

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 1391
PROPOSED COMMITTEE SUBSTITUTE H1391-PCS80407-RD-33

Short Title: NC Risk Pool Clarifications.

(Public)

Sponsors:

Referred to:

April 13, 2009

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE NORTH CAROLINA HEALTH INSURANCE RISK POOL TO PROVIDE PREMIUM SUBSIDIES IF FUNDS ARE AVAILABLE, TO PROVIDE A SIX-MONTH PREEXISTING CONDITION WAITING PERIOD FOR INDIVIDUALS ENROLLING IN THE POOL IN ITS FIRST YEAR OF ENROLLMENT, AND TO REQUIRE INSURERS TO NOTIFY APPLICANTS FOR HEALTH INSURANCE COVERAGE ABOUT THE EXISTENCE OF THE POOL.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-50-180(e) reads as rewritten:

"(e) The Pool shall have the general powers and authority granted under the laws of this State to health insurers and the specific authority to do all of the following:

- (1) Enter into contracts as are necessary or proper to carry out the provisions and purposes of this Part, including the authority, with the approval of the Executive Director acting upon the approval or authorization of the Board, to enter into contracts with similar plans of other states for the joint performance of common administrative functions or with persons or other organizations for the performance of administrative functions.
- (2) Sue or be sued.
- (3) Take legal action as necessary to:
 - a. Avoid the payment of improper claims against the Pool or the coverage provided by or through the Plan.
 - b. Recover any amounts erroneously or improperly paid by the Plan.
 - c. Recover any amounts paid by the Pool as a result of mistake of fact or law.
 - d. Recover other amounts due the Pool.
- (4) Establish rates and rate schedules in accordance with this Part.
- (4a) Provide premium subsidies for individuals with incomes up to three hundred percent (300%) of the federal poverty guidelines if funds are available and the Board deems it is fiscally prudent to do so.
- (5) Issue policies of insurance in accordance with the requirements of this Part.
- (6) Appoint appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the Pool, policy, and other contract design, and any other function within the Pool's authority.



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- 1 (7) Establish policies, conditions, and procedures for reinsuring risks of
2 participating health insurers, as defined in G.S. 58-68-25(a), desiring to issue
3 Pool coverage in their own name. Provision of reinsurance shall not subject
4 the Pool to any of the capital or surplus requirements, if any, otherwise
5 applicable to reinsurers.
- 6 (8) Employ and fix the compensation of employees.
- 7 (9) Prepare and distribute certificate of eligibility forms and enrollment
8 instruction forms to insurance producers and to the general public.
- 9 (10) Provide for reinsurance for the Pool.
- 10 (11) Issue additional types of health insurance policies to provide optional
11 coverage, including Medicare supplemental insurance coverage.
- 12 (12) Provide for and employ cost containment measures and requirements
13 including preadmission screening, second surgical opinion, concurrent
14 utilization review, disease management, individual case management, health
15 and wellness programs including a smoking cessation initiative, and other
16 commonly used benefit plan design features for the purpose of making
17 health insurance coverage offered by the Pool more cost-effective.
- 18 (13) Design, utilize, contract, or otherwise arrange for the delivery of
19 cost-effective health care services, including establishing or contracting with
20 preferred provider organizations, health maintenance organizations, and
21 other limited network provider arrangements.
- 22 (14) Adopt bylaws, policies, and procedures as may be necessary or convenient
23 for the implementation of this Part and the operation of the Pool."

24 **SECTION 2.** Section 1.4 of S.L. 2007-532 reads as rewritten:

25 **"SECTION 1.4.** Notwithstanding G.S. 58-50-210(a), individuals enrolling in the Pool
26 within ~~six months~~ 12 months of the date that enrollment into the Pool first begins shall be
27 subject to a six-month preexisting condition waiting period."

28 **SECTION 3.** Article 3 of Chapter 58 of the General Statutes is amended by adding
29 a new section to read:

30 **"§ 58-3-276. Notice relating to the North Carolina Health Insurance Risk Pool.**

31 (a) An insurer shall provide a written notice of the existence of the North Carolina
32 Health Insurance Risk Pool to an applicant for individual health insurance coverage upon the
33 insurer making a determination that any of the following apply:

- 34 (1) The applicant is eligible for coverage by the Pool as provided in
35 G.S. 58-50-195(a)(1) or (2).
- 36 (2) The applicant is an "eligible individual" as defined in G.S. 58-68-60(b).
- 37 (3) The applicant is eligible for the credit for health insurance costs under the
38 Trade Adjustment Assistance Reform Act of 2002, section 35 of the Internal
39 Revenue Code of 1986.

40 (b) The notice required in subsection (a) of this section shall be issued to an applicant
41 no later than 10 business days after the insurer reaches a determination under subsection (a) of
42 this section. An insurer may issue a single notice relating to multiple applicants located at a
43 single address provided the notice lists the name of each individual affected separately.

44 (c) The Commissioner may adopt rules to implement this section, including rules
45 establishing the language, content, format, and methods of distribution of the notice required by
46 this section.

47 (d) For purposes of this section:

- 48 (1) "Applicant" means any person who seeks to contract for individual health
49 insurance coverage, including any dependent for which application is made
50 and about whom an independent underwriting decision is made by an
51 insurer.

1 (2) "Health insurance coverage" is as defined in G.S. 58-50-175(10).

2 (3) "Insurer" is as defined in G.S. 58-50-175(13)."

3 **SECTION 4.** Section 3 of this act applies to applications for health insurance
4 coverage made on or after October 1, 2009. The remainder of this act is effective when it
5 becomes law.