

Fiscal Impact Statement for Proposed Temporary Rules

Agency:

N.C. Medical Care Commission

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Rule Citations:

10A NCAC 13B Licensing of Hospitals
10A NCAC 13B .1906 Policies and Procedures
10A NCAC 13B .3110 Itemized Charges

10A NCAC 13C Licensing of Ambulatory Surgical Facilities
10A NCAC 13C .0202 Requirements for Issuance of License
10A NCAC 13C .0205 Itemized Charges
10A NCAC 13C .0301 Governing Authority

Statutory Authority:

N.C.G.A. Session Law 2013-382, Part XIII., Section 13.1 “*Fair Health Care Facility Billing and Collections Practices*” (Effective date: October 1, 2013)

Description of Rule Changes:

The proposed amendments to rules in Chapters 10A NCAC 13B *Licensing of Hospitals* and 10A NCAC 13C *Licensing of Ambulatory Surgical Facilities* are in response to a recent act of the General Assembly, specifically Session Law 2013-382, Part XIII. *Fair Health Care Facility Billing and Collections Practices*, which became effective on October 1, 2014. The intent of this act is to improve transparency in the cost of health care provided by hospitals and ambulatory surgical facilities and to provide for fair health care facility billing and collections practices. Section 13.1 of this act requires the N.C. Medical Care Commission to adopt rules to ensure that the provisions of the law are properly implemented.

Anticipated Impact:

The N.C. Medical Care Commission and Division of Health Service Regulation provided hospital and ambulatory surgical facility providers and other stakeholders an opportunity to review and offer comment on the proposed temporary rules. Meetings with stakeholders also allowed the Commission and Division to gauge the potential fiscal impact the proposed rules would have on regulated providers.

It is important to note that the federal government has issued proposed regulations (Federal Register, Vol. 77, No. 123, pgs. 38160-38169, issued on June 26, 2012) that address many of the same billing and collection practice requirements as S.L. 2013-382. Since these regulations (501r) were proposed, hospitals have been preparing for their approval and implementation. As a result, many hospitals may already be complying with various aspects of the new North Carolina law, and therefore, would not experience much if any fiscal impact when these rules are adopted.

- 1.) 10A NCAC 13B .1906 Policies and Procedures
10A NCAC 13C .0202 Requirements for Issuance of License
10A NCAC 13C .0301 Governing Authority

These proposed amendments require a facility's governing board to assure that written policies and procedures are developed in order to implement the requirements of S.L. 2013-382 regarding fair billing and collections practices. They also, in accordance with the session law, provide for a way for the Division of Health Service Regulation to verify that a facility is in compliance with the law prior to renewal of a facility's license.

The fiscal impact of these proposed rules is difficult to determine, but is anticipated to be minimal. In discussions with providers, it was revealed that facilities would have different ways of implementing the new requirements. It could be assumed that each facility would task a staff member (or multiple staff members) to draft policies and procedures to comply with the proposed rules. It could also be assumed that the governing boards would approve the facility's amended policies and procedures, that facilities would have to amend forms and notifications provided to patients (such as their admission packets), that facility staff would have to be trained on the new policies, and some risk management or quality assurance measures may be built in to assure compliance. Obviously these tasks would incur an opportunity cost of staff time, however, because each facility has different systems and organizational structure, the actual cost impact of these rules is not quantifiable.

In addition, there is an opportunity cost associated with the time that a Division staff member would incur upon receiving and processing the attestation statements from facilities upon initial licensure or license renewal. The amount of time this task would take is minimal and a matter of verifying that the attestation was received timely.

- 2.) 10A NCAC 13B .3110 Itemized Charges
10A NCAC 13C .0205 Itemized Charges

These proposed amendments require facilities to extend the amount of time provided to a patient to request an itemized bill. The length of time is extended from 30 days to three years. It also requires that the itemized bill provided must be in language that is clear, concise and easy to understand. The purpose of this requirement is to improve transparency and help health care consumers understand charges they have incurred.

The fiscal impact of these proposed rules is difficult to determine, but is anticipated to be minimal. It can be assumed that most facility billing data is maintained electronically and could be easily retrieved upon a patient's request whether within 30 days or three years later. It is difficult to determine the impact on facility's to comply with producing itemized bills that are easy to read and understand. It can be assumed that this is current practice for some facilities and that others may have to make adjustments to their billing systems in order to amend the language on the bills. For those facilities that must adjust their current bill language, it can be assumed that there would be minimal opportunity cost for facility staff to

modify existing language within their billing systems. There may also be some cost associated with modifying the computer billing program or software.