

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

H

D

BILL DRAFT 2011-RCz-8 [v.2] (04/06)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

4/9/2012 1:23:59 PM

Short Title: UNCHCS Changes.

(Public)

Sponsors: Representative.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THE PURPOSE OF THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM, TO INCREASE THE AUTHORITY OF THE UNIVERSITY OF NORTH CAROLINA BOARD OF GOVERNORS TO GOVERN THE HEALTH CARE SYSTEM, TO REDUCE THE NUMBER AND CHANGE THE COMPOSITION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE HEALTH CARE SYSTEM, TO INCREASE THE SYSTEM'S ACCOUNTABILITY AND TRANSPARENCY, TO CLARIFY ITS STATUS AS A STATE AGENCY AND TO LIMIT FUTURE EXPANSION, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON STATE-OWNED ASSETS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 116-37 reads as rewritten:

**"§ 116-37. University of North Carolina Health Care System.**

(a) Creation of System. –

(1) There is hereby established the University of North Carolina Health Care System, effective November 1, 1998, which shall be ~~governed and administered as an~~ affiliated enterprise of The University of North Carolina governed by the Board of Governors and administered by the board of directors created in subsection (b) of this section. Consistent with State statutes and policy and without unduly competing with non-State owned health care systems, the purpose of the University of North Carolina Health Care System is to ~~in accordance with the provisions of this section, to provide patient care, facilitate the education of physicians and other health care providers, conduct research collaboratively with the health sciences schools of the University of North Carolina at Chapel Hill, and render other services designed to promote the health and well-being of the citizens of North Carolina.~~ meet the goals of education, research, patient care, and community service.

(2) As of November 1, 1998, all of the rights, privileges, liabilities, and obligations of the board of directors of the University of North Carolina Hospitals at Chapel Hill, not inconsistent with the provisions of this section, shall be transferred to and assumed by the board of directors of the University of North Carolina Health Care System.



\* 2 0 1 1 - R C Z - 8 - V - 2 \*

1 (3) The University of North Carolina Hospitals at Chapel Hill and the clinical  
2 patient care programs established or maintained by the School of Medicine  
3 of the University of North Carolina at Chapel Hill shall be governed by the  
4 Board of Governors and administered by the board of directors of the  
5 University of North Carolina Health Care System.

6 (4) With respect to the provisions of subsections (d), (e), (f), ~~(h), (i), (j), and (k)~~  
7 of this section, the ~~board of directors~~ Board of Governors may adopt or may  
8 delegate to the board of directors the authority to adopt policies that make  
9 the authorities and responsibilities established by one or more of said  
10 subsections applicable to the University of North Carolina Hospitals at  
11 Chapel Hill, to the clinical patient care programs of the School of Medicine  
12 of the University of North Carolina at Chapel Hill, to both, or to other  
13 persons or entities affiliated with or under the control of the University of  
14 North Carolina Health Care System.

15 (5) To effect an orderly transition, the policies and procedures of the clinical  
16 patient care programs of the School of Medicine of the University of North  
17 Carolina at Chapel Hill and of the University of North Carolina Hospitals at  
18 Chapel Hill effective as of October 31, 1998, shall remain effective in  
19 accordance with their terms until changed by the Board of Directors of the  
20 University of North Carolina Health Care System.

21 (b) Board of Directors. ~~There is hereby established a board of directors of the~~  
22 ~~University of North Carolina Health Care System, effective November 1, 1998.~~ The Board of  
23 Governors of the University of North Carolina is directed to reconstitute the board of directors  
24 for the University of North Carolina Health Care System, effective November 1, 2012.

25 (1) The reconstituted board of directors shall be composed of 12 members as  
26 follows:

27 a. ~~A minimum of six~~ Three members ex officio of said board shall be  
28 ~~the President of The University of North Carolina (or the President's~~  
29 ~~designee); the State Treasurer or the Treasurer's designee, the Chief~~  
30 ~~Executive Officer of the University of North Carolina Health Care~~  
31 ~~System; the Chancellor of the University of North Carolina at Chapel~~  
32 ~~Hill and one additional administrative officer of the University of~~  
33 ~~North Carolina at Chapel Hill designated by the Chancellor; and two~~  
34 ~~members of the faculty of the~~ and the Dean of the School of  
35 Medicine of the University of North Carolina at Chapel Hill  
36 designated by the Dean of the School of Medicine, Hill; provided,  
37 that if the Dean is already not such a member ex officio by virtue of  
38 holding one or more of the offices aforementioned, additional ex  
39 officio memberships shall be held by the President of the University  
40 of North Carolina Hospitals at Chapel Hill, the faculty member  
41 responsible for leading the clinical patient care programs of the  
42 School of Medicine, and the Dean of the School of Medicine of the  
43 University of North Carolina at Chapel Hill. Medicine shall serve as  
44 the third member ex officio.

45 b. ~~No less than nine and no more than 21~~ Nine members at large, which  
46 ~~number shall be determined by the board of directors, large who~~ shall  
47 be appointed by the Board of Governors for four-year terms,  
48 commencing on November 1 of the year of appointment; provided,  
49 that appointment. In order to effectuate staggered terms and to  
50 provide continuity of board membership, a minimum of five  
51 members of the initial class of at-large members of the reconstituted

1 ~~board shall include~~ be selected by the Board of Governors from the  
2 persons who hold the appointed memberships on the board of  
3 directors of the University of North Carolina Hospitals at Chapel  
4 Hill Health Care System incumbent as of October 31, 1998, 2012,  
5 whose terms shall expire on October 31, 2014, with their terms of  
6 membership on the board of directors of the University of North  
7 Carolina Health Care System to expire on the last day of October of  
8 the year in which their term as a member of the board of directors of  
9 the University of North Carolina Hospitals at Chapel Hill would have  
10 expired. The Board of Governors shall appoint individuals to the  
11 remaining at-large positions of the reconstituted board whose terms  
12 shall expire on October 31, 2016. Vacant ~~As the terms of the initial~~  
13 ~~at large members of the reconstituted board expire, the Board of~~  
14 ~~Governors shall appoint individuals to fill the vacant at-large~~  
15 ~~positions shall be filled by the appointment of persons from the~~  
16 ~~business and professional public at large who have special~~  
17 ~~competence in business management, hospital administration, health~~  
18 ~~care delivery, or medical practice or who otherwise have~~  
19 ~~demonstrated dedication to the improvement of health care in North~~  
20 ~~Carolina, and who are neither members of the Board of Governors,~~  
21 ~~members of the board of trustees of a constituent institution of The~~  
22 ~~University of North Carolina, nor officers or employees of the State.~~  
23 ~~Members shall be appointed by the President of the University, and~~  
24 ~~ratified by the Board of Governors, from among a slate of~~  
25 ~~nominations made by the board of directors of the University of~~  
26 ~~North Carolina Health Care System. No member may be appointed~~  
27 ~~to more than two full four-year terms in succession; provided, that~~  
28 ~~persons holding appointed memberships on November 1, 1998, 2012,~~  
29 ~~by virtue of their previous membership on the board of directors of~~  
30 ~~the University of North Carolina Hospitals at Chapel Hill, Health~~  
31 ~~Care System on October 31, 2012, shall not be eligible, for a period~~  
32 ~~of one year following expiration of their term, eligible to be~~  
33 ~~reappointed to the board of directors of the University of North~~  
34 ~~Carolina Health Care System. Any vacancy in an unexpired term~~  
35 ~~shall be filled by an appointment made by the President, and ratified~~  
36 ~~by the Board of Governors, upon the nomination of the board of~~  
37 ~~directors, Governors for the balance of the term remaining.~~

- 38 (2) The board of directors, with each ex officio and at-large member having a  
39 vote, shall elect a chairman only from among the at-large members, for a  
40 term of two years. ~~Notwithstanding the foregoing limitation, the Chancellor~~  
41 ~~of the University of North Carolina at Chapel Hill may serve as Chairman.~~  
42 No person shall be eligible to serve as chairman for more than three terms in  
43 succession.
- 44 (3) The board of directors of the University of North Carolina Health Care  
45 System shall meet at least every 60 days and may hold special meetings at  
46 any time and place within the State at the call of the chairman. Board  
47 members, other than ex officio members, shall receive the same per diem  
48 and reimbursement for travel expenses as members of the State boards and  
49 commissions generally.
- 50 (4) In meeting the patient-care, educational, research, and public-service goals  
51 of the University of North Carolina Health Care System, the Board of

1 ~~Governors board of directors~~ is authorized or may delegate to the board of  
2 ~~directors the authority to exercise such authority and responsibility to adopt~~  
3 policies, rules, and regulations ~~that are as it deems necessary~~ and  
4 appropriate, not inconsistent with the provisions of this section or the  
5 policies of the Board of Governors or, to the extent the ~~board's actions~~ affect  
6 employees of the University of North Carolina at Chapel Hill, ~~not~~  
7 ~~inconsistent with~~ the policies of the University of North Carolina at Chapel  
8 Hill. The ~~Board of Governors board~~ may authorize or may delegate to the  
9 ~~board of directors the authority to authorize~~ any component of the University  
10 of North Carolina Health Care System, including the University of North  
11 Carolina Hospitals at Chapel Hill, to contract in its individual capacity,  
12 subject to such policies and procedures as the board of directors may direct.  
13 The board of directors may enter into formal agreements with the University  
14 of North Carolina at Chapel Hill with respect to the provision of clinical  
15 experience for students and for the provision of maintenance and supporting  
16 services. The board's action on matters within its jurisdiction is final, except  
17 that appeals may be made, in writing, to the Board of Governors with a copy  
18 of the appeal to the Chancellor of the University of North Carolina at Chapel  
19 Hill. The board of directors shall keep the Board of Governors and the board  
20 of trustees of the University of North Carolina at Chapel Hill fully informed  
21 about health care policy and recommend changes necessary to maintain  
22 adequate health care delivery, education, and research for improvement of  
23 the health of the citizens of North Carolina.

24 (c) Officers. —

- 25 (1) The executive and administrative head of the University of North Carolina  
26 Health Care System shall have the title of "Chief Executive Officer." The  
27 board of directors, the board of trustees, and the Chancellor of the University  
28 of North Carolina at Chapel Hill, following such search process as the  
29 boards and the Chancellor deem appropriate, shall identify two or more  
30 persons as candidates for the office, who, pursuant to criteria agreed upon by  
31 the boards and the Chancellor, have the qualifications for both the positions  
32 of Chief Executive Officer of the University of North Carolina Health Care  
33 System and Vice-Chancellor for Medical Affairs of the University of North  
34 Carolina at Chapel Hill. The names of the candidates so identified, once  
35 approved by the board of directors and the board of trustees, shall be  
36 forwarded by the Chancellor to the President of The University of North  
37 Carolina, who if satisfied with the quality of one or more of the candidates,  
38 will nominate one as Chief Executive Officer, subject to selection by the  
39 Board of Governors. The individual serving as Chief Executive Officer shall  
40 have complete executive and administrative authority to formulate proposals  
41 for, recommend the adoption of, and implement policies governing the  
42 programs and activities of the University of North Carolina Health Care  
43 System, subject to all requirements of the board of directors. That same  
44 individual, when serving as Vice-Chancellor for Medical Affairs, shall have  
45 all authorities, rights, and responsibilities of a vice-chancellor of the  
46 University of North Carolina at Chapel Hill.
- 47 (2) The executive and administrative head of the University of North Carolina  
48 Hospitals at Chapel Hill shall have the title of "President of the University of  
49 North Carolina Hospitals at Chapel Hill."
- 50 (3) The board of directors shall elect, on nomination of the Chief Executive  
51 Officer, the President of the University of North Carolina Hospitals at

1 Chapel Hill, and such additional administrative and professional staff  
2 employees of the University of North Carolina Health Care System as may  
3 be deemed necessary to assist in fulfilling the duties of the office of the  
4 Chief Executive Officer, all of whom shall serve at the pleasure of the Chief  
5 Executive Officer.

6 (d) Personnel. – Employees of the University of North Carolina Health Care System  
7 shall be deemed to be employees of the State and shall be subject to all provisions of State law  
8 relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14  
9 of Chapter 126 of the General Statutes, the provisions of Chapter 126 shall not apply to  
10 employees of the University of North Carolina Health Care System, and the policies and  
11 procedures governing the terms and conditions of employment of such employees shall be  
12 adopted by the board of directors; provided, that with respect to such employees as may be  
13 members of the faculty of the University of North Carolina at Chapel Hill, no such policies and  
14 procedures may be inconsistent with policies established by, or adopted pursuant to delegation  
15 from, the Board of Governors of The University of North Carolina.

16 (1) ~~The board of directors~~ Board of Governors shall fix or approve or may  
17 delegate to the board of directors the authority to fix or approve the  
18 schedules of pay, expense allowances, and other compensation and adopt  
19 position classification plans for employees of the University of North  
20 Carolina Health Care System.

21 (2) ~~The board of directors~~ Board of Governors may adopt or provide or may  
22 delegate to the board of directors the authority to adopt or provide for rules  
23 and regulations concerning, but not limited to, annual leave, sick leave,  
24 special leave with full pay or with partial pay supplementing workers'  
25 compensation payments for employees injured in accidents arising out of  
26 and in the course of employment, working conditions, service awards and  
27 incentive award programs, grounds for dismissal, demotion, or discipline,  
28 other personnel policies, and any other measures that promote the hiring and  
29 retention of capable, diligent, and effective career employees. However, an  
30 employee who has achieved career State employee status as defined by G.S.  
31 126-1.1 by October 31, 1998, shall not have his or her compensation reduced  
32 as a result of this subdivision. Further, an employee who has achieved career  
33 State employee status as defined by G.S. 126-1.1 by October 31, 1998, shall  
34 be subject to the rules regarding discipline or discharge that were effective  
35 on October 31, 1998, and shall not be subject to the rules regarding  
36 discipline or discharge adopted after October 31, 1998.

37 (3) ~~The board of directors~~ Board of Governors may prescribe or may delegate to  
38 the board of directors the authority to prescribe the office hours, workdays,  
39 and holidays to be observed by the various offices and departments of the  
40 University of North Carolina Health Care System.

41 (4) ~~The board of directors~~ Board of Governors may establish or may delegate to  
42 the board of directors the authority to establish boards, committees, or  
43 councils to conduct hearings upon the appeal of employees who have been  
44 suspended, demoted, otherwise disciplined, or discharged, to hear employee  
45 grievances, or to undertake any other duties relating to personnel  
46 administration that the board of directors may direct.

47 The board of directors shall submit all initial classification and pay plans and other rules  
48 and regulations adopted pursuant to subdivisions (1) through (4) of this subsection to the Office  
49 of State Personnel for review upon adoption by the board. Any subsequent changes to these  
50 plans, rules, and policies ~~adopted by the board~~ shall be submitted to the Office of State

1 Personnel for review. Any comments by the Office of State Personnel shall be submitted to the  
2 Chief Executive Officer and to the President of The University of North Carolina.

3 (e) Finances. – The University of North Carolina Health Care System shall be subject to  
4 the provisions of the State Budget Act, ~~except for trust funds as provided in G.S. 116-36.1 and~~  
5 ~~G.S. 116-37.2. Act.~~ The Chief Executive Officer, subject to the ~~board of directors,~~ Board of  
6 Governors, shall be responsible for all aspects of budget preparation, budget execution, and  
7 expenditure reporting. All operating funds of the University of North Carolina Health Care  
8 System may be budgeted and disbursed through special fund codes, maintaining separate  
9 auditable accounts for the University of North Carolina Hospitals at Chapel Hill and the clinical  
10 patient care programs of the School of Medicine of the University of North Carolina at Chapel  
11 Hill. All receipts of the University of North Carolina Health Care System may be deposited  
12 directly to the special fund codes, and except for General Fund appropriations, all receipts of  
13 the University of North Carolina Hospitals at Chapel Hill may be invested pursuant to G.S.  
14 116-37.2(h). General Fund appropriations for support of the University of North Carolina  
15 Hospitals at Chapel Hill shall be budgeted in a General Fund code under a single purpose,  
16 "Contribution to University of North Carolina Hospitals at Chapel Hill Operations" and be  
17 transferable to a special fund operating code as receipts.

18 (f) Finances – Patient/Health Care System Benefit. – The Chief Executive Officer of  
19 the University of North Carolina Health Care System, or the Chief Executive Officer's  
20 designee, may expend operating budget funds, including State funds, of the University of North  
21 Carolina Health Care System for the direct benefit of a patient, when, in the judgment of the  
22 Chief Executive Officer or the Chief Executive Officer's designee, the expenditure of these  
23 funds would result in a financial benefit to the University of North Carolina Health Care  
24 System. Any such expenditures are declared to result in the provision of medical services and  
25 create charges of the University of North Carolina Health Care System for which the health  
26 care system may bill and pursue recovery in the same way as allowed by law for recovery of  
27 other health care systems' charges for services that are unpaid.

28 These expenditures shall be restricted (i) to situations in which a patient is financially  
29 unable to afford ambulance or other transportation for discharge; (ii) to afford placement in an  
30 after-care facility; (iii) to assure availability of a bed in an after-care facility after discharge  
31 from the hospitals; (iv) to secure equipment or other medically appropriate services after  
32 discharge; or (v) to pay health insurance premiums. The Chief Executive Officer or the Chief  
33 Executive Officer's designee shall reevaluate at least once a month the cost-effectiveness of any  
34 continuing payment on behalf of a patient.

35 To the extent that the University of North Carolina Health Care System advances  
36 anticipated government entitlement benefits for a patient's benefit, for which the patient later  
37 receives a lump-sum "back-pay" award from an agency of the State, whether for the current  
38 admission or subsequent admission, the State agency shall withhold from this back pay an  
39 amount equal to the sum advanced on the patient's behalf by the University of North Carolina  
40 Health Care System, if, prior to the disbursement of the back pay, the applicable State program  
41 has received notice from the University of North Carolina Health Care System of the  
42 advancement.

43 (f1) Provision of Indigent Care. – The University of North Carolina Health Care System  
44 shall provide a proportionate share of the indigent care, as compared with non-State owned  
45 health care systems, in each county where it provides medical services. By July 1, 2013, the  
46 Board of Governors in conjunction with the North Carolina Hospital Association shall develop  
47 methods to measure the provision of indigent care services that allow for direct and accurate  
48 comparison between health care systems.

49 (g) Reports. – The Chief Executive Officer ~~and the President of The University of~~  
50 ~~North Carolina jointly~~ shall report by September 30 of each year on the operations and  
51 financial affairs of the University of North Carolina Health Care System to the Board of

1 Governors. The Board of Governovors shall report by November 30 of each year on the  
2 operations and financial affairs of the University of North Carolina Health Care System to the  
3 Joint Legislative Commission on Governmental Operations. The report shall include the actions  
4 taken by the Board of Governors or the board of directors under the authority granted in  
5 subsections (d), (h), (i), and (j) subsection (d) of this section.

6 All nonprofit corporations that are part of the University of North Carolina Health Care  
7 System must complete an Internal Revenue Service Form 990 annually and submit a copy to  
8 the Board of Governors.

9 ~~(h) Purchases. Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter~~  
10 ~~143 of the General Statutes to the contrary, the board of directors shall establish policies and~~  
11 ~~regulations governing the purchasing requirements of the University of North Carolina Health~~  
12 ~~Care System. These policies and regulations shall provide for requests for proposals,~~  
13 ~~competitive bidding, or purchasing by means other than competitive bidding, contract~~  
14 ~~negotiations, and contract awards for purchasing supplies, materials, equipment, and services~~  
15 ~~which are necessary and appropriate to fulfill the clinical, educational, research, and~~  
16 ~~community service missions of the University of North Carolina Health Care System. The~~  
17 ~~board of directors shall submit all initial policies and regulations adopted pursuant to this~~  
18 ~~subsection to the Division of Purchase and Contract for review upon adoption by the board.~~  
19 ~~Any subsequent changes to these policies and regulations adopted by the board shall be~~  
20 ~~submitted to the Division of Purchase and Contract for review. Any comments by the Division~~  
21 ~~of Purchase and Contract shall be submitted to the Chief Executive Officer and to the President~~  
22 ~~of The University of North Carolina.~~

23 ~~(i) Property. The board of directors shall establish rules and regulations for acquiring~~  
24 ~~or disposing of any interest in real property for the use of the University of North Carolina~~  
25 ~~Health Care System. These rules and regulations shall include provisions for development of~~  
26 ~~specifications, advertisement, and negotiations with owners for acquisition by purchase, gift,~~  
27 ~~lease, or rental, but not by condemnation or exercise of eminent domain, on behalf of the~~  
28 ~~University of North Carolina Health Care System. This section does not authorize the board of~~  
29 ~~directors to encumber real property. The board of directors shall submit all initial policies and~~  
30 ~~regulations adopted pursuant to this subsection to the State Property Office for review upon~~  
31 ~~adoption by the board. Any subsequent changes to these policies and regulations adopted by the~~  
32 ~~board shall be submitted to the State Property Office for review. Any comments by the State~~  
33 ~~Property Office shall be submitted to the Chief Executive Officer and to the President of The~~  
34 ~~University of North Carolina. After review by the Attorney General as to form and after the~~  
35 ~~consummation of any such acquisition, the University of North Carolina Health Care System~~  
36 ~~shall promptly file a report concerning the acquisition or disposition with the Governor and~~  
37 ~~Council of State. Acquisitions and dispositions of any interest in real property pursuant to this~~  
38 ~~section shall not be subject to the provisions of Article 36 of Chapter 143 of the General~~  
39 ~~Statutes or the provisions of Chapter 146 of the General Statutes.~~

40 ~~(j) Property Construction. Notwithstanding G.S. 143-341(3) and G.S. 143-135.1,~~  
41 ~~the board of directors shall adopt policies and procedures with respect to the design,~~  
42 ~~construction, and renovation of buildings, utilities, and other property developments of the~~  
43 ~~University of North Carolina Health Care System requiring the expenditure of public money~~  
44 ~~for:~~

- 45 ~~(1) Conducting the fee negotiations for all design contracts and supervising the~~  
46 ~~letting of all construction and design contracts.~~
- 47 ~~(2) Performing the duties of the Department of Administration, the Office of~~  
48 ~~State Construction, and the State Building Commission under G.S.~~  
49 ~~133-1.1(d), Article 8 of Chapter 143 of the General Statutes, and G.S.~~  
50 ~~143-341(3).~~
- 51 ~~(3) Using open end design agreements.~~

1           (4) ~~As appropriate, submitting construction documents for review and approval~~  
 2           ~~by the Department of Insurance and the Division of Health Service~~  
 3           ~~Regulation of the Department of Health and Human Services.~~

4           (5) ~~Using the standard contracts for design and construction currently in use for~~  
 5           ~~State capital improvement projects by the Office of State Construction of the~~  
 6           ~~Department of Administration.~~

7           ~~The board of directors shall submit all initial policies and procedures adopted under this~~  
 8           ~~subsection to the Office of State Construction for review upon adoption by the board. Any~~  
 9           ~~subsequent changes to these policies and procedures adopted by the board shall be submitted to~~  
 10           ~~the Office of State Construction for review. Any comments by the Office of State Construction~~  
 11           ~~shall be submitted to the Chief Executive Officer and to the President of The University of~~  
 12           ~~North Carolina.~~

13           (k) Patient Information. – The University of North Carolina Health Care System shall,  
 14           at the earliest possible opportunity, specifically make a verbal and written request to each  
 15           patient to disclose the patient's social security number, if any. If the patient does not disclose  
 16           that number, the University of North Carolina Health Care System shall deny benefits, rights,  
 17           and privileges of the University of North Carolina Health Care System to the patient as soon as  
 18           practical, to the maximum extent permitted by federal law or federal regulations. The  
 19           University of North Carolina Health Care System shall make the disclosure to the patient  
 20           required by Section 7(b) of P.L. 93-579. This subsection is supplementary to G.S. 105A-3(c).

21           (l) Expansion. – The University of North Carolina Health Care System shall not use  
 22           any funds available to it, whether fees for provision of services, reserves, or assessments of  
 23           entities affiliated with the system, to expand the geographic areas where it provides services  
 24           without the specific authorization of the General Assembly. "

25           **SECTION 2.** G.S. 116-37.2(b) reads as written:

26           "(b) ~~The Board of Directors~~ Governors is responsible or may delegate the responsibility  
 27           to the board of directors of the University of North Carolina Health Care System, as established  
 28           in G.S. 116-37(b), is responsible for the custody and management of the funds of the University  
 29           of North Carolina Hospitals at Chapel Hill. The Board of Governors shall adopt or may  
 30           delegate the authority to the board of directors to adopt uniform policies and procedures  
 31           applicable to the deposit, investment, and administration of these funds, which shall assure that  
 32           the receipt and expenditure of such funds is properly authorized and that the funds are  
 33           appropriately accounted for. The Board of Governors may delegate authority, through the Chief  
 34           Executive Officer of the University of North Carolina Health Care System to the President of  
 35           the University of North Carolina Hospitals at Chapel Hill, when such delegation is necessary or  
 36           prudent to enable the University of North Carolina Hospitals at Chapel Hill to function in a  
 37           proper and expeditious manner."

38           **SECTION 3.** G.S. 116-37.2(h) reads as rewritten:

39           "(h) The Board of Governors may deposit or invest, or may delegate to the board of  
 40           directors the authority to deposit or invest ~~Directors of the University of North Carolina Health~~  
 41           ~~Care System may deposit or invest~~ the funds under this section in interest-bearing accounts and  
 42           other investments in the exercise of its sound discretion, without regard to any statute or rule of  
 43           law relating to the investment of funds by fiduciaries."

44           **SECTION 4.** G.S. 143-56 reads as rewritten:

45           "**§ 143-56. Certain purchases excepted from provisions of Article.**

46           Unless as may otherwise be ordered by the Secretary of Administration, the purchase of  
 47           supplies, materials and equipment through the Secretary of Administration shall be mandatory  
 48           in the following cases:

- 49           (1) Published books, manuscripts, maps, pamphlets and periodicals.
- 50           (2) Perishable articles such as fresh vegetables, fresh fish, fresh meat, eggs, and
- 51           others as may be classified by the Secretary of Administration.



1 Purchase through the Secretary of Administration shall not be mandatory for information  
2 technology purchased in accordance with Article 3D of Chapter 147 of the General Statutes, for  
3 a purchase of supplies, materials or equipment for the General Assembly if the total  
4 expenditures is less than the expenditure benchmark established under the provisions of G.S.  
5 143-53.1, for group purchases made by hospitals, developmental centers, neuromedical  
6 treatment centers, and alcohol and drug abuse treatment centers through a competitive bidding  
7 purchasing program, as defined in G.S. 143-129, ~~by the University of North Carolina Health~~  
8 ~~Care System pursuant to G.S. 116-37(h), by the University of North Carolina Hospitals at~~  
9 ~~Chapel Hill pursuant to G.S. 116-37(a)(4), by the University of North Carolina at Chapel Hill~~  
10 ~~on behalf of the clinical patient care programs of the School of Medicine of the University of~~  
11 ~~North Carolina at Chapel Hill pursuant to G.S. 116-37(a)(4), or by East Carolina University on~~  
12 ~~behalf of the Medical Faculty Practice Plan pursuant to G.S. 116-40.6(c).~~

13 All purchases of the above articles made directly by the departments, institutions and  
14 agencies of the State government shall, whenever possible, be based on competitive bids.  
15 Whenever an order is placed or contract awarded for such articles by any of the departments,  
16 institutions and agencies of the State government, a copy of such order or contract shall be  
17 forwarded to the Secretary of Administration and a record of the competitive bids upon which  
18 it was based shall be retained for inspection and review.

19 **SECTION 5.** G.S. 146-22(c) reads as rewritten:

20 "(c) Acquisitions on behalf of the ~~University of North Carolina Health Care System shall~~  
21 ~~be made in accordance with G.S. 116-37(i), acquisitions on behalf of the University of North~~  
22 ~~Carolina Hospitals at Chapel Hill shall be made in accordance with G.S. 116-37(a)(4),~~  
23 ~~acquisitions on behalf of the clinical patient care programs of the School of Medicine of The~~  
24 ~~University of North Carolina at Chapel Hill shall be made in accordance with G.S.~~  
25 ~~116-37(a)(4), and acquisitions on behalf of the Medical Faculty Practice Plan of the East~~  
26 ~~Carolina University School of Medicine shall be made in accordance with G.S. 116-40.6(d)."~~

27 **SECTION 6.** This act becomes effective October 1, 2012.  
28