

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S

1

SENATE BILL 554*

Short Title: Area MH/Managed Care.

(Public)

Sponsors: Senator Daniel.

Referred to: Children and Human Resources.

March 24, 1993

A BILL TO BE ENTITLED

AN ACT TO PERMIT AREA MENTAL HEALTH AUTHORITIES TO SERVE AS
MANAGED CARE PROVIDERS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-50-50 reads as rewritten:

"§ 58-50-50. Preferred provider; definition.

The term 'preferred provider' as used in Articles 1 through 64 of this Chapter with respect to contracts, organizations, policies or otherwise means a person, who has contracted for, or a provider of health care services who has agreed to accept special reimbursement or other terms for health care services from any person; or an insurer subject to the provisions of Articles 1 through 64 of this Chapter or other applicable law for health care services on a fee for service basis, or in exchange for providing health care services to beneficiaries of a plan administered pursuant to Articles 1 through 64 of this Chapter. Chapter, except that the term 'preferred provider' as used in Articles 1 through 64 of this Chapter with respect to contracts, organizations, policies, or otherwise does not apply to any prepaid health service or capitation arrangement implemented or administered by the Department of Human Resources or its representatives, pursuant to 42 U.S.C. § 1396n or Chapter 108A of the General Statutes, or to any provider of health care services participating in such a prepaid health service or capitation arrangement. Except where specifically prohibited either by G.S. 58-50-55 or by regulations promulgated by the Department of Insurance, not inconsistent with Articles 1 through 64 of this Chapter, the contractual terms and conditions for special reimbursements shall be those which the insurer, health care provider and the preferred provider find to be mutually agreeable."

1 Sec. 2. G.S. 58-67-10(b) reads as rewritten:

- 2 "(b) (1) It is specifically the intention of this section to permit such
3 persons as were providing health services on a prepaid basis on July
4 1, 1977, or receiving federal funds under Section 254(c) of Title 42,
5 U.S. Code, as a community health center, to continue to operate in
6 the manner which they have heretofore operated.
- 7 (2) Notwithstanding anything contained in this Article to the contrary, any
8 person can provide health services on a fee for service basis to
9 individuals who are not enrollees of the organization, and to enrollees
10 for services not covered by the contract, provided that the volume of
11 services in this manner shall not be such as to affect the ability of the
12 health maintenance organization to provide on an adequate and timely
13 basis those services to its enrolled members which it has contracted to
14 furnish under the enrollment contract.
- 15 (3) This Article shall not apply to any employee benefit plan to the extent
16 that the Federal Employee Retirement Income Security Act of 1974
17 preempts State regulation thereof.
- 18 (3a) This Article does not apply to any prepaid health service or capitation
19 arrangement implemented or administered by the Department of
20 Human Resources or its representatives, pursuant to 42 U.S.C. § 1396n
21 or Chapter 108A of the General Statutes, or to any provider of health
22 care services participating in such a prepaid health services or
23 capitation arrangement.
- 24 (4) Except as provided in paragraphs (1), (2), ~~and (3)-(3)~~, and (3a) of this
25 subsection, the persons to whom these paragraphs are applicable shall
26 be required to comply with all provisions contained in this Article."

27 Sec. 3. G.S. 108A-55(b) reads as rewritten:

28 "(b) Payments shall be made only to intermediate care facilities, hospitals and
29 nursing homes licensed and approved under the laws of the State of North Carolina or
30 under the laws of another state, or to pharmacies, physicians, dentists, optometrists or
31 other providers of health-related services authorized by the Department. Payments may
32 also be made to such fiscal intermediaries and to ~~such~~ the capitation or prepaid health
33 service contractors as may be authorized by the Department. Arrangements under
34 which payments are made to capitation or prepaid health services contracts are not
35 subject to the provisions of Chapter 58 of the General Statutes or of Article 3 of Chapter
36 143 of the General Statutes."

37 Sec. 4. (a) The catch line of G.S. 143-48 reads as rewritten:

38 "**§ 143-48. State policy; cooperation in promoting the use of small, minority,**
39 **physically handicapped and women contractors; purpose; required**
40 **annual reports.—reports; exemption of application for capitation or**
41 **prepaid health services."**

42 (b) G.S. 143-48 is amended by adding a new subsection to read:

43 "(c) The provisions of this Article do not apply to any capitation or prepaid health
44 service arrangement implemented or administered by the Department of Human

1 Resources or its representatives, pursuant to 42 U.S.C. § 1396n or Chapter 108A of the
2 General Statutes."

3 Sec. 5. This act becomes effective July 1, 1993, and applies to arrangements
4 implemented or administered on or after that date.