

April 9, 2009

H 1402. COVER NC HEALTH CARE ACCESS PROGRAM. Filed 4/9/09. *TO ESTABLISH "COVER NC," A HEALTH CARE ACCESS PROGRAM FOR UNINSURED INDIVIDUALS AND THEIR DEPENDENTS; AND TO ESTABLISH THE NC HEALTH INSURANCE MARKET CHOICES PROGRAM.*

Cover NC. Enacts Part 7, *Cover NC Health Care Access Program* (Cover NC), in Article 50 of GS Chapter 58. Defines terms as they apply in this Part. Offers findings by the General Assembly as to the need for a health care product in the state to provide health care access to uninsured individuals and their families. Establishes the Cover NC program; directs that it be administered by the Board of Directors of the North Carolina Health Insurance Risk Pool (Board). Provides that the plans offered under Cover NC must contain specified components, including: (1) the plans offered under Cover NC must be offered on a guaranteed-issue basis to enrollees, subject to exclusions, preapproved by the Board, for preexisting conditions; (2) plans must be portable to allow an enrollee to remain covered regardless of employment status or the cost-sharing of premiums; (3) plans must provide for cost containment through limits on the number of services, caps on benefit payments, and co-payment for services; (4) plans must offer prescription drug benefit coverage; and (5) requires approved entities to develop and offer two alternative benefit option plans with different cost and benefit levels, including at least one plan that provides catastrophic coverage. Requires the NC Department of Insurance (Department) to develop guidelines to ensure that Cover NC plans meet the minimum standards for quality of care and access to care, and that the plans follow standard grievance procedure. Provides additional required components for plans offered under Cover NC.

Directs the Department to announce an invitation to negotiate for Cover NC plan entities to design a plan proposal that specifies benefits and premiums. Provides guidelines to be included in the invitation to negotiate and directs that the guidelines are to state that a plan will be disapproved or withdrawn if a prescribed list of factors are presented or omitted from the plan proposal. Authorizes the Department to announce the invitation to negotiate for the design of the Cover NC plan to companies that are authorized under GS Chapter 58 to offer supplemental insurance or other similar products.

Provides that unless otherwise made applicable under new Part 7, the licensure requirements of GS Chapter 58 do not apply to a Cover NC plan approved under new Part 7; however, provides that Article 63, (unfair trade practices), of GS Chapter 58 applies to Cover NC plans approved under proposed Part 7. Provides that sections of GS Chapter 58 that mandate benefits under health insurance plans authorized under this Chapter do not apply to Cover NC plans approved under Part 7. Provides that Cover NC plans are not covered under Article 62, (life and health insurance guaranty association), of this Chapter.

Restricts enrollment in Cover NC plans to residents of North Carolina who: (1) are 19 to 64 years of age; (2) are not covered by a private insurance policy and are not eligible for coverage through a public health insurance program; (3) have not been covered by any health insurance program at any time during the six months prior to application for enrollment in Cover NC; and (4) who have applied for coverage through a Cover NC plan and agreed to make any required payments. Provides additional information about eligibility for enrollment including exceptions to some of the eligibility requirements. Also provides guidelines regarding maintenance of records, and program evaluation. Directs the Department and the Board to report annually to the Governor and the General Assembly on the implementation and administration of Cover NC. Provides that the Department may adopt rules to implement this Part. Provides that coverage under Cover NC is not an entitlement and there is no cause of action for a failure to make coverage available to people who are eligible for coverage under this Part.

Competitive Market Program. Enacts new Part 8, (*NC Health Insurance Competitive Market Program*) in Article 50 of GS Chapter 58. Defines terms as they apply in new Part 8. Establishes the NC Health Insurance Competitive Market Program (Program) and states that the purposes of the Program are to: (1) expand opportunities for North Carolinians to purchase affordable health insurance and health services; (2) preserve the benefits of employment-sponsored insurance while easing the administrative burdens for employers offering these benefits; (3) enable individual choice in selecting health care coverage; (4) provide for the purchase of individual, portable health care coverage; (5) disseminate information to consumers on the price and quality

of health services; and (6) sponsor a competitive market in the production and delivery of health care services.

Establishes the Program as a single, centralized market for the sale and purchase of various products that enable individuals to pay for health care. Provides that these products include health insurance plans, health maintenance organization plans, prepaid services, service contracts, and flexible spending accounts. Provides that the components of the Program include enrollment of employers and services to individual participants. Presents eligibility criteria providing that eligible employers include those that have one to 50 employees, Tier 1 and tier 2 counties as defined in GS 143B-437.08(a), municipalities with populations under 50,000 residents, and school districts in Tier 1 and Tier 2 counties. Individuals eligible to participate in the Program include individual employees of enrolled employers, and individuals not covered by insurance and ineligible for government provided health insurance. Provides additional information regarding eligibility of vendors and the health care insurance products and services that the vendors are permitted to sell. Lists products that may be made available for purchase through the program but provides that eligible products are not limited to those listed. Provides criteria regarding pricing for products sold through the Program and criteria for purchases by participating individuals over the Internet or via a participating health insurance agent. Requires the Program to utilize methods for pooling the risk of participants and preventing selection bias. Provides some of the available methods for pooling the risks.

Creates the NC Health Insurance Market Corporation, Inc., (Corporation) a nonprofit organization to administer the program created in this section. Directs that the Corporation is to be governed by a 15-member Board of Directors and provides criteria for the membership of that board. Outlines the duties, powers, and responsibilities of the board. Requires the Corporation to establish a secure web site to facilitate the purchase of products and services by participating individuals. Requires the Corporation board to submit an annual report by February 1, beginning in the 2009-10 fiscal year to the Governor, General Assembly, and the Commissioner of Insurance documenting the Corporation's activities in compliance with its duties.

Appropriation. Appropriates \$1 million for 2009-10 from the General Fund to the Department of Insurance to be used by the Commissioner only for activities necessary to implement proposed Parts 7 and 8 of Article 50 of GS Chapter 58.

Effective January 1, 2011.

Intro. by Neumann.

GS 58, APPROP

June 1, 2009

H 1402. LRC STUDY COVER NC HEALTH CARE ACCESS PRGRM (NEW). Filed 4/9/09.

House committee substitute deletes the contents of the 1st edition and replaces it with *AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE FEASIBILITY AND ADVISABILITY OF ESTABLISHING "COVER NC," A HEALTH CARE ACCESS PROGRAM FOR UNINSURED INDIVIDUALS AND THEIR DEPENDENTS; AND TO STUDY THE FEASIBILITY AND ADVISABILITY OF ESTABLISHING THE NC HEALTH INSURANCE MARKET CHOICES PROGRAM.* Allows the Legislative Research Commission (Commission) to conduct a study as the title indicates. Enumerates issues that may be examined in the study. Allows the Commission to make an interim report to the 2009 General Assembly, 2010 Regular Session, and requires a final report to the 2011 General Assembly. Effective July 1, 2009.