



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

February 1, 2018

**SENT VIA ELECTRONIC MAIL**

The Honorable Louis Pate, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 311, Legislative Office Building  
Raleigh, NC 27603

The Honorable Josh Dobson, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 301N, Legislative Office Building  
Raleigh, NC 27603

The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 303, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

Session Law 2017-57, Section 11J.2.(c), requires the Department of Health and Human Services and the University of North Carolina to provide information regarding State funds and other support provided by the State to medical education programs and medical residency programs located in North Carolina. This report is due to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Education on or before February 1, 2018. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions concerning this report, please contact Dave Richard, Deputy Secretary for Medical Assistance, at 919-855-4100 or [Dave.Richard@dhhs.nc.gov](mailto:Dave.Richard@dhhs.nc.gov).

Sincerely,

*for* Mandy Cohen, MD, MPH  
Secretary

cc:	Dave Richard	Deborah Landry	Marjorie Donaldson	Kolt Ulm
	Theresa Matula	Rod Davis	Christen Linke Young	Pam Kilpatrick
	Lisa Wilks	Leah Burns	LT McCrimmon	Matt Gross
	<a href="mailto:reports@ncleg.net">reports@ncleg.net</a>	Mark Benton	Susan Perry-Manning	Joyce Jones

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

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MANDY COHEN, MD, MPH  
SECRETARY

February 1, 2018

**SENT VIA ELECTRONIC MAIL**

The Honorable Craig Horn, Chair  
Joint Legislative Oversight  
Committee on Education  
North Carolina General Assembly  
Room 305, Legislative Office Building  
Raleigh, NC 27603

The Honorable Linda Johnson, Chair  
Joint Legislative Oversight  
Committee on Education  
North Carolina General Assembly  
Room 301D, Legislative Office Building  
Raleigh, NC 27603

The Honorable Chad Barefoot, Chair  
Joint Legislative Oversight  
Committee on Education  
North Carolina General Assembly  
Room 406, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

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**Report on Medical Education Programs and Medical Residency  
Programs in North Carolina**

**Session Law 2017-57, Section 11J.2.(c)**



**Report to the  
Joint Legislative Oversight Committee on Health and Human Services  
and  
Joint Legislative Education Oversight Committee**

**by the  
North Carolina Department of Health and Human Services**

**February 1, 2018**

## **Executive Summary**

In Session Law 2017-57, the Current Appropriations Act of 2017, the Department of Health and Human Services and the University of North Carolina were directed to prepare a report to the Joint Legislative Oversight Committees on Medical Education and Medical Residency Programs detailing State funds and other support provided by the State to medical education programs and medical residency program located in North Carolina to include:

- 1) The identity, location, and number of positions available in these medical education programs and medical residency programs, broken down by geographic area.
- 2) The specific amount of State funds or the nature of any other support provided by the State to medical education programs and medical residency programs, broken down by program.
- 3) The number of graduates of medical education programs and medical residency programs who are currently practicing in North Carolina, broken down by specialty areas in which North Carolina is experiencing a shortage, including:
  - a) Anesthesiology
  - b) Neurology
  - c) Neurosurgery
  - d) Obstetrics/Gynecology
  - e) Primary Care
  - f) Psychiatry
  - g) Surgery
  - h) Urology
  - i) Any other specialty areas determined by the Department of Health and Human Services or The University of North Carolina to be experiencing a shortage.
4. The number of program graduates who practiced in North Carolina for at least five years after graduation.
5. Any other information requested by the subcommittees.

The information contained in this report represents DHHS data describing North Carolina's Health Professional Shortage Areas (HPSA) and Section 11.J.2 (c ) (2) the specific amount of State funds or the nature of any other support provided by the State to medical education programs and medical residency programs, broken down by program. Section 11.J.2 (c ) (1), (3),(4) and (5) will be provided by the University of North Carolina in a separate report to the Committee.

## **Background**

Under the North Carolina State Plan, a teaching hospital is a facility that is operating a Medicare approved graduate medical education (GME) program in accordance with 42 CFR Part 413 Subpart F. Since 1994, the North Carolina Medicaid program has been reimbursing teaching hospitals for GME cost by an add-on payment to the hospital's specific Diagnosis Related Group (DRG) Unit Value or base rate. The GME add-on payment was adjusted annually based upon the teaching hospital's last filed cost report. The methodology for the calculations, and the authority to receive federal participation in the payments, is found in the CMS approved State Plan Amendment.

Session Law 2015-241. Section 12H.23(a) authorized DMA to submit a State Plan Amendment such that the GME add-on payment would no longer be added to the base rate. Session Law 2015-264 amended

this section to authorize DMA to recognize direct and indirect medical education cost as an allowable Medicaid cost to be included on the teaching hospital’s cost report in accordance with Medicare cost principles.

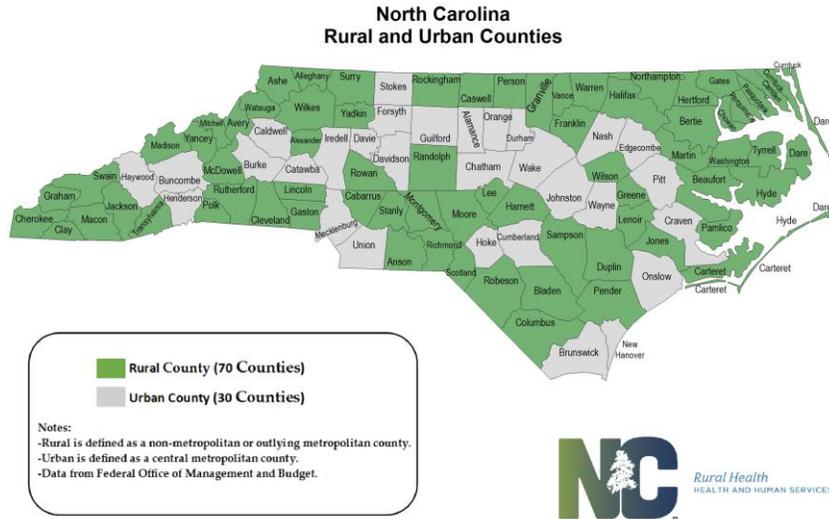
Session Law 2017-57 funded the GME payment to teaching hospitals for SFY 2018 and SFY 2019. The following table details the estimated payments to each teaching hospital for SFY 2017-2018.

**Medicaid IME & GME Expenditures for State Fiscal Year 2017-2018**

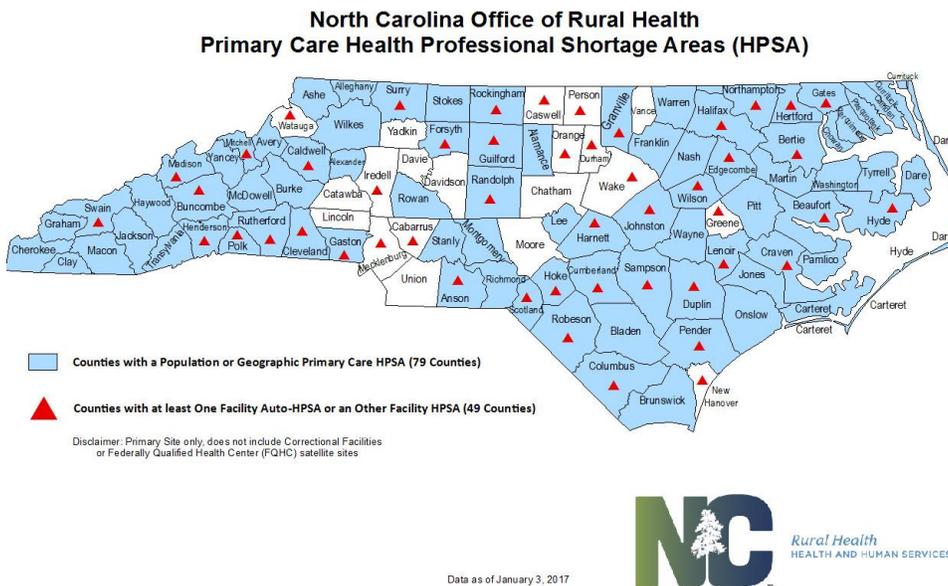
<b>Hospital Facility</b>	<b>Total Expenditure IME &amp; GME</b>	<b>Federal Share of the Expenditure</b>	<b>State Share of the Expenditure</b>
Blue Ridge Healthcare Hospital	\$466,049	\$310,948	\$155,101
Cape Fear Valley Medical Center	\$831,568	\$554,822	\$276,746
Carolinas Medical Center	\$8,669,018	\$5,783,969	\$2,885,049
Carolinas Medical Center - Mercy	\$66,415	\$44,312	\$22,103
Carolinas Medical Center - Northeast	\$518,021	\$345,624	\$172,397
Carolinas Rehabilitation	\$189,937	\$126,726	\$63,211
Duke University Hospital	\$14,861,863	\$9,915,835	\$4,946,028
Durham Regional Hospital	\$581,703	\$388,112	\$193,591
Forsyth Memorial Hospital	\$529,834	\$353,505	\$176,329
Margaret R. Pardee Memorial Hospital	\$73,277	\$48,891	\$24,387
Mission Hospital	\$1,394,649	\$930,510	\$464,139
Moses H. Cone Memorial Hospital	\$1,250,752	\$834,501	\$416,250
New Hanover Regional Medical Center	\$1,502,623	\$1,002,550	\$500,073
North Carolina Baptist Hospital	\$17,256,344	\$11,513,433	\$5,742,911
Union Regional Medical Center	\$116,798	\$77,928	\$38,870
University of North Carolina Hospital	\$26,692,938	\$17,809,528	\$8,883,410
Vidant Medical Center	\$13,540,793	\$9,034,417	\$4,506,376
Wake Medical Center	\$1,866,744	\$1,245,492	\$621,252
<b>Total of Estimated Payments</b>	<b>90,409,326</b>	<b>\$60,321,103</b>	<b>\$30,088,223</b>

**Table 1 - Source: Division of Medical Assistance, NCDHHS**

Seventy (70) of North Carolina’s 100 counties are considered rural (See **Figure 1** below) and experience a shortage of health professionals. DHHS’ Office of Rural Health (ORH) designates health professional shortage areas (HPSA) in primary care, mental health and dental on behalf of the federal government (See **Figures 2, 3 and 5**). Areas are designated Health Professional Shortage Areas (HPSAs) due to very low ratios between the number of providers and an area’s population.



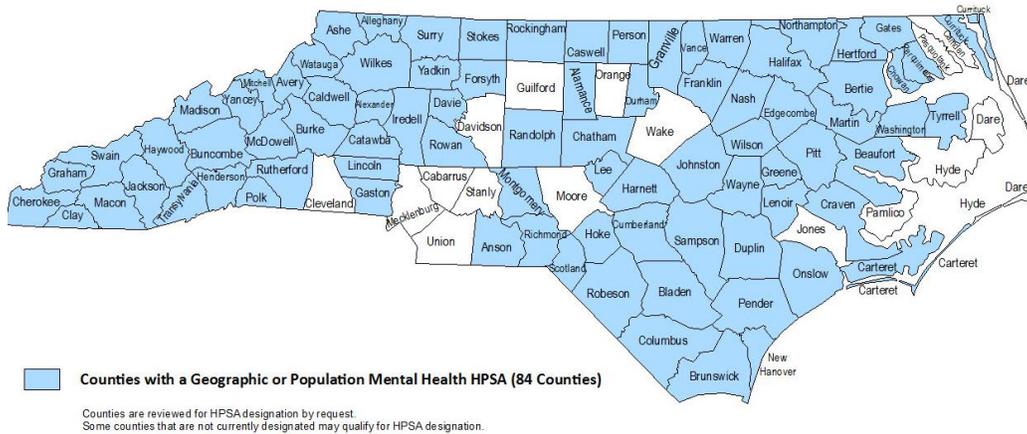
**Figure 1 – Map of Rural and Urban Counties**



**Figure 2: Map of Primary Care Professional Shortage Areas**

Currently designated Mental Health Professional Shortage Areas (HPSAs) are presented in **Figure 3** below. HPSA is a federal designation for a county with an unmet need for psychiatrists only—there is not a similar designation for other behavioral health practitioner types. Currently, 84 out of North Carolina’s 100 counties have a HPSA designation (three additional counties, Pasquotank, Pamlico, and Hyde, are expected to receive HPSA designation in 2018).

**North Carolina Office of Rural Health  
Mental Health Professional Shortage Areas (HPSA)**



Data as of December 12, 2017

**Figure 3: Map of Mental Health Professional Shortage Areas**

In the summer of 2013, the North Carolina General Assembly (NCGA) decided to replicate the success of previous telepsychiatry initiatives in the state and elsewhere. In Session Law 2013-360, Section 12A.2B, the North Carolina General Assembly directed the Office of Rural Health (ORH) to create a plan for a statewide telepsychiatry program. The North Carolina Statewide Telepsychiatry Program (NC-STeP) allows North Carolina hospitals to participate as referring sites or consulting sites in providing psychiatric assessments to patients experiencing an acute behavioral health or substance abuse crisis. Through a contractual agreement with the East Carolina University Center for Telepsychiatry and e-Behavioral Health (C-TeB) to implement these services into hospitals, ORH oversees the operations of NC-STeP while monitoring the program’s expenditures, hospital enrollment, and performance measures. **Figure 4** is a map displaying the areas that are currently served by NC-STeP.

Office of Rural Health  
 North Carolina Statewide Telepsychiatry Program  
 SFY 2017

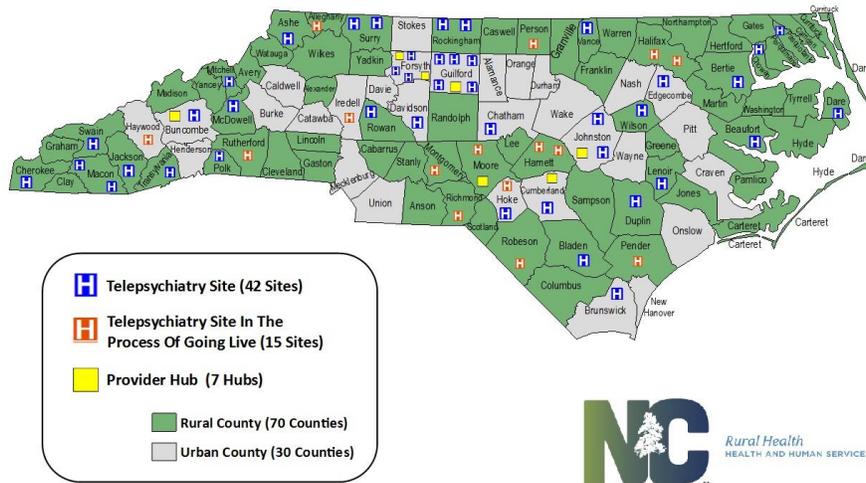


Figure 4: Map of NC-STeP Enrolled Sites

North Carolina Office of Rural Health  
 Dental Health Professional Shortage Areas (HPSA)

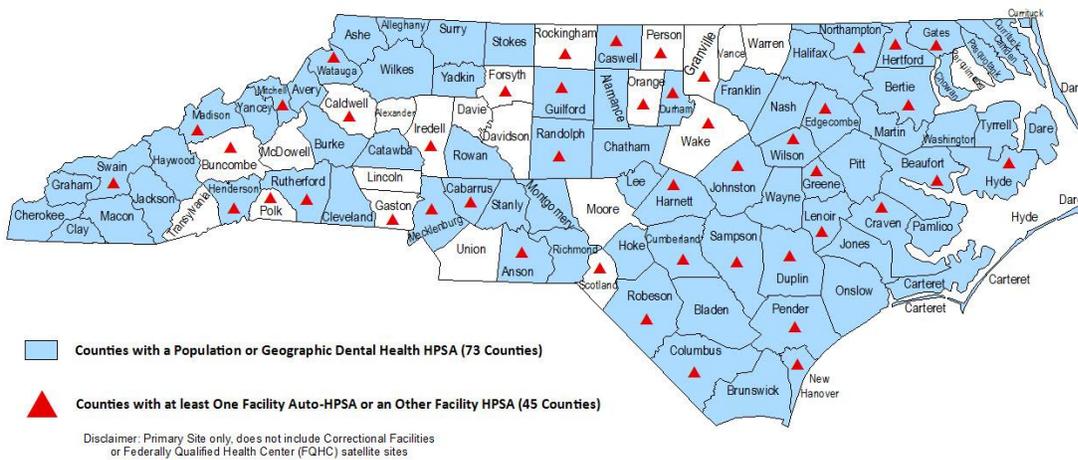


Figure 5 – Map of Dental Health Professional Shortage Area

Currently designated dental health professional HPSAs are presented in **Figure 5**. Dental Health Professional Shortage Area (HPSA) is a federal designation for a county with an unmet need for dentists only—there is not a similar designation for other oral health practitioner types. Counties must request a Dental Health HPSA. The Office of Rural Health is currently reviewing the counties without a

designation to determine whether they would also qualify for designation. Informal data review indicates that many undesignated counties would likely qualify.

DHHS looks forward to our continued work with the Joint Legislative Oversight Committees on Medical Education and Medical Residency Programs to create opportunities for North Carolinians to receive quality access to care across our state.