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.

Sincerely,

Mandy Cohen, MD, MPH
Secretary

cc: Dave Richard
    Theresa Matula
    Lisa Wilks
    reports@ncleg.net
    Deborah Landry
    Rod Davis
    Leah Burns
    Mark Benton
    Marjorie Donaldson
    Christen Linke Young
    LT McCrimmon
    Susan Perry-Manning
    Kolt Ulm
    Pam Kilpatrick
    Matt Gross
    Joyce Jones
STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

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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

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[Signature]

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER
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

<table>
<thead>
<tr>
<th>Hospital Facility</th>
<th>Total Expenditure IME &amp; GME</th>
<th>Federal Share of the Expenditure</th>
<th>State Share of the Expenditure</th>
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</thead>
<tbody>
<tr>
<td>Blue Ridge Healthcare Hospital</td>
<td>$466,049</td>
<td>$310,948</td>
<td>$155,101</td>
</tr>
<tr>
<td>Cape Fear Valley Medical Center</td>
<td>$831,568</td>
<td>$554,822</td>
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<td>Carolinas Medical Center</td>
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<td>$5,783,969</td>
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<td>Carolinas Medical Center - Mercy</td>
<td>$66,415</td>
<td>$44,312</td>
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<tr>
<td>Carolinas Medical Center - Northeast</td>
<td>$518,021</td>
<td>$345,624</td>
<td>$172,397</td>
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<tr>
<td>Carolinas Rehabilitation</td>
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<td>$126,726</td>
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<td>Duke University Hospital</td>
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<tr>
<td>Durham Regional Hospital</td>
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<td>Forsyth Memorial Hospital</td>
<td>$529,834</td>
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<td>Margaret R. Pardee Memorial Hospital</td>
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<td>Mission Hospital</td>
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<td>Moses H. Cone Memorial Hospital</td>
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<td>New Hanover Regional Medical Center</td>
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<td>North Carolina Baptist Hospital</td>
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<td>Union Regional Medical Center</td>
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<td>University of North Carolina Hospital</td>
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<td>Vidant Medical Center</td>
<td>$13,540,793</td>
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<tr>
<td>Wake Medical Center</td>
<td>$1,886,744</td>
<td>$1,245,492</td>
<td>$621,252</td>
</tr>
</tbody>
</table>

| Total of Estimated Payments             | 90,409,326                  | $60,321,103                     | $30,088,223                    |

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.
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).
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.
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.