

March 14, 2005

**S 534. HIGH RISK INSURANCE POOL. TO CREATE THE NORTH CAROLINA HEALTH INSURANCE PLAN, BASED ON THE HEALTH PLAN FOR UNINSURABLE INDIVIDUALS MODEL ACT OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, TO MEET THE NEEDS OF INDIVIDUALS WHO HAVE DIFFICULTY OBTAINING HEALTH INSURANCE.** Enacts new Part 6 of Article 50 of GS Chapter 58 as title indicates. GS 58-50-165 establishes NC Health Insurance Plan, a nonprofit entity subject to oversight of the Board of Directors of the Plan, to consist of Comm'r of Insurance and ten members appointed by Comm'r, including at least two members representing health insurance consumers, two members representing insurers, and one member representing non-insurance businesses, a majority of the board to be composed of individuals not affiliated with the insurance industry.

*Operation of the Plan.* Specifies the content of the Board's plan of operation and generally authorizes the Board to perform all functions necessary to establish and administer Plan. Requires that Board submit operation plan for Commissioner's approval and that Board ensure that Plan costs do not exceed income from premiums and other funding sources. 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 Plan coverage.* GS 58-50-175 provides that individuals are eligible for Plan coverage if: (1) an insurer has declined to provide substantially similar health insurance because of individual's health or where rate for insurance coverage offered was more than that charged by the Plan; (2) individual is eligible under federal criteria and has not had a significant break in coverage; or (3) individual is a dependent of person eligible for Plan coverage. Also provides that individuals with a history of certain medical conditions, as determined by Board, are eligible for Plan coverage and need not prove that their application for other coverage was rejected. Further states that individuals are ineligible for Plan coverage if: (1) they have health insurance coverage substantially similar to that offered by Plan (with the exception of coverage during preexisting condition waiting period); (2) they are eligible for State Medical Assistance; (3) they have terminated Plan coverage within the past 12 months or have reached the lifetime maximum benefit ceiling of \$1 million; or (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.

*Plan Rates/Exclusions.* GS 58-50-185 requires that the Board select a Plan administrator through a competitive bidding process applying criteria set forth in statute and otherwise established by the Board. GS 58-50-190 requires that Board 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 58-50-195 provides that Plan 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 health insurance coverage generally available. GS 58-50-200 provides that during the first 12 months of coverage, the Plan will not cover health conditions existing 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 applicant was ineligible for substantially similar continuation insurance. Plan is exempt from taxation.

Appropriates \$200,000 from the General Fund to Dep't of Insurance to cover Board expenses for 2005. Requires that Board make recommendations for Plan financing to the General Assembly and Comm'r no later than April 1, 2006. Provides that Plan cannot offer coverage until General Assembly establishes methods for financing Plan. Makes conforming changes.

**Intro. by Berger of Rockingham.**

Ref. to

GS 58, APPROP, STUDY