EXHIBIT C-1

Transparency in Health Care Costs

Ambulatory Surgical Facility Rules

10A NCAC 13C .0202 is proposed for amendment as follows:

10A NCAC 13C .0202 REQUIREMENTS FOR ISSUANCE OF LICENSE

(a) Upon application for a license from a facility never before licensed, a representative of the Department shall make an inspection of that facility. Every building, institution or establishment for which a license has been issued shall be inspected for compliance with the rules found in this Subchapter. An ambulatory surgery facility shall be deemed to meet licensure requirements if the ambulatory surgery facility is accredited by The Joint Commission (formerly known as "JCAHO"), ~~JCAHO,~~ AAAHC or AAAASF. Accreditation does not exempt a facility from statutory or rule requirements for licensure nor does it prohibit the Department from conducting inspections as provided in this Rule to determine compliance with all requirements.

(b) If the applicant has been issued a Certificate of Need and is found to be in compliance with the Rules found in this ~~Subchapter~~ Subchapter, then the Department shall issue a license to expire on December 31 of each year.

(c) The Department shall be notified at the time of:

(1) any change of the owner or operator; ~~as to the person who is the operator or owner of an ambulatory surgical facility;~~

(2) any change of location;

(3) any change as to a lease; and

(4) any transfer, assignment or other disposition or change of ownership or control of 20 percent or more of the capital stock or voting rights thereunder of a corporation which is the operator or owner of an ambulatory surgical facility, or any transfer, assignment, or other disposition of the stock or voting rights thereunder of such corporation which results in the ownership or control of more than 20 percent of the stock or voting rights thereunder of such corporation by any person.

A new application shall be submitted to the Department in the event of such a change or changes.

(d) The Department shall not grant a license until the plans and ~~specifications,~~ specifications which are stated in Section .1400 of this Subchapter, covering the construction of new buildings, additions, or material alterations to existing buildings are approved by the Department.

(e) The facility design and construction shall be in accordance with the licensure rules for ambulatory surgical facilities found in this Subchapter, the North Carolina State Building Code, and local municipal codes.

(f) Submission of ~~Plans~~ Plans.

(1) Before construction is begun, plans and specifications covering construction of the new buildings, alterations, renovations or additions to existing buildings, shall be submitted to the Division for approval.

(2) The Division shall review the plans and notify the licensee that said buildings, alterations, additions, or changes are approved or disapproved. If plans are disapproved the Division shall give the applicant notice of deficiencies identified by the Division.

(3) In order to avoid unnecessary expense in changing final plans, as a preliminary step, proposed plans in schematic form shall be reviewed by the Division.

(4) The plans shall include a plot plan showing the size and shape of the entire site and the location of all existing and proposed facilities.

(5) Plans shall be submitted in duplicate. ~~duplicate in order that the~~ The Division ~~may~~ shall distribute a copy to the Department of Insurance for review of the North Carolina State Building Code ~~requirements.~~ requirements if required by the North Carolina State Building Code which is incorporated by reference, including all subsequent amendments. Copies of the code may be purchased from the International Code Council online at http://www.iccsafe.org/Store/Pages/default.aspx at a cost of $527.00 or accessed electronically free of charge at http://www.ecodes.biz/ecodes_support/Free_Resources/2012NorthCarolina/12NorthCarolina_main.html.

(g) To qualify for licensure or license renewal, each facility must provide to the Division, upon application, an attestation statement in a form provided by the Division verifying compliance with the requirements defined in Rule .0301(d) of this Subchapter.

History Note: *Authority G.S. 131E-91; G.S. 131E-147; 131E-149; S.L. 2013-382;*
Eff. October 14, 1978;
Amended Eff. April 1, ~~2003.~~ 2003;
Temporary Amendment Eff. May 1, 2014;
Amended Eff. Nov.1, 2014.

10A NCAC 13C .0301 proposed for amendment as follows:

10A NCAC 13C .0301 GOVERNING AUTHORITY

(a) The facility's governing authority shall adopt bylaws or other ~~appropriate~~ operating policies and procedures ~~which shall:~~ to assure that:

(1) ~~specify by name the person to whom responsibility for operation and maintenance of the facility is delegated and methods established by the governing authority for holding such individuals responsible;~~
a named individual is identified who is responsible for the overall operation and maintenance of the facility. The governing authority shall have methods in place for the oversight of the individual's performance.

(2) ~~provide for~~ at least annual meetings of the governing authority are conducted if the governing authority consists of two or more individuals. Minutes shall be maintained of such meetings;

(3) ~~maintain a policies and procedures manual which is designed to ensure professional and safe care for the patients. The manual shall be reviewed, and revised when necessary, at least annually.~~ a policy and procedure manual is created which is designed to ensure professional and safe care for the patients. The manual shall be reviewed annually and revised when necessary. The manual shall include provisions for administration and use of the facility, compliance, personnel quality assurance, procurement of outside services and consultations, patient care policies and services offered; and

(4) ~~provide for annual reviews and evaluations of the facility's policies, management, and operation.~~ annual reviews and evaluations of the facility's policies, management, and operation are conducted.

(b) When services such as dietary, laundry, or therapy services are purchased from others, the governing authority shall be responsible to assure the supplier meets the same local and state standards the facility would have to meet if it were providing those services itself using its own staff.

(c) The governing authority shall provide for the selection and appointment of the professional staff and the granting of clinical privileges and shall be responsible for the professional conduct of these persons.

(d) The governing authority shall establish written policies and procedures to assure billing and collection practices in accordance with G. S. 131E-91. These policies and procedures shall include:

(1) a financial assistance policy as defined in Rule .0103 of the Subchapter;

(2) how a patient may obtain an estimate of the charges for the statewide 20 most common outpatient imaging procedures and 20 most common outpatient surgical procedures based on the primary CPT code. The policy shall require that the information be provided to the patient in writing, either electronically or by mail, within three business days;

(3) how a patient or patient's representative may dispute a bill;

(4) issuance of a refund within 45 days of the patient receiving notice of the overpayment when a patient has overpaid the amount due to the facility;

(5) providing written notification to the patient or patient's representative, at least 30 days prior to submitting a delinquent bill to a collections agency;

(6) providing the patient or patient's representative with the facility's charity care and financial assistance policies, if the facility is required to file a Schedule H, federal form 990;

(7) the requirement that a collections agency, entity, or other assignee obtain written consent from the facility prior to initiating litigation against the patient or patient's representative;

(8) a policy for handling debts arising from the provision of care by the ambulatory surgical facility involving the doctrine of necessaries, in accordance with G.S. 131E-91(d)(5); and

(9) a policy for handling debts arising from the provision of care by the ambulatory surgical facility to a minor, in accordance with G.S. 131E-91(d)(6).

History Note: *Authority G.S. 131E-91; G.S. 131E-149; S.L. 2013-382(s.10.1), S.L. 2013-382 (s.13.1);*
Eff. October 14, 1978;
Amended Eff. November 1, 1989; November 1, 1985; December 24, ~~1979.~~ 1979;
Temporary Amendment Eff. May 1, 2014;
Amended Eff; Nov. 1, 2014.

10A NCAC 13C .0103 is proposed for amendment as follows:

10A NCAC 13C .0103 DEFINITIONS

As used in this Subchapter, unless the context clearly requires otherwise, the following terms have the meanings specified:

(1) "Adequate" means, when applied to various areas of services, that the services are at least satisfactory in meeting a referred to need when measured against contemporary professional standards of practice.

(2) "AAAASF" means American Association for Accreditation of Ambulatory Surgery Facilities.

(3) "AAAHC" means Accreditation Association for Ambulatory Health Care.

(4) "Ancillary nursing personnel" means persons employed to assist registered nurses or licensed practical nurses in the care of patients.

(5) "Anesthesiologist" means a physician whose specialized training and experience qualify him or her to administer anesthetic agents and to monitor the patient under the influence of these agents. For the purpose of these Rules the term "anesthesiologist" shall not include podiatrists.

(6) "Anesthetist" means a physician or dentist qualified, as defined in Item ~~(22)~~(26) of this Rule, to administer anesthetic agents or a registered nurse qualified, as defined in Item ~~(22)~~(26) of this Rule, to administer anesthesia.

(7) "Authority Having Jurisdiction" means the Division of Health Service Regulation.

(8) "Chief executive officer" or "administrator" means a qualified person appointed by the governing authority to act in its behalf in the overall management of the facility and whose office is located in the facility.

(9) "Commission" means the North Carolina Medical Care Commission.

(10) "Current Procedural Terminology (CPT)" means a medical code set developed by the American Medical Association.

~~(9)~~(11) "Dentist" means a person who holds a valid license issued by the North Carolina Board of Dental Examiners to practice dentistry.

~~(10)~~(12) "Department" means the North Carolina Department of Health and Human Services.

~~(11)~~(13) "Director of nursing" means a registered nurse who is responsible to the chief executive officer and has the authority and direct responsibility for all nursing services and nursing care for the entire facility at all times.

(14) "Financial Assistance" means a policy, including charity care, describing how the organization will provide assistance at its facility. Financial assistance includes free or discounted health services provided to persons who meet the organization's criteria for financial assistance and are unable to pay for all or a portion of the services. Financial assistance does not include:

(a) bad debt;

(b) uncollectable charges that the organization recorded as revenue but wrote off due to a patient's failure to pay;

(c) the cost of providing such care to such patients;

(d) the difference between the cost of care provided under Medicare or other means-tested government programs or under Medicare; and

(e) the revenue derived therefrom or contractual adjustments with any third-party payors.

~~(12)~~(15) "Governing authority" means the individual, agency or group or corporation appointed, elected or otherwise designated, in which the ultimate responsibility and authority for the conduct of the ambulatory surgical facility is vested.

(16) "Health Insurer" means service benefit plans, managed care organizations, or other parties that are by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service as a condition of doing business in the State. This excludes self-insured plans and group health plans as defined in section 607(1) of the Employee Retirement Income Security Act of 1974.

(17) "Healthcare Common Procedure Coding System (HCPCS)" means a three tiered medical code set consisting of Level I, II and III services and contains the CPT code set in Level I.

~~(13)~~(18) "JCAHO" or "Joint Commission" means Joint Commission on Accreditation of Healthcare Organizations.

~~(14)~~(19) "Licensing agency" means the Department of Health and Human Services, Division of Health Service Regulation.

~~(15)~~(20) "Licensed practical nurse" (L.P.N.) means any person licensed as such under the provisions of G.S. 90-171.

~~(16)~~(21) "Nursing personnel" means registered nurses, licensed practical nurses and ancillary nursing personnel.

~~(17)~~(22) "Operating room" means a room in which surgical procedures are performed.

~~(18)~~(23) "Patient" means a person admitted to and receiving care in a facility.

~~(19)~~(24) "Person" means an individual, a trust or estate, a partnership or corporation, including associations, joint stock companies and insurance companies; the state, or a political subdivision or instrumentality of the state.

~~(20)~~(25) "Pharmacist" means a person who holds a valid license issued by the North Carolina Board of Pharmacy to practice pharmacy in accordance with G.S. 90-85.

~~(21)~~(26) "Physician" means a person who holds a valid license issued by the North Carolina Medical Board to practice medicine. For the purpose of carrying out these Rules, a "physician" may also mean a person holding a valid license issued by the North Carolina Board of Podiatry Examiners to practice podiatry.

(27) "Public or Private Third Party" means the State, federal government employers, health insurers, third-party administrators and managed care organizations.

~~(22)~~(28) "Qualified person" when used in connection with an occupation or position means a person:

(a) who has demonstrated through relevant experience the ability to perform the required functions; or

(b) who has certification, registration or other professional recognition.

~~(23)~~(29) "Recovery area" means a room used for the post anesthesia recovery of surgical patients.

~~(24)~~(30) "Registered nurse" means a person who holds a valid license issued by the North Carolina Board of Nursing to practice nursing as defined in G.S. 90-171.

~~(25)~~(31) "Surgical suite" means an area which includes one or more operating rooms and one or more recovery rooms.

History Note: *Authority G.S. 131E-149; S.L. 2013-382(s.10.1),(s.13.1);*
Eff. October 14, 1978;
Amended Eff. November 1, 2014; April 1, 2003; November 1, 1989.

10A NCAC 13C .0205 is proposed for amendment as follows:

10A NCAC 13C .0205 ITEMIZED CHARGES

(a) The facility shall either present an itemized list of charges to all discharged patients or the facility shall include on patients' bills which are not itemized notification of the right to request an itemized bill within ~~30 days~~ three years of receipt of the non-itemized ~~bill.~~ bill or so long as the facility, collections agency, or other assignee asserts the patient has an obligation to pay the bill.

(b) If requested, the facility shall present an itemized list of charges to each ~~patient,~~ patient or his or her representative. ~~responsible party.~~ This list shall detail in language comprehensible to an ordinary layperson the specific nature of the charges or expenses incurred by the patient.

(c) The listing shall ~~include, at a minimum, those charges incurred in the following service areas:~~ include each specific chargeable item or service in the following service areas:

(1) Surgery (facility fee);

(2) Anesthesiology;

(3) Pharmacy;

(4) Laboratory;

(5) Radiology;

(6) Prosthetic and Orthopedic appliances; and

(7) Other professional services.

(d) The facility shall indicate on the initial or renewal license application that patient bills are itemized, or that each patient or ~~responsible party~~ his or her representative is formally advised of the patient's right to request an itemized listing within ~~30 days~~ three years of receipt of a non-itemized bill.

History Note: *Authority G.S. 131E-91; G.S. 131E-147.1; S.L. 2013-382(s.13.1);*
Eff. December 1, ~~1991.~~ 1991;
Temporary Amendment Eff. May 1, 2014;
Amended Eff. Nov. 1, 2014.

10A NCAC 13C .0206 is proposed for adoption as follows:

10A NCAC 13C .0206 REPORTING REQUIREMENTS

(a) The lists of the statewide 20 most common outpatient imaging procedures and 20 most common outpatient surgical procedures performed in the ambulatory surgical facility setting to be used for reporting the data required in Paragraphs (b) through (c) of this Rule are provided in rules .0207 and .0208 of this Subchapter. The lists are also available on the Commission's website at: http://www.ncdhhs.gov/dhsr/ncmcc.

(b) In accordance with G.S. 131E-214.7 and quarterly per year all licensed ambulatory surgical facilities shall report the data required in Paragraph (c) of this Rule related to the statewide 20 most common outpatient imaging procedures and the statewide 20 most common outpatient surgical procedures to the certified statewide data processor in a format provided by the certified statewide processor. This report shall include the related primary CPT and HCPCS codes. The data reported shall be from the quarter ending three months previous to the date of reporting.

(c) The report as described in Paragraphs (b) of this Rule shall be specific to each reporting ambulatory surgical facility and shall include:

(1) the average gross charge for each DRG or procedure if all charges are paid in full without any portion paid by a public or private third party;

(2) the average negotiated settlement on the amount that will be charged for each DRG or procedure as required for patients defined in Paragraph (c)(1) of this Rule. The average negotiated settlement is to be calculated using the average amount charged all patients eligible for the facility's financial assistance policy, including self-pay patients;

(3) the amount of Medicaid reimbursement for each DRG or procedure, including all supplemental payments to and from the ambulatory surgical facility;

(4) the amount of Medicare reimbursement for each DRG or procedure; and

(5) on behalf of insured and teachers and State employees, report the lowest, average, and highest amount of payments made for each DRG or procedure by the facility's top five largest health insurers.

(A) each ambulatory surgical facility shall determine its five largest health insurers based on the dollar volume of payments received from those insurers;

(B) the lowest amount of payment shall be reported as the lowest payment from any of the five insurers on the DRG or procedure;

(C) the average amount of payment shall be reported as the arithmetic average of all of the five health insurers payment amounts;

(D) the highest amount of payment shall be reported as the highest payment from any of the five insurers on the DRG or procedure; and

(E) the identity of the top five largest health insurers shall be redacted prior to submission.

(e) The data reported, as defined in Paragraphs (b) through (c) of this Rule, shall reflect the payments received from patients and health insurers for all closed accounts. For the purpose of this Rule, closed accounts are patient accounts with a zero balance at the end of the data reporting period.

(f) A minimum of three data elements shall be required for reporting under Paragraph (b) of this Rule.

(g) The information submitted in the report shall be in compliance with the federal "Health Insurance Portability and Accountability Act of 1996."

(h) The Department shall provide all specific ambulatory surgical facility data reported pursuant to this Rule on its website.

History Note: *Authority G.S.131E-214.4; S.L. 2013-382(s.10.1);*
Eff. November 1, 2014.

10A NCAC 13C .0207 is proposed for adoption as follows:

10A NCAC 13C .0207 20 MOST COMMON OUTPATIENT IMAGING PROCEDURES

(a) The list of the statewide 20 most common outpatient imaging procedures, specific to North Carolina and established by the Commission, is based on data provided by the certified statewide data processor. Ambulatory surgical facilities shall report data specific to each CPT code in the list pursuant to Rule .0206 of this Section.

(b) The statewide 20 most common outpatient imaging procedures by CPT code with associated medical descriptions are:

Number	CPT Code	Description
1	70450	Computed tomography, head or brain; without contrast material
2	70553	Magnetic resonance (e.g., proton) imaging, brain (including brain stem); without contrast material followed by contrast material(s) and further sequences
3	71010	Radiologic examination, chest; single view, frontal
4	71020	Radiologic examination, chest; two views, frontal and lateral
5	71260	Computed tomography, thorax; with contrast material(s)
6	71275	Computed tomographic angiography, chest (noncoronary), with contrast material(s), including noncontrast images, if performed, and image postprocessing
7	72100	Radiologic examination, spine, lumbosacral; two or three views
8	72110	Radiologic examination, spine, lumbosacral; minimum of four views
9	72125	Computed tomography, cervical spine; without contrast material
10	73030	Radiologic examination, shoulder; complete, minimum of two views
11	73110	Radiologic examination, wrist; complete, minimum of three views
12	73130	Radiologic examination, hand; minimum of three views
13	73510	Radiologic examination, hip, unilateral; complete, minimum of two views
14	73564	Radiologic examination, knee; complete, four or more views
15	73610	Radiologic examination, ankle; complete, minimum of three views
16	73630	Radiologic examination, foot; complete, minimum of three views
17	74000	Radiologic examination, abdomen; single anteroposterior view
18	74022	Radiologic examination, abdomen; complete acute abdomen series, including supine, erect, and/or decubitus views, single view chest
19	74176	Computed tomography, abdomen and pelvis; without contrast material
20	74177	Computed tomography, abdomen and pelvis; with contrast material(s)

History Note: Authority G.S. 131E-214.4; G.S.131E-214.7; S.L. 2013-382(s.10.1);

Eff. November 1, 2014.

10A NCAC 13C .0208 is proposed for adoption as follows:

10A NCAC 13C .0208 20 MOST COMMON OUTPATIENT SURGICAL PROCEDURES

(a) The list of the statewide 20 most common outpatient surgical procedures, specific to North Carolina and established by the Commission, is based on data provided by the certified statewide data processor. Ambulatory surgical facilities shall report data specific to each CPT code in the list pursuant to Rule 0206 of this Section.

(b) The statewide 20 most common outpatient surgical procedures by CPT code with associated medical descriptions are:

Number	CPT Code	Description
1	29827	Arthroscopy, shoulder, surgical; with rotator cuff repair
2	29880	Arthroscopy, knee, surgical; with meniscectomy (medial and lateral, including any meniscal shaving) including debridement/shaving of articular cartilage (chondroplasty), same or separate compartment(s), when performed
3	29881	Arthroscopy, knee, surgical; with meniscectomy (medial or lateral, including any meniscal shaving) including debridement/shaving of articular cartilage (chondroplasty), same or separate compartment(s), when performed
4	42820	Tonsillectomy and adenoidectomy; younger than age 12
5	42830	Adenoidectomy, primary; younger than age 12
6	43235	Upper gastrointestinal endoscopy including esophagus, stomach, and either the duodenum and/or jejunum as appropriate; diagnostic, with or without collection of specimen(s) by brushing or washing (separate procedure)
7	43239	Upper gastrointestinal endoscopy including esophagus, stomach, and either the duodenum and/or jejunum as appropriate; with biopsy, single or multiple
8	43248	Upper gastrointestinal endoscopy including esophagus, stomach, and either the duodenum and/or jejunum as appropriate; with insertion of guide wire followed by dilation of esophagus over guide wire
9	43249	Upper gastrointestinal endoscopy including esophagus, stomach, and either the duodenum and/or jejunum as appropriate; with balloon dilation of esophagus (less than 30 mm diameter)
10	45378	Colonoscopy, flexible, proximal to splenic flexure; diagnostic, with or without collection of specimen(s) by brushing or washing, with or without colon decompression (separate procedure)
11	45380	Colonoscopy, flexible, proximal to splenic flexure; with biopsy, single or multiple
12	45384	Colonoscopy, flexible, proximal to splenic flexure; with removal of tumor(s), polyp(s), or other lesion(s) by hot biopsy forceps or bipolar cautery

13	45385	Colonoscopy, flexible, proximal to splenic flexure; with removal of tumor(s), polyp(s), or other lesion(s) by snare technique
14	62311	Injection(s), of diagnostic or therapeutic substance(s) (including anesthetic, antispasmodic, opioid, steroid, other solution), not including neurolytic substances, including needle or catheter placement, includes contrast for localization when performed, epidural or subarachnoid; lumbar or sacral (caudal)
15	64483	Injection(s), anesthetic agent and/or steroid, transforaminal epidural, with imaging guidance (fluoroscopy or computed tomography); lumbar or sacral, single level
16	64721	Neuroplasty and/or transposition; median nerve at carpal tunnel
17	66821	Discission of secondary membranous cataract (opacified posterior lens capsule and/or anterior hyaloid); laser surgery (e.g., YAG laser) (one or more stages)
18	66982	Extracapsular cataract removal with insertion of intraocular lens prosthesis (one stage procedure), manual or mechanical technique (e.g., irrigation and aspiration or phacoemulsification), complex, requiring devices or techniques not generally used in routine cataract surgery (e.g., iris expansion device, suture support for intraocular lens, or primary posterior capsulorrhexis) or performed on patients in the amblyogenic developmental stage
19	66984	Extracapsular cataract removal with insertion of intraocular lens prosthesis (stage one procedure), manual or mechanical technique (e.g., irrigation and aspiration or phacoemulsification)
20	69436	Tympanostomy (requiring insertion of ventilating tube), general anesthesia

History Note: *Authority G.S. 131E-214.4; G.S.131E-214.7; S.L. 2013-382(s.10.1);*
Eff. November 1, 2014.