

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

FILED SENATE  
Jan 31, 2023  
S.B. 48  
PRINCIPAL CLERK

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SENATE BILL DRS45027-MG-40

Short Title: Repeal Certificate of Need Laws. (Public)

Sponsors: Senators Krawiec, Burgin, and Corbin (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT REPEALING NORTH CAROLINA'S CERTIFICATE OF NEED LAWS.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.(a)** G.S. 6-19.1(a) reads as rewritten:

5 "(a) In any civil action, other than an adjudication for the purpose of establishing or fixing  
6 a rate, or a disciplinary action by a licensing board, brought by the State or brought by a party  
7 who is contesting State action pursuant to G.S. 150B-43 or any other appropriate provisions of  
8 law, unless the prevailing party is the State, the court may, in its discretion, allow the prevailing  
9 party to recover reasonable attorney's fees, including attorney's fees applicable to the  
10 administrative review portion of the case, in contested cases arising under Article 3 of Chapter  
11 150B, to be taxed as court costs against the appropriate agency if:

- 12 (1) The court finds that the agency acted without substantial justification in  
13 pressing its claim against the party; and  
14 (2) The court finds that there are no special circumstances that would make the  
15 award of attorney's fees unjust. The party shall petition for the attorney's fees  
16 within 30 days following final disposition of the case. The petition shall be  
17 supported by an affidavit setting forth the basis for the request.

18 ~~Nothing in this section shall be deemed to authorize the assessment of attorney's fees for the~~  
19 ~~administrative review portion of the case in contested cases arising under Article 9 of Chapter~~  
20 ~~131E of the General Statutes.~~

21 Nothing in this section grants permission to bring an action against an agency otherwise  
22 immune from suit or gives a right to bring an action to a party who otherwise lacks standing to  
23 bring the action.

24 Any attorney's fees assessed against an agency under this section shall be charged against the  
25 operating expenses of the agency and shall not be reimbursed from any other source."

26 **SECTION 1.(b)** Subsection (a) of this section applies to contested cases arising on  
27 or after January 1, 2024.

28 **SECTION 2.(a)** G.S. 7A-29(a) reads as rewritten:

29 "(a) From any final order or decision of the North Carolina Utilities Commission not  
30 governed by subsection (b) of this section, ~~the Department of Health and Human Services under~~  
31 ~~G.S. 131E-188(b)~~, the North Carolina Industrial Commission, the North Carolina State Bar under  
32 G.S. 84-28, the Property Tax Commission under G.S. 105-290 and G.S. 105-342, the  
33 Commissioner of Insurance under G.S. 58-2-80, the State Board of Elections under  
34 G.S. 163-127.6, the Office of Administrative Hearings under G.S. 126-34.02, or the Secretary of  
35 Environmental Quality under G.S. 104E-6.2 or G.S. 130A-293, appeal as of right lies directly to  
36 the Court of Appeals."



1           **SECTION 2.(b)** Subsection (a) of this section applies to appeals arising on or after  
 2 January 1, 2024.

3           **SECTION 3.** G.S. 58-50-61(a) reads as rewritten:

4           "(a) Definitions. – As used in this section, in G.S. 58-50-62, and in Part 4 of this Article,  
 5 the term:

6           ...  
 7           (7a) "Health care facility" means a hospital; long-term care hospital; psychiatric  
 8 facility; rehabilitation facility; nursing home facility; adult care home; kidney  
 9 disease treatment center, including freestanding hemodialysis units;  
 10 intermediate care facility for individuals with intellectual disabilities; home  
 11 health agency office; chemical dependency treatment facility; diagnostic  
 12 center; hospice office, hospice inpatient facility, or hospice residential care  
 13 facility; or ambulatory surgical facility.

14           (8) "Health care provider" means any person who is licensed, registered, or  
 15 certified under Chapter 90 of the General Statutes or the laws of another state  
 16 to provide health care services in the ordinary care of business or practice or  
 17 a profession or in an approved education or training program; a health care  
 18 facility as defined in ~~G.S. 131E-176(9b)~~ this section or the laws of another  
 19 state to operate as a health care facility; or a pharmacy.

20           ...."  
 21           **SECTION 4.** G.S. 58-55-35(a) reads as rewritten:

22           "(a) Whenever long-term care insurance provides coverage for the facilities, services, or  
 23 physical or mental conditions listed below, unless otherwise defined in the policy and certificate,  
 24 and approved by the Commissioner, the facilities, services, or conditions have the following  
 25 definitions:

26           ...  
 27           (10) ~~Hospice. – As defined in G.S. 131E-176(13a).~~ Any coordinated program of  
 28 home care with provision for inpatient care for terminally ill patients and their  
 29 families. This care is provided by a medically directed interdisciplinary team  
 30 directly or through an agreement under the direction of an identifiable hospice  
 31 administration. A hospice program of care provides palliative and supportive  
 32 medical and other health services to meet the physical, psychological, social,  
 33 spiritual, and special needs of patients and their families, which are  
 34 experienced during the final stages of terminal illness and during dying and  
 35 bereavement.

36           (11) Intermediate care facility for individuals with intellectual disabilities. – As  
 37 defined in G.S. 131E-176(14a). Facilities licensed pursuant to Article 2 of  
 38 Chapter 122C of the General Statutes for the purpose of providing health and  
 39 habilitative services based on the developmental model and principles of  
 40 normalization for individuals with intellectual disabilities, autism, cerebral  
 41 palsy, epilepsy, or related conditions.

42           ...."  
 43           **SECTION 5.** G.S. 90-414.4(a1)(1) reads as rewritten:

44           "(1) The following providers of Medicaid services licensed to operate in the State  
 45 that have an electronic health record system shall begin submitting, at a  
 46 minimum, demographic and clinical data by June 1, 2018:

47           a. ~~Hospitals as defined in G.S. 131E-176(13).~~ Hospitals, defined for the  
 48 purposes of this section as public or private institutions which are  
 49 primarily engaged in providing to inpatients, by or under supervision  
 50 of physicians, diagnostic services and therapeutic services for medical  
 51 diagnosis, treatment, and care of injured, disabled, or sick persons, or

1 rehabilitation services for the rehabilitation of injured, disabled, or  
 2 sick persons. The term includes all facilities licensed pursuant to  
 3 G.S. 131E-77, except long-term care hospitals.

4 b. Physicians licensed to practice under Article 1 of Chapter 90 of the  
 5 General Statutes, except for licensed physicians whose primary area  
 6 of practice is psychiatry.

7 c. Physician assistants as defined in ~~21 NCAC 32S.0201.~~ 21 NCAC 32S  
 8 .0201.

9 d. Nurse practitioners as defined in ~~21 NCAC 36.0801.~~ 21 NCAC 36  
 10 .0801."

11 **SECTION 6.** G.S. 90-414.4(b)(1) reads as rewritten:

12 "(1) Each ~~hospital, as defined in G.S. 131E-176(13)~~ hospital that has an electronic  
 13 health record system."

14 **SECTION 7.** G.S. 113A-12(3)e. reads as rewritten:

15 "e. A health care facility financed pursuant to Article 1 of Chapter 131A  
 16 of the General Statutes ~~or receiving a certificate of need under Article~~  
 17 ~~9 of Chapter 131E of the General Statutes."~~

18 **SECTION 8.** G.S. 122C-23.1(e) reads as rewritten:

19 "(e) As used in this section, "residential treatment facility" means a "residential facility"  
 20 as defined in and licensed under this Chapter, ~~but not subject to Certificate of Need requirements~~  
 21 ~~under Article 9 of Chapter 131E of the General Statutes.~~ Chapter."

22 **SECTION 9.** G.S. 131D-2.4(a) reads as rewritten:

23 "(a) Licensure. – Except for those facilities exempt under G.S. 131D-2.3, the Department  
 24 of Health and Human Services shall inspect and license all adult care homes. The Department  
 25 shall issue a license for a facility not currently licensed as an adult care home for a period of six  
 26 months. If the licensee demonstrates substantial compliance with Articles 1 and 3 of this Chapter  
 27 and rules adopted thereunder, the Department shall issue a license for the balance of the calendar  
 28 year. ~~A facility not currently licensed as an adult care home that was licensed as an adult care~~  
 29 ~~home within the preceding 12 months is considered an existing health service facility for the~~  
 30 ~~purposes of G.S. 131E-184(a)(8)."~~

31 **SECTION 10.** G.S. 131E-13(a)(1) reads as rewritten:

32 "(1) The corporation shall continue to provide the same or similar clinical hospital  
 33 services to its patients in medical-surgery, obstetrics, pediatrics, outpatient  
 34 and emergency treatment, including emergency services for the indigent, that  
 35 the hospital facility provided prior to the lease, sale, or conveyance. These  
 36 services may be terminated only as prescribed ~~by Certificate of Need Law~~  
 37 ~~prescribed in Article 9 of Chapter 131E of the General Statutes, or, if~~  
 38 ~~Certificate of Need Law is inapplicable,~~ by review procedure designed to  
 39 guarantee public participation pursuant to rules adopted by the Secretary of  
 40 the Department of Health and Human Services."

41 **SECTION 11.** G.S. 131E-84(a1) reads as rewritten:

42 "(a1) In the event of a declaration of a state of emergency by the Governor in accordance  
 43 with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency  
 44 by the President of the United States, a declaration of a public health emergency by the Secretary  
 45 of the United States Department of Health and Human Services; or to the extent necessary to  
 46 allow for consistency with any temporary waiver or modification issued by the Secretary of the  
 47 United States Department of Health and Human Services or the Centers for Medicare and  
 48 Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division  
 49 of Health Service Regulation determines the existence of an emergency that poses a risk to the  
 50 health or safety of patients, the Division of Health Service Regulation may ~~do either or both of~~  
 51 ~~the following:~~

- 1           (1) ~~Temporarily temporarily~~ waive any rules of the Commission pertaining to
- 2           hospitals.
- 3           (2) ~~Notwithstanding G.S. 131E-183, allow a hospital to temporarily increase its~~
- 4           ~~bed capacity."~~

5           **SECTION 12.** G.S. 131E-136(4) reads as rewritten:

6           "(4) "Home health agency" means a home care agency which is certified to receive

7           Medicare and Medicaid reimbursement for providing nursing care, therapy,

8           medical social services, and home health aide services on a part-time,

9           intermittent ~~basis as set out in G.S. 131E-176(12), and is thereby also subject~~

10          ~~to Article 9 of Chapter 131E, basis."~~

11          **SECTION 13.** G.S. 148-19.1 reads as rewritten:

12          "**§ 148-19.1. Exemption from licensure and certificate of need.**

13          ~~(a)~~     Inpatient chemical dependency or substance abuse facilities that provide services

14          exclusively to inmates of the Department of Adult Correction or offenders under the supervision

15          of the Division of Community Supervision and Reentry of the Department of Adult Correction

16          shall be exempt from licensure by the Department of Health and Human Services under Chapter

17          122C of the General Statutes. If an inpatient chemical dependency or substance abuse facility

18          provides services both to inmates or offenders under supervision and to members of the general

19          public, the portion of the facility that serves inmates or offenders under supervision shall be

20          exempt from licensure.

21          ~~(b)~~     ~~Any person who contracts to provide inpatient chemical dependency or substance~~

22          ~~abuse services to inmates of the Department of Adult Correction or to offenders under the~~

23          ~~supervision of the Division of Community Supervision and Reentry of the Department of Adult~~

24          ~~Correction may construct and operate a new chemical dependency or substance abuse facility for~~

25          ~~that purpose without first obtaining a certificate of need from the Department of Health and~~

26          ~~Human Services pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new~~

27          ~~facility or addition developed for that purpose without a certificate of need shall not be licensed~~

28          ~~pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates~~

29          ~~unless the owner or operator first obtains a certificate of need."~~

30          **SECTION 14.** Article 9 of Chapter 131E of the General Statutes,

31          G.S. 130A-45.02(i), 143B-1292, 150B-2(8a)k., and 150B-21.1(a)(6) are repealed.

32          **SECTION 15.** This act becomes effective January 1, 2024.