

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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HOUSE BILL 540

Short Title: Remove Adult Care Homes From CON Review. (Public)

Sponsors: Representatives Cook, Dixon, and Bradley (Primary Sponsors).
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Health and Human Services.

March 31, 2011

A BILL TO BE ENTITLED
AN ACT TO REMOVE ADULT CARE HOMES FROM THE CERTIFICATE OF NEED
APPROVAL PROCESS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 131E-175 reads as rewritten:

"§ 131E-175. Findings of fact.

The General Assembly of North Carolina makes the following findings:

- (1) That the financing of health care, particularly the reimbursement of health services rendered by health service facilities, limits the effect of free market competition and government regulation is therefore necessary to control costs, utilization, and distribution of new health service facilities and the bed complements of these health service facilities.
- (2) That the increasing cost of health care services offered through health service facilities threatens the health and welfare of the citizens of this State in that citizens need assurance of economical and readily available health care.
- (3) That, if left to the market place to allocate health service facilities and health care services, geographical maldistribution of these facilities and services would occur and, further, less than equal access to all population groups, especially those that have traditionally been medically underserved, would result.
- (3a) That access to health care services and health care facilities is critical to the welfare of rural North Carolinians, and to the continued viability of rural communities, and that the needs of rural North Carolinians should be considered in the certificate of need review process.
- (4) That the proliferation of unnecessary health service facilities results in costly duplication and underuse of facilities, with the availability of excess capacity leading to unnecessary use of expensive resources and overutilization of health care services.
- (5) Repealed by Session Laws 1987, c. 511, s. 1.
- (6) That excess capacity of health service facilities places an enormous economic burden on the public who pay for the construction and operation of these facilities as patients, health insurance subscribers, health plan contributors, and taxpayers.



- 1 (7) That the general welfare and protection of lives, health, and property of the
2 people of this State require that new institutional health services to be
3 offered within this State be subject to review and evaluation as to need, cost
4 of service, accessibility to services, quality of care, feasibility, and other
5 criteria as determined by provisions of this Article or by the North Carolina
6 Department of Health and Human Services pursuant to provisions of this
7 Article prior to such services being offered or developed in order that only
8 appropriate and needed institutional health services are made available in the
9 area to be served.
- 10 ~~(8) That because persons who have received exemptions under Section 11.9(a)~~
11 ~~of S.L. 2000-67, as amended, and under Section 11.69(b) of S.L. 1997-443,~~
12 ~~as amended by Section 12.16C(a) of S.L. 1998-212, and as amended by~~
13 ~~Section 1 of S.L. 1999-135, have had sufficient time to complete~~
14 ~~development plans and initiate construction of beds in adult care homes.~~
- 15 ~~(9) That because with the enactment of this legislation, beds allowed under the~~
16 ~~exemptions noted above and pending development will count in the~~
17 ~~inventory of adult care home beds available to provide care to residents in~~
18 ~~the State Medical Facilities Plan.~~
- 19 ~~(10) That because State and county expenditures provide support for nearly~~
20 ~~three quarters of the residents in adult care homes through the State County~~
21 ~~Special Assistance program, and excess bed capacity increases costs per~~
22 ~~resident day, it is in the public interest to promote efficiencies in delivering~~
23 ~~care in those facilities by controlling and directing their growth in an effort~~
24 ~~to prevent underutilization and higher costs and provide appropriate~~
25 ~~geographical distribution.~~
- 26 (11) That physicians providing gastrointestinal endoscopy services in unlicensed
27 settings should be given an opportunity to obtain a license to provide those
28 services to ensure the safety of patients and the provision of quality care.
- 29 (12) That demand for gastrointestinal endoscopy services is increasing at a
30 substantially faster rate than the general population given the procedure is
31 recognized as a highly effective means to diagnose and prevent cancer."

32 **SECTION 2.** G.S. 131E-176(9b) reads as rewritten:

33 "(9b) "Health service facility" means a hospital; long-term care hospital;
34 psychiatric facility; rehabilitation facility; nursing home facility; ~~adult care~~
35 ~~home;~~ kidney disease treatment center, including freestanding hemodialysis
36 units; intermediate care facility for the mentally retarded; home health
37 agency office; chemical dependency treatment facility; diagnostic center;
38 hospice office, hospice inpatient facility, hospice residential care facility;
39 and ambulatory surgical facility."

40 **SECTION 3.** G.S. 131E-176(9c) reads as rewritten:

41 "(9c) "Health service facility bed" means a bed licensed for use in a health service
42 facility in the categories of (i) acute care beds; (ii) psychiatric beds; (iii)
43 rehabilitation beds; (iv) nursing home beds; (v) intermediate care beds for
44 the mentally retarded; (vi) chemical dependency treatment beds; (vii)
45 hospice inpatient facility beds; (viii) hospice residential care facility beds;
46 ~~(ix) adult care home beds;~~ and (x) long-term care hospital beds."

47 **SECTION 4.** G.S. 131E-176(1) and G.S. 131E-184(e)(1)a.2. are repealed.

48 **SECTION 5.** This act becomes effective October 1, 2011, and applies to the
49 construction, development, establishment, and expansion of adult care homes on and after that
50 date. As used in this section, "adult care homes" means facilities with seven or more beds
51 licensed under Part 1 of Article 1 of Chapter 131D of the General Statutes or Chapter 131E of

- 1 the General Statutes that provide residential care for aged or disabled persons whose principal
- 2 need is a home which provides the supervision and personal care appropriate to their age and
- 3 disability and for whom medical care is only occasional or incidental.