

April 21, 2005

H 1535. ESTABLISH NC HEALTH INSURANCE RISK POOL. TO CREATE THE NORTH CAROLINA HEALTH INSURANCE RISK POOL TO MEET THE NEEDS OF INDIVIDUALS WHO CANNOT OBTAIN HEALTH INSURANCE BECAUSE OF HIGH-RISK HEALTH CONDITIONS AND UNAFFORDABLE PREMIUMS; AND TO PROVIDE A TAX CREDIT AGAINST THE GROSS PREMIUMS TAX FOR ASSESSMENTS PAID BY INSURERS TO THE NORTH CAROLINA HEALTH INSURANCE RISK POOL. Enacts new Part 6 of Article 50 of GS Chapter 58 as title indicates. GS 58-50-165 establishes the NC Health Insurance Risk Pool, a nonprofit entity subject to oversight of the Board of Directors of the Pool, to consist of the Comm'r of Insurance and seven members appointed as specified in act.

Operation of the Pool. Specifies the content of the Board's Plan of Operation for the Pool and generally authorizes the Pool to perform all functions necessary to establish and administer Pool. Requires that Board submit Plan for Commissioner's approval. Also requires that Board submit an annual report to the Comm'r, the Speaker, and the President Pro Tem. regarding earned premiums, plan enrollment, administrative expenses, and losses.

Eligibility for Pool coverage. GS 58-50-180 provides that individuals are eligible for Pool coverage if evidence is provided of: (1) a notice of rejection from two insurers to provide substantially similar health insurance because of individual's health; (2) two offers to issue insurance only with conditional riders; (3) a refusal to issue insurance except at a rate exceeding the Pool rate; (4) individual's diagnosis of one of the medical or health conditions listed by Board in accordance with section; (5) individual's maintenance of health insurance coverage under federal criteria without a significant break in coverage and the exhaustion of COBRA or state continuation benefits; or (6) individual's legal domicile in State and eligibility for health insurance costs under the Trade Adjustment Assistance Reform Act of 2002. Further states that individuals are ineligible for Pool coverage if: (1) they have health insurance coverage substantially similar to that offered by Pool (with the exception of coverage during preexisting condition waiting period); (2) they are eligible for State Medical Assistance; (3) they have terminated Pool coverage within the past 12 months or have reached the lifetime maximum benefit ceiling of \$1 million; (4) they are an inmate or resident of a public institution or have their premiums paid by a government-sponsored program or government agency or health care provider; or (5) the individual has health insurance coverage from an insurer or insurance arrangement on the date Pool coverage takes effect.

Pool Rates/Exclusions. GS 58-50-170 requires that the Board select a Pool administrator through a competitive bidding process applying criteria set forth in statute and otherwise established by the Board. GS 58-50-175 requires that Pool establish risk rates of at least 125% and not more than 150% of rates established by other health insurers as applicable for individual standard risks. GS 58-50-190 provides that Pool will offer at least two types of coverage, both of which must provide benefits outlined in the National Association of Insurance Commissioners' Model Health Plan for Uninsurable Individuals Act and that are consistent with comprehensive health insurance coverage generally available. GS 58-50-195 provides that during the first 12 months of coverage, the Pool will not cover health conditions existing within 12 months prior to coverage (except for federally defined eligible individuals). Allows for waiver of exclusion where similar exclusions have been satisfied under another health insurance plan, and coverage lapsed for no more than 63 days and the applicant was ineligible for substantially similar continuation insurance. Pool is exempt from taxation.

Pool Financing/Complaint Procedures/Misc. GS 58-50-205 requires that the Board assess member insurers in the amount deemed necessary to fulfill Board's duties. Provides that each insurer's assessment will not exceed \$2 per covered individual insured or reinsured by the insurer per month. Appropriates \$200,000 from the General Fund to Dep't of Insurance for 2005-06 to cover Board expenses. Establishes a procedure for submission of complaints against the Board. Requires that State Auditor conduct an annual special audit of the Pool. Enacts new GS 105-228.5B to provide insurers a gross premium tax credit in an amount equal to 20% of assessments paid by member insurer in each of the five taxable years following the year in which the assessment was paid, effective for tax years beginning January 1, 2005.

Intro. by Insko, Holliman.

Ref. to Insurance

GS 58, 105, APPROP, STUDY

