

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1068

Short Title: Adult Care Homes/Quality of Care.

(Public)

Sponsors: Representatives Nye; and Weiss.

Referred to: Aging, if favorable, Rules, Calendar, and Operations of the House.

April 10, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN
3 SERVICES TO EXPLORE METHODS TO IMPROVE AND REWARD
4 QUALITY OF CARE PROVIDED BY LONG-TERM CARE FACILITIES; AND
5 TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO
6 ESTABLISH A QUALITY IMPROVEMENT CONSULTATION PROGRAM.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** The General Assembly recognizes that the imposition of
9 penalties for deficiencies in meeting licensure requirements is not the exclusive method
10 for ensuring quality of care in licensed long-term care facilities. The Department of
11 Health and Human Services, Office of Long-Term Care, shall explore methods to
12 improve and reward quality of care provided by long-term care facilities. In conducting
13 this undertaking, the Department shall consider and report specifically its findings and
14 recommendations on all of the following:

- 15 (1) Amending current law to allow extension of the licensure period and
16 survey period for adult care homes with a good record of compliance
17 and in the absence of consumer complaints. A recommendation to
18 authorize the extension shall include the recommended length of the
19 extension of the licensure and of the survey period, and the standard
20 for what constitutes a good record of compliance and level of
21 consumer complaint.
- 22 (2) Increasing the reimbursement rate for long-term care providers that
23 consistently perform over and above the minimum standard of care. A
24 recommendation to increase the rate shall include the recommended
25 level of increase and the basis for determining the level of increase.
- 26 (3) The feasibility and potential effectiveness of financial rewards for
27 long-term care providers that:

1 a. Demonstrate innovation in problem areas such as maintaining
2 low-staff turnover and handling difficult behavior problems. A
3 recommendation to provide financial rewards shall include the
4 recommended level of reward, the basis for determining the
5 award amount, and the specific innovations that warrant an
6 award.

7 b. Obtain accreditation from nationally recognized organizations
8 attesting to performance above the minimum standards of care.

9 (4) Whether to cap allowable indirect costs for adult care homes similar to
10 that imposed on nursing homes, but also allowing a higher capped
11 direct rate of reimbursement in order to provide incentives for higher
12 quality direct care to residents.

13 (5) Whether a different approach should be adopted for setting
14 reimbursement rates for adult care homes that would replace the
15 current 'State average' method. The purpose of the different approach
16 is to provide incentives to facilities to operate more efficiently and
17 reinvest resources saved from efficiency in higher quality care.

18 **SECTION 1.(b)** The Department shall report the status of its activities under
19 this section to the Study Commission on Aging not later than October 1, 2002. Not later
20 than March 1, 2002, the Department shall submit its final report to the Study
21 Commission on Aging and to the House of Representatives and Senate Appropriations
22 Committees on Health and Human Services. The final report shall include
23 recommended legislation for consideration by the Regular Session 2002 of the 2001
24 General Assembly.

25 **SECTION 2.** The Department of Health and Human Services shall develop
26 a Quality Improvement Consultation Program. The purpose of the program is to assist
27 providers in the development of quality improvement plans for each facility and
28 program offering long-term care in North Carolina. The Quality Improvement
29 Consultation Program shall be developed in consultation with the Office of Long-Term
30 Care, the Division of Facility Services, and representatives of facilities and programs.
31 The Department shall use funds appropriated to it for this purpose for the 2001-2002
32 and 2002-2003 fiscal years. The Department shall report the status of its activities
33 under this section to the North Carolina Study Commission on Aging on October 1,
34 2001, and March 1, 2002.

35 **SECTION 4.** This act becomes effective July 1, 2001.