

Change of Hospital Status Report

Session Law 2021-61, Section 2 (codified as G.S. 108A-146.17)



Report to the

**House of Representatives Appropriations Committee on Health and
Human Services**

And

Senate Appropriations Committee on Health and Human Services

And

Fiscal Research Division

By

North Carolina Department of Health and Human Services

February 25, 2022

BACKGROUND

North Carolina Session Law 2021-61 requires that the Department of Health and Human Services report to the House of Representatives Appropriations Committee on Health and Human Services (DHHS), the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department has been notified of a change of hospital status. This must contain the following information (see Table 1 for Department responses):

- The change of hospital status and the date of the change.
- Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that are needed as a result of the change in hospital status, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.

Please see Appendix 1 for a copy of the legislative text.

REPORT OF CHANGE IN HOSPITAL STATUS

Change of Hospital Status and Date of Change: As previously described in the Possible Change of Status Report submitted on September 27, 2021, Vidant Medical Center confirmed the merger of Vidant Beaufort with Vidant Medical Center on October 1st, 2021; the effective date of the merger was October 1st, 2021. Vidant Beaufort was a Qualified Public Hospital (QPH) that was subject to the public hospital assessment under G.S. 108A 146.1. Vidant Medical Center, the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine, is exempt from the public hospital assessment.

Proposed Revisions to Article 7B of Chapter 108A Necessitated by the Change in Hospital Status: The Department proposes the following revisions to the Hospital Assessment Act for consideration by the General Assembly. The proposed revisions—displayed in Table 1—would make small changes to the allocation of non-federal share among hospital classes but would not impact the aggregate amount of non-federal share collected to support the non-federal share of Medicaid payments. The mathematical calculations supporting the proposed changes to the public and private hospital historical assessment shares and the intergovernmental transfer adjustment component derive from a hospital assessment model that was developed in collaboration with the Fiscal Research Division, Legislative Drafting, the Office of State Management and Budget as well as the NC Healthcare Association. The proposed changes:

- Remove Vidant Beaufort’s historical IGT from the quarterly qualified public hospital (intergovernmental transfer) IGT adjustment, as Vidant Beaufort will no longer be classified as a QPH.
- Establish a new IGT adjustment amount for Vidant Medical Center, equal to its SFY 2022 IGT adjustment component plus Vidant Beaufort’s Q1 SFY 2022 IGT and assessment times four.
- Adjust the public/private historical assessment share to account for Vidant Beaufort’s change in

Table 1: Proposed Revisions to Article 7B of Chapter 108A of the General Statutes

Item	Current Value	Proposed Value	Leg. Reference
Private Hospital Historical Assessment Share	80.08%	80.25%	§ 108A-145.3(19)
Public Hospital Historical Assessment Share	19.92%	19.75%	§ 108A-145.3(21)
Quarterly IGT Adjustment Component	\$40,947,633	\$41,193,181	§ 108A-146.13(a)