

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**D**

**HOUSE DRH10132-LN-233 (3/20)**

Short Title: Children & Family Svces/Deemed Status.

(Public)

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Sponsors: Representative Holliman.

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Referred to:

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A BILL TO BE ENTITLED

1  
2 AN ACT TO AUTHORIZE THE SECRETARY OF HEALTH AND HUMAN  
3 SERVICES TO GRANT DEEMED STATUS TO CERTAIN  
4 NONGOVERNMENTAL AGENCIES OR SERVICE PROVIDERS OF MENTAL  
5 HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE  
6 SERVICES UNDER CERTAIN CONDITIONS; TO AMEND CERTAIN  
7 LICENSE RENEWALS AND AUDIT PROCESSES IN ORDER TO EXPEDITE  
8 THE PROVISION OF SERVICES; AND TO PROVIDE FOR A LEAD AGENCY  
9 TO COORDINATE COMPLAINT INVESTIGATIONS WHEN LAWS OR  
10 RULES UNDER THE ENFORCEMENT RESPONSIBILITY OF MULTIPLE  
11 DHHS AGENCIES ARE INVOLVED IN THE INVESTIGATION.

12 The General Assembly of North Carolina enacts:

13 **SECTION 1.** G.S. 122C-22 is amended by adding the following new  
14 subsections to read:

15 "**§ 122C-22. Exclusions from licensure; deemed status.**

16 (a) The following are excluded from the provisions of this Article and are not  
17 required to obtain licensure under this Article:

18 ...

19 (c) The Commission shall adopt rules establishing a procedure whereby a  
20 nongovernmental agency or service provider that is under contract with or endorsed by  
21 an LME to provide mental health, developmental disabilities, or substance abuse  
22 services and that is certified by one or more of the following nationally recognized  
23 entities, may be deemed by the Secretary as meeting the requirements for licensure  
24 under this Article and for providing services endorsed by the LME:

25 (1) The Joint Commission on the Accreditation of Healthcare  
26 Organizations (JCAHO).

27 (2) The Commission on Accreditation of Rehabilitation Facilities (CARF).

1           (3)    The Council on Quality and Leadership in Supports for People with  
2           Disabilities (CQL).

3           (4)    The Council on Accreditation of Services for Families and Children  
4           (COA).

5           Upon receipt of proof of accreditation for the services to be provided, the Secretary  
6           shall deem the agency or service provider as having met the requirements of this Article  
7           to provide services that have been endorsed by an LME. The Secretary shall renew the  
8           deemed status at the license renewal date if the agency or service provider submits proof  
9           of certification in good standing and endorsement by the LME at the time of renewal.  
10          An agency or service provider that is deemed licensed to provide services under this  
11          subsection continues to be subject to investigation by the Secretary and to applicable  
12          license renewal fees.

13          (d)    The Secretary shall withdraw the deemed status granted under subsection (c)  
14          of this section to an agency or service provider if:

15               (1)    The accreditation, licensure, or certification is revoked for failure to  
16               meet the requirements of subsection (c) of this section, or other  
17               applicable requirements under this Article, or

18               (2)    If the Department imposes a penalty for a Type A violation against the  
19               agency or service provider.

20          An agency or service provider that has lost deemed status under this subsection may  
21          apply for renewal of deemed status after a period of six months from the date of  
22          withdrawal of deemed status. Renewal of deemed status shall be granted upon  
23          completion of a correction plan that has been approved by the Department and  
24          implemented by the agency or service provider, and the agency or service provider  
25          otherwise meets the requirements of subsection (c) of this section."

26          **SECTION 2.** G.S. 131D-10.3 is amended by adding the following new  
27          subsection to read:

28          "(g) In accordance with Commission rules, a person may submit to the  
29          Department documentation of compliance with the standards of a nationally recognized  
30          accrediting body, and the Department on the basis of such accreditation may deem the  
31          person in compliance with one or more Commission licensing rules.

32          (g1) In accordance with Commission rules, a nongovernmental agency or service  
33          provider that provides services to children in therapeutic foster homes and that submits  
34          proof of certification or accreditation by one or more of the following nationally  
35          recognized entities, shall be deemed to meet the licensure requirements of this Article to  
36          provide these services:

37               (1)    The Joint Commission on the Accreditation of Healthcare  
38               Organizations (JCAHO).

39               (2)    The Commission on Accreditation of Rehabilitation Facilities (CARF).

40               (3)    The Council on Quality and Leadership in Supports for People with  
41               Disabilities (CQL).

42               (4)    The Council on Accreditation of Services for Families and Children  
43               (COA).

1       The Commission shall adopt rules providing for coordination of license or deemed  
2 status renewal dates with accreditation renewal dates to avoid duplication in the  
3 application renewal process. An agency or service provider that is deemed licensed to  
4 provide services under this subsection continues to be subject to investigation by the  
5 Secretary and to applicable license renewal fees.

6       (g2) The Secretary shall withdraw the deemed status granted under subsection (g1)  
7 of this section to an agency or service provider if:

8           (1) The accreditation, licensure, or certification is revoked for failure to  
9           meet the requirements of subsection (g1) of this section, or other  
10           applicable requirements under this Article, or

11           (2) If the Department imposes a penalty for a violation against the agency  
12           or service provider.

13       An agency or service provider that has lost deemed status under this subsection may  
14 apply for renewal of deemed status after a period of six months from the date of  
15 withdrawal of deemed status. Renewal of deemed status shall be granted upon  
16 completion of a correction plan that has been approved by the Department and  
17 implemented by the agency or service provider, and the agency or service provider  
18 otherwise meets the requirements of subsection (g1) of this section."

19       **SECTION 3.** Part 6 of Article 2 of Chapter 108A of the General Statutes is  
20 amended by adding the following new section to read:

21 **"§ 108A-55.5. Accredited providers; annual audit process.**

22       The Department shall adopt a procedure whereby in its annual audit process those  
23 agencies or service providers that have been granted deemed status under  
24 G.S. 122C-22(c) or G.S. 131D-10.3(g1) and that have a ten percent (10%) or less error  
25 rate in their annual audit, shall be moved to a two-year audit cycle. The Department  
26 may request information from the agency or service provider at any time for random file  
27 audits."

28       **SECTION 4.** Part 1 of Article 3 of Chapter 143B of the General Statutes is  
29 amended by adding the following new section to read:

30 **"§ 143B-139.6C. Secretary to establish lead agency for the investigation of**  
31 **complaints involving multiple agencies.**

32       For the purpose of avoiding duplication of effort and paperwork by service providers  
33 and the Department, to ensure a clear understanding and interpretation of compliance  
34 with applicable laws and rules, and to expedite the provision of services to clients, the  
35 Secretary of Health and Human Services shall establish a procedure for coordinating the  
36 investigation of complaints against licensed, certified, accredited, or endorsed providers  
37 of services to recipients of social services or mental health, developmental disabilities,  
38 and substance abuse services. When a complaint is received by the Department and the  
39 complaint requires investigation by more than one Division of the Department, the  
40 Secretary shall appoint a lead agency among those involved in the complaint  
41 investigation. The lead agency shall oversee and coordinate the investigation by all  
42 involved Divisions, and shall be the primary contact entity for the provider that is the  
43 subject of the investigation. The lead agency shall coordinate with the involved  
44 Divisions to review laws and rules that impact the investigation and to provide a

1 consistent and nonconflicting report to the provider on what rules or laws have been  
2 violated and the corrections needed to comply with those laws and rules. The procedure  
3 shall provide for notice to service providers when a complaint is received. The notice  
4 shall include the particular Divisions charged with investigating the complaint and the  
5 lead agency designated by the Secretary to oversee the complaint investigation. If a  
6 conflict arises among Divisions concerning the interpretation of the law or rules, the  
7 conflict shall be resolved by the Secretary or, if necessary, by an amendment to rules or  
8 statutory clarification by the General Assembly. The provider shall not be deemed in  
9 violation of any rule the interpretation of which is in conflict, until the conflict has been  
10 resolved and the provider informed of the decision."

11 **SECTION 5.** This act becomes effective October 1, 2007.