

May 15, 2006

H 1987. HEALTH PLANS/CHANGES TO BASIC AND STD. Filed 5/15/06. *TO MAKE CHANGES TO THE STATUTORY BASIC AND STANDARD HEALTH PLANS FOR SMALL EMPLOYERS, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON HEALTH CARE.* Amends GS Chapter 58, Article 50, Part 5, the "North Carolina Small Employer Group Health Coverage Reform Act" (the Act) as title indicates. Amends GS 58-50-125(a) to specify that on or after October 1, 2006, both the basic health care plan and the standard health care plan under the Act may have optional deductible and co-payment levels as may be determined by the small employer insurance carrier (carrier), including high deductible options. Requires a small employer to file these changes with the Commissioner of Insurance (Commissioner) before implementing them. Commissioner may periodically review and update the benefits the plans provide in order to address trends in the small group market. Commissioner is to consult with small employer carriers and representatives of the insurance agent and small communities as part of that periodic review.

Amends GS 58-50-125 to allow carriers to offer either the alternative coverages provided for in new GS 58-50-125(d1) or the basic and standard health care plans called for under the current Act. New GS 58-50-125(d1) specifies actuarial and other requirements for the alternative coverages in detail, and authorizes Commissioner to adopt rules to carry out new section's purposes and provisions.

Amends GS 58-50-130(b)(1), 58-50-110(5a), and 58-50-130(b)(2), and adds new GS 58-50-110(12a) and 58-50-130(b) to specify how an employer's industry may sometimes be taken into account in making insurance rating decisions. Further amends GS 58-50-130(b)(1) to specify that premium rates charged during a rating period to small employers with similar case characteristics for same coverage may not vary from the adjusted community rate by more than 25 percent (was, 20 percent) for any reason, including differences in administrative costs and claims experience. Rewrites GS 58-50-130(b)(7) to delete provision that carrier is not to "apply different geographic rating factors to the rates of small employers located within the same county," and replace it with requirement that carrier is to "define geographic area to mean medical care system." Medical care system factors are to reflect "the relative differences in expected costs," "produce rates that are not excessive, inadequate, or unfairly discriminatory in such medical care system areas," and "be revenue neutral to the small employer carrier."

Amends GS 58-50-149 to specify that NC Small Employer Health Reinsurance Pool (Pool) established under GS 58-50-150(a) will cease to reinsure any individual or group not reinsured by the Pool on January 1, 2007. Adds new GS 58-50-157, "Termination of the North Carolina Small Employer Health Insurance Pool," to provide for termination of the Pool under certain circumstances.

Repeals GS 58-50-120 (Small Employer Carrier Committee), 58-50-125(b) (dealing with plans submitted by this Committee to the Commissioner), and 58-50-125(e) and (g) dealing with circumstances under which small employer carriers (e) and HMOs operating as either risk-assuming carriers or reinsuring carriers (g) are not required to offer coverage or accept applications.

Amends GS 58-50-125(f) to require every small employer carrier to fairly market all health benefit plans it sells in the small group market (was, the basic and standard health care plan) to all small employers in the geographic areas in which the carrier makes coverage available or provides benefits.

Makes conforming change to GS 58-68-40(e)(2).

Intro. by Holliman, Underhill.

GS 58

June 26, 2006

H 1987. HEALTH PLANS/CHANGES TO BASIC AND STD. Filed 5/15/06. House committee substitute makes the following changes to 1st edition. (1) Moves proposed amendments to GS 58-50-125(a) to a new GS 58-50-125(a1) and deletes provision that limited the inclusion of optional deductible and co-payment levels in small employer health plans to those plans issued on or after October 1, 2006. Also makes technical change. (2) Corrects statutory reference in GS 58-50-125(d). (3) Transfers provisions from proposed GS 58-50-125(d1) to new 58-50-126,

renumbers section, and conforms statutory reference in GS 58-68-40(e)(2). (4) Revises amendment to GS 58-50-149 to require that the NC Small Employer Health Reinsurance Pool (Pool) cease to reinsure any individual or group on January 1, 2007 (was, cease to reinsure any individual or group unless that individual or group is reinsured by the Pool on January 1, 2007). Clarifies that as of January 1, 2007, reinsuring carriers must continue to be governed by GS 58-50-135(b) (reinsurance limitation on small employer carriers) and GS 58-50-150 (setting forth authority of Pool) until the termination of the Pool. (5) Repeals GS 58-50-135(a) (election by small employer carriers), GS 58-50-140 (risk-assuming carriers), and GS 58-50-145 (reinsuring carriers). (6) Amends GS 58-50-125(f) to require that every small employer carrier fairly market all the small group health benefit plans it offers on a guaranteed issue basis to all small employers in the geographic areas in which the carrier makes coverage available (was, all small group health benefit plans it sells in the small group market), to the extent required under that section and GS 58-68-40. (7) Amends GS 58-50-135(b) and GS 58-50-150(a) to reflect the planned termination of the Pool. (8) Makes conforming changes to statutory references in GS 58-3-191(b)(1) and GS 58-50-125(h). (9) Makes stylistic changes to new 58-50-126, GS 58-50-130(b), and GS 58-50-157.

July 7, 2006

H 1987. HEALTH PLANS/CHANGES TO BASIC AND STD. Filed 5/15/06. Senate committee substitute makes the following changes to 2nd edition. Deletes new GS 58-50-157, which established a procedure to be followed in the event the NC Small Employer Health Reinsurance Pool is terminated by applicable State and federal laws.

July 24, 2006

SL 2006-154 (H 1987). HEALTH PLANS/CHANGES TO BASIC AND STANDARD. AN ACT TO MAKE CHANGES TO THE STATUTORY BASIC AND STANDARD HEALTH PLANS FOR SMALL EMPLOYERS, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON HEALTH CARE. Summarized in *Daily Bulletin* 5/15/06, 6/26/06, and 7/7/06. Enacted July 23, 2006. Effective July 23, 2006.