

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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HOUSE BILL 1073

Short Title: UNCHCS Changes. (Public)

Sponsors: Representative Moffitt (Primary Sponsor).
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Health and Human Services.

May 23, 2012

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.

(3) The University of North Carolina Hospitals at Chapel Hill and the clinical patient care programs established or maintained by the School of Medicine



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1 of the University of North Carolina at Chapel Hill shall be governed by the
2 Board of Governors and administered by the board of directors of the
3 University of North Carolina Health Care System.

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

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

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

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

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

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

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

36 (2) The board of directors, with each ex officio and at-large member having a
37 vote, shall elect a chairman only from among the at-large members, for a
38 term of two years. ~~Notwithstanding the foregoing limitation, the Chancellor~~
39 ~~of the University of North Carolina at Chapel Hill may serve as Chairman.~~
40 No person shall be eligible to serve as chairman for more than three terms in
41 succession.

42 (3) The board of directors of the University of North Carolina Health Care
43 System shall meet at least every 60 days and may hold special meetings at
44 any time and place within the State at the call of the chairman. Board
45 members, other than ex officio members, shall receive the same per diem
46 and reimbursement for travel expenses as members of the State boards and
47 commissions generally.

48 (4) In meeting the patient-care, educational, research, and public-service goals
49 of the University of North Carolina Health Care System, the Board of
50 Governors ~~board of directors~~ is authorized or may delegate to the board of
51 directors the authority to exercise such authority and responsibility to adopt

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

22 (c) Officers. –

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

1 be deemed necessary to assist in fulfilling the duties of the office of the
2 Chief Executive Officer, all of whom shall serve at the pleasure of the Chief
3 Executive Officer.

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

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

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

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

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

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

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

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

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

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

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

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

1 Joint Legislative Commission on Governmental Operations. The report shall include the actions
2 taken by the Board of Governors or the board of directors under the authority granted in
3 subsections ~~(d), (h), (i), and (j)~~ subsection (d) of this section.

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

7 ~~(h) Purchases.—Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter~~
8 ~~143 of the General Statutes to the contrary, the board of directors shall establish policies and~~
9 ~~regulations governing the purchasing requirements of the University of North Carolina Health~~
10 ~~Care System. These policies and regulations shall provide for requests for proposals,~~
11 ~~competitive bidding, or purchasing by means other than competitive bidding, contract~~
12 ~~negotiations, and contract awards for purchasing supplies, materials, equipment, and services~~
13 ~~which are necessary and appropriate to fulfill the clinical, educational, research, and~~
14 ~~community service missions of the University of North Carolina Health Care System. The~~
15 ~~board of directors shall submit all initial policies and regulations adopted pursuant to this~~
16 ~~subsection to the Division of Purchase and Contract for review upon adoption by the board.~~
17 ~~Any subsequent changes to these policies and regulations adopted by the board shall be~~
18 ~~submitted to the Division of Purchase and Contract for review. Any comments by the Division~~
19 ~~of Purchase and Contract shall be submitted to the Chief Executive Officer and to the President~~
20 ~~of The University of North Carolina.~~

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

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

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