

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**HOUSE BILL 1068  
Committee Substitute Favorable 4/23/01**

Short Title: Adult Care Homes/Quality of Care.

(Public)

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Sponsors:

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Referred to:

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April 10, 2001

A BILL TO BE ENTITLED

1  
2 AN ACT TO DIRECT THE DEPARTMENT OF HEALTH AND HUMAN  
3 SERVICES TO STUDY ISSUES RELATING TO LONG-TERM CARE; AND TO  
4 DIRECT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO  
5 ESTABLISH A QUALITY IMPROVEMENT CONSULTATION PROGRAM.

6 The General Assembly of North Carolina enacts:

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

- 13 (1) Amending current law to allow extension of the licensure period and  
14 survey period for adult care homes with a good record of compliance  
15 and in the absence of consumer complaints.
- 16 (2) Whether to cap allowable indirect costs for adult care homes similar to  
17 that imposed on nursing homes, but also allowing a higher capped  
18 direct rate of reimbursement in order to provide incentives for higher  
19 quality direct care to residents.
- 20 (3) Whether a different approach should be adopted for setting  
21 reimbursement rates for adult care homes that would replace the  
22 current 'State average' method. The purpose of the different approach  
23 is to provide incentives to facilities to operate more efficiently and  
24 reinvest resources saved from efficiency in higher quality care.
- 25 (4) Aspects of the quality assessment/monitoring process that should be  
26 changed or modified under State authority.
- 27 (5) The Department of Health and Human Services shall offer joint  
28 training of Division of Facility Services consultants, county DSS adult  
29 home specialists, and adult care home providers. The training shall be

1 offered not less than two times per year, and subject matter of the  
2 training should be based on one or more of the 10 deficiencies cited  
3 most frequently in the State during the immediately preceding calendar  
4 year. The joint training shall be designed to reduce inconsistencies  
5 experienced by providers in the survey process, to increase objectivity  
6 by DFS consultants and DSS specialists in conducting surveys, and to  
7 promote a higher degree of understanding between facility staff and  
8 DFS consultants and DSS specialists in what is expected during the  
9 survey process.

10 **SECTION 1.(b)** The Department shall report the status of its activities under  
11 this section to the North Carolina Study Commission on Aging not later than October 1,  
12 2001. Not later than March 1, 2002, the Department shall submit its final report to the  
13 North Carolina Study Commission on Aging and to the Senate Appropriations  
14 Committee on Human Resources and the House of Representatives Subcommittee on  
15 Health and Human Services. The final report shall include recommended legislation for  
16 consideration by the 2002 Regular Session of the 2001 General Assembly.

17 **SECTION 2.** The Department of Health and Human Services shall develop  
18 a Quality Improvement Consultation Program. The purpose of the program is to assist  
19 providers in the development of quality improvement plans for each facility. The  
20 Quality Improvement Consultation Program shall be developed in consultation with the  
21 Division of Facility Services and representatives of facilities and programs. The  
22 Department shall use funds appropriated in its continuation budget for this purpose for  
23 the 2001-2002 and 2002-2003 fiscal years. The Department shall report the status of its  
24 activities under this section to the North Carolina Study Commission on Aging on  
25 October 1, 2001, and March 1, 2002.

26 **SECTION 3.** The Department of Health and Human Services shall convene  
27 a Quality of Standards Work Group to explore alternatives to existing oversight and  
28 survey practices that will ensure quality in adult care homes. The Work Group shall do  
29 the following:

- 30 (1) Define and provide guidance on terms applicable in the survey and  
31 oversight process to ensure uniformity. Terms that should be defined  
32 and clarified include the following:
- 33 a. Substantial evidence.
  - 34 b. Imminent danger.
  - 35 c. Condition detrimental to health and safety.
  - 36 d. Hindrance of proper performance of duties.
  - 37 e. Alleged violation.
  - 38 f. Substantial failure to comply.
  - 39 g. Serious physical harm.
  - 40 h. Substantial risk that death or physical harm will occur.
  - 41 i. Present a direct threat to health and safety.
  - 42 j. Deficiency.

- 1 k. Extent of violation.  
2 l. Probability of death or serious harm.  
3 m Reasonable diligence.

4 The Department shall ensure that the definition and clarification of  
5 terms is included in basic and continuing survey training.

- 6 (2) Identify rules that impede the direct care of residents or prohibit  
7 resident choice and develop a proposal for repeal of those rules,  
8 including any necessary repeal of, or amendment to, current law that is  
9 the basis for the rule.

10 The Work Group shall consist of representatives of the Division of Facility  
11 Services, the North Carolina Assisted Living Association, Inc., and the North Carolina  
12 Association of Long Term Care Facilities.

13 **SECTION 4.** The Department of Health and Human Services shall study the  
14 cost to the State of reducing the county share of State/County Special Assistance from  
15 fifty percent (50%) to twenty-five percent (25%), phased in over a five-year period.  
16 The Department shall report its findings to the North Carolina Study Commission on  
17 Aging and the House of Representatives and Senate Appropriations Committees on  
18 Health and Human Services not later than October 1, 2001.

19 **SECTION 5.** The Department of Health and Human Services shall study  
20 alternative ways to reimburse adult care homes for the costs of residents residing in  
21 special care units, taking into account the particular needs of those residents. The  
22 Department shall report its findings and recommendations not later than March 1, 2002,  
23 to the North Carolina Study Commission on Aging and the House of Representatives  
24 and Senate Appropriations Committees on Health and Human Services.

25 **SECTION 6.** The Department of Health and Human Services shall study  
26 and make recommendations on statutory changes that would be necessary in order to  
27 delineate the various populations currently regulated as adult care homes according to  
28 the particular needs of those populations. The Department shall report its findings and  
29 recommendations to the North Carolina Study Commission on Aging not later than  
30 March 1, 2002.

31 **SECTION 7.** This act becomes effective July 1, 2001.