March 26, 2009

S 1025. SMALL BUSINESS HEALTH INSURANCE EXPANSION. Filed 3/25/09. *TO INCREASE AND EXTEND THE SUNSET FOR THE CREDIT FOR SMALL BUSINESS HEALTH BENEFITS, TO ENACT THE "HEALTHY NC" PROGRAM TO FACILITATE THE AVAILABILITY OF AFFORDABLE ACCIDENT AND HEALTH INSURANCE COVERAGE TO SMALL EMPLOYERS AND SELF-EMPLOYED INDIVIDUALS; AND TO APPROPRIATE FUNDS FOR THE IMPLEMENTATION OF THIS ACT.*

Healthy NC. Enacts new Part 7 of Article 50 of GS Chapter 58 establishing the Healthy NC Program, effective January 1, 2010. Provides for standardized health insurance contracts for qualifying small employers and individuals. Requires every insurer that (1) is among the 15 insurers with the highest health benefit plan market share in the individual or group market in this state; and (2) offers individual health benefit plans, group health benefits plans, or both, to offer qualifying group and individual health insurance contracts to qualifying small employers and individuals as of January 1, 2010. Requires the offered coverage to include dependents. Provides that an insurer that does not participate in both the group and individual health insurance markets in North Carolina may elect to offer a qualifying health insurance contract in only the health insurance market that the insurer serves. Allows the health insurance contracts issued by participating insurers to provide for in-network and out-of-network provider services. Provides that the coverage under a qualifying health insurance contract is subject to a preexisting condition limitation under GS 58-68-30(b) (defining *preexisting condition exclusion*), but prohibits the use of exclusionary riders on specific health conditions to limit coverage on an individual based on the individual's health status. Provides that the qualifying health insurance contracts and the contract rates must be approved by the Commissioner of Insurance (Commissioner) and that the benefit plan under a qualifying group health insurance contract is subject to continuation, conversion, and renewability requirements of GS Chapter 58, Articles 53 and 68, and COBRA, as defined under GS 58-68-25.

Defines small employers as those that employ not more than 25 eligible employees at least 30% of whom earn wages of not more than $12.00 per hour but provides that the wage limit may be increased annually based on the Consumer Price Index. Sets additional eligibility requirements for small employers. Also provides criteria for when a small employer ceases to meet the eligibility requirements.

Provides the eligibility requirements for self-employed individuals. Defines the term *self-employed individual* as it is defined in GS 58-50-110(21a).

Establishes the process for applying for qualifying heath insurance contracts, and sets duties of the participating insurers. Requires that covered services and deductibles, co-payments, and other limitations on coverage include coverage for mental health services and prescription drugs. Sets criteria for premium rate calculations.

Provides that an independent evaluation of the Healthy NC Program (Program) must be conducted annually. Directs the Commissioner of Insurance (Commissioner) to issue a Request for Proposal for the Program evaluation by an independent contractor. Provides that contracts for the evaluation of the Program are not subject to GS Chapter 143, Article 3C (regarding state agencies and contracting for consultant services). Requires the Commissioner to report annually on the status of the Program to the General Assembly and to make recommendations on specific issues. Provides the duties of the Commissioner to implement this act and permits the Commissioner to adopt rules under GS Chapter 150B to implement it.

Stop loss funds/insurance. Requires the Commissioner to establish the "Small Employer Stop Loss Fund" from which participating insurers may receive reimbursement for claims paid by the insurer and to establish the "Qualifying Individual Stop Loss Fund" from which participating insurers may receive reimbursement for claims paid by the insurer for members covered under qualifying individual health insurance contracts. Beginning January 1, 2010, participating insurers may receive reimbursement for 90% of claims paid in the preceding calendar year on behalf of each member covered under a standardized contract. If claims paid on behalf of a covered member reach or exceed $75,000 in a calendar year, no further claims paid on behalf of the member are eligible for reimbursement in that calendar year. Provides that the Commissioner must suspend eligibility for reimbursement under qualifying insurance contracts if it is determined that the total enrollment exceed the total eligible enrollment for each type of contract, resulting in

annual expenditures from the fund in excess of the total funds available. Requires the premium rates established for qualifying health insurance contracts to recognize the availability of reimbursements from the funds. Directs the Commissioner to require the submission of claims data in connection with each participating insurer's annual submission of Fund reimbursement requests. Lists data that may be submitted. Authorizes insurers authorized to issue stop loss insurance.

Appropriations. Appropriates an unspecified amount for 2009-10 from the General Fund to the Department of Insurance (Department) to support additional full-time positions in the Department to carry out the Department's responsibilities under the Healthy NC Program. Appropriates an unspecified amount for 2009-10 from the General Fund to the Reserve for Healthy NC Program to pay claims submitted for reimbursement that are within the claims corridor as provided in this act. Effective July 1, 2009.

Amends GS 105-129.16E to provide a credit to offset the costs of providing health benefits for eligible employees to a small business that is not eligible to participate in the provisions of proposed GS Chapter 58, Article 50, Part 7. Increases the credit dollar amount to $400 (was, $250). Effective for January 1, 2010. Provides that this section expires for taxable years beginning on or after January 1, 2012, (was, 2010).

Intro. by Stein.   GS 58, 105, APPROP