

1 appointed, the subcommittees may consult each other and may elect to meet jointly, but each
2 subcommittee is authorized to work independently and report to its respective oversight
3 committee.

4 **SECTION 2.(a)** The medical education and medical residency study may include
5 examination of the following:

- 6 (1) The health care needs of the State's residents and the State's goals in meeting
7 those health care needs through the support and funding of medical education
8 programs and medical residency programs located within the State.
- 9 (2) The short-term and long-term benefits to the State for allocating State funds
10 to medical education programs and medical residency programs located
11 within the State.
- 12 (3) Recommended changes and improvements to the State's current policies with
13 respect to allocating State funds and providing other support to medical
14 education programs and medical residency programs located within the State.
- 15 (4) Development of an evaluation protocol to be used by the State in determining
16 (i) the particular medical education programs and medical residency programs
17 to support with State funds and (ii) the amount of State funds to allocate to
18 these programs.
- 19 (5) Any other relevant issues deemed appropriate.

20 **SECTION 2.(b)** The study may include input from other states, stakeholders, and
21 national experts on medical education programs, medical residency programs, and health care,
22 as deemed necessary.

23 **SECTION 2.(c)** The study may examine the reports provided by the Department of
24 Health and Human Services and The University of North Carolina in accordance with Section
25 11J.2(c) of S.L. 2017-57 and the report provided by the Department of Health and Human
26 Services in accordance with Section 3 of this act.

27 **SECTION 3.** No later than August 1, 2019, the Department of Health and Human
28 Services shall submit to the Joint Legislative Oversight Committee on Health and Human
29 Services, the Joint Legislative Education Oversight Committee, and the Joint Legislative
30 Oversight Committee on Medicaid and NC Health Choice a report on medical education
31 programs and medical residency programs. This report shall be developed in collaboration with
32 the Cecil G. Sheps Center for Health Services Research at the University of North Carolina at
33 Chapel Hill, the North Carolina Area Health Education Centers, the North Carolina Institute of
34 Medicine, the University of North Carolina at Chapel Hill School of Medicine, and the Brody
35 School of Medicine at East Carolina University. The report shall be used to facilitate the
36 development of measurable objectives, along with specified time frames for achievement, which
37 will be used by the State when funding medical education programs and medical residency
38 programs addressing the health care needs throughout the State, particularly increased health care
39 access in rural areas. The report shall contain the following information:

- 40 (1) Detailed information about North Carolina medical school student slots,
41 residency slots, and intern slots, including the number of slots for each
42 medical school and medical residency program and how these slots have
43 changed over time. This information shall include the slot caps set by
44 Medicare and other agencies, the methodology used to establish those slot
45 caps, information on how the slot caps have changed over time, and how
46 changes to the slot caps may be accomplished in the future. This information
47 shall also include an assessment of the effect of the slot caps on each medical
48 school and medical residency program in North Carolina.
- 49 (2) Suggested overall objectives for the medical education programs and medical
50 residency programs in the State, including identified outcomes and goals to
51 meet the needs of rural areas.

- 1 (3) Total funding for the North Carolina Area Health Education Centers for the
2 past three fiscal years, the primary purposes of the funding, and outcomes that
3 have been achieved relative to those purposes.
- 4 (4) Total funding for the University of North Carolina at Chapel Hill School of
5 Medicine and the Brody School of Medicine at East Carolina University for
6 the past three fiscal years. This shall include an analysis of the cost of
7 operating each school of medicine compared to the total funding for each
8 school of medicine.
- 9 (5) The total reimbursement paid to hospitals related to Graduate Medical
10 Education (GME) through the Medicaid program, including all of the
11 following methodologies: receipts, claims payments, cost settlements,
12 enhanced payments, and equity supplemental payments. This shall include an
13 analysis of the funding source for this reimbursement, including how much of
14 the funding is provided by the State, by hospitals, and by the federal
15 government.
- 16 (6) A detailed explanation of all Medicaid GME reimbursement methodologies
17 that the Department of Health and Human Services intends to use, or is using,
18 under the transformed North Carolina Medicaid and North Carolina Health
19 Choice programs, as described in S.L. 2015-245, as amended by Section 2 of
20 S.L. 2016-121, Section 11H.17 of S.L. 2017-57, and Section 4 of S.L.
21 2017-186. This explanation shall include a rationale for any changes made to
22 the Medicaid GME reimbursement methodology, outcomes to be achieved by
23 these changes, and methods by which to measure these outcomes.
- 24 (7) Strategies, outside of the publically funded programs, used by hospitals and
25 communities to attract and retain health care providers to rural areas.
- 26 (8) Any recommendations regarding a body to compile and oversee the State's
27 medical education programs and medical residency programs data, including
28 whether this additional oversight body is necessary. If an oversight body is
29 recommended, this recommendation shall also include the composition of the
30 body, the recommended agency to house the body, the duties of the body, the
31 specific information the body is to oversee, the mechanism by which the body
32 will collect the data, and any funding needs for the body.
- 33 (9) An analysis of how other states have modified or developed funding to meet
34 the need in rural areas regarding the recruitment and retention of health care
35 providers, including the use of Medicaid funding, loan forgiveness, and loan
36 repayment. This analysis should include the processes by which other states
37 have identified the need for health care providers by specialty or location and
38 the outcomes achieved.
- 39 (10) Any limitations or parameters set by other entities that may restrict the State's
40 ability to modify programs that support the State's objectives, including (i)
41 Medicaid reimbursement for GME, (ii) loan forgiveness, (iii) loan repayment,
42 or (iv) other sources of funding.

43 **SECTION 4.** A subcommittee authorized by this act and appointed shall develop a
44 proposal for a statewide plan to support medical education programs and medical residency
45 programs within North Carolina in a manner that maximizes the impact of financial and other
46 support provided by the State for these programs and addresses the short-term and long-term
47 health care needs of the State's residents, particularly increased health care access in rural areas.
48 A subcommittee authorized by this act and appointed may provide an interim report to its
49 respective oversight committee by November 1, 2018, and shall report to its respective oversight
50 committee on or before March 1, 2020, at which time a subcommittee authorized by this act shall
51 terminate.

1

SECTION 5. This act is effective when it becomes law.