCHS. After the contractor enters the data into a database, SCHS retains the forms for two years. At the end of the two-year period, the paper forms are destroyed. SCHS' existing procedures would have to be modified should providers elect to submit the H.B. 465 required data

and images electronically. The Department is unable to provide an estimate of additional costs associated with receiving, indexing, and storing electronic forms and images.

**UNC Health Care System, UNC School of Medicine at Chapel Hill, Brody School of Medicine at East Carolina University**

Determining the fiscal impact of the remainder of this act requires data on the number and type of abortions performed at UNC Hospitals at Chapel Hill, the UNC School of Medicine at Chapel Hill and the Brody School of Medicine at ECU, and any affiliated institutions within the UNC Health Care System (UNC HCS), as well as whether any of the facilities or fund sources specified in the act are currently being used for the performance of abortions outside the exceptions for the life of the mother, rape, or incest.

This analysis estimates no net fiscal impact of sections 4, 5, 6, and 7 of this act based on the following assumptions and data covered below.

- Any reduction in revenues affecting institutional trust funds, special funds, or clinical receipts caused by a reduction in abortion services will be offset by the substitution of other medical services provided by similar staff.
- The need to maintain some capacity to perform abortions in allowable exceptional circumstances and the backlog in demand for clinic space will limit any potential cost savings.

UNC HCS reported that in FY 2013-14, the UNC School of Medicine at Chapel Hill's Department of Obstetrics and Gynecology (Department) performed approximately 400 abortions and that an undetermined number of those cases met the criteria within G.S. 143C-6-5.5. Affiliated entities of UNC HCS and the Brody School of Medicine at ECU report that any abortion procedures performed within those institutions were under allowable exceptional circumstances and would not be impacted by this act.

The approximately 400 abortion procedures performed within the Department of Obstetrics and Gynecology in FY 2013-14 constituted a small percentage of Departmental work and revenues:

- The approximately 400 procedures accounted for a small number of 80,000 total visits to the Department.
- The work hours required to perform these procedures amounted to less than one full time equivalent (FTE) position. Since elective abortion procedures constitute a subset of the total 400, performing those procedures in FY 2013-14 also accounted for less than one FTE position.
- The provision of these services resulted in insurance and fee-for-service charges of \$275,000 which, if fully collected, would constitute less than one percent of the Department's \$34.7 million in FY 2013-14 revenues.

The Department does not use State appropriation to support the provision of abortion services outside the allowable exceptional circumstances; instead, such procedures and associated costs are supported by revenues derived from overall Department clinical receipts, grant funds, and

privately funded fellowships. The use of such funds to support any abortion services outside the allowable exceptional circumstances would be prohibited by this act, which would result in a reduction of procedures performed. However, it is estimated that there would be no net fiscal impact of this act, either in cost savings or reduced clinical receipts, for the following reasons:

- No positions would be eliminated, as the aggregate work performed constitutes less than one full time equivalent position, and the physicians involved are receipt-supported and would generate revenue from the provision of other in-demand patient services.
- No facility and associated overhead cost savings for clinics and operating rooms would be achieved due to the small number of abortion procedures performed and a backlog of demand for hospital and related clinic space for other procedures.
- Hospitals and clinics would need to maintain the capacity to perform abortions in the exceptional circumstances not limited by this act.

**OTHER ISSUES:**

UNC HCS raised two issues with potential fiscal impact which are not included in this analysis.

UNC HCS reported that the act may result in the loss of grant support that the Department has utilized to pay some faculty and staff salaries related to the performance of abortions that would be prohibited under the act. Such grant support has totaled more than \$2 million since 2008, with \$234,000 received in FY 2013-14.

Additionally, UNC HCS indicated that the effects of the act may create additional cost for the UNC School of Medicine at Chapel Hill in order to maintain accreditation with the Accreditation Council for Graduate Medical Education (ACGME). Current ACGME standards require access to experience with induced abortion to be provided as part of residency education. If the UNC School of Medicine cannot provide that access directly, it can contract externally to do so, which may impose a cost. UNC HCS has not prepared a cost estimate at this time.

**SOURCES OF DATA:** UNC Health Care System, UNC School of Medicine at Chapel Hill, Brody School of Medicine at ECU, NC Department of Health and Human Services

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

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**DATE:** April 10, 2015

**Signed Copy Located in the NCGA Principal Clerk's Offices**