

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 722

Short Title: N.C. Health Right Program.

(Public)

Sponsors: Senator Forrester.

Referred to: Insurance.

April 7, 1993

A BILL TO BE ENTITLED
AN ACT TO PROVIDE FOR HEALTH INSURANCE COVERAGE FOR
UNINSURED NORTH CAROLINIANS.

Whereas, although North Carolinians have the primary responsibility for their health through conduct that promotes good health and prevents disease and illness, the State has a duty to ensure that access to good quality, affordable health care, including choice of health care providers, is available to all its citizens; and

Whereas, the General Assembly recognizes that the cost of health care and health care coverage has escalated dramatically and this escalation has contributed to an increase in the number of citizens who cannot afford health insurance premiums and who, for this and other reasons, do not receive necessary health care; and

Whereas, during the 1992-93 calendar year, over 850,000 North Carolinians did not have any kind of health insurance; and

Whereas, the cost to provide access to health care to all North Carolinians is so high that such access may have to be phased-in over a period of years in order to provide revenues to cover the cost; Now, therefore,
The General Assembly of North Carolina enacts:

Section 1. Article 2 of Chapter 108A of the General Statutes is amended by adding the following new Part to read:

"PART 7.

"NORTH CAROLINA HEALTH RIGHT PROGRAM.

"§ 108A-69. Health Right Plan established; purpose; administration.

(a) There is established in the Department of Human Resources the North Carolina Health Right Program. The purpose of the Program is to provide covered

1 health care services for eligible North Carolina residents who do not have and are
2 unable to obtain coverage for health care services through any other source.

3 (b) The Program shall be developed and administered by the Secretary of Human
4 Resources in accordance with this Part. All health care providers participating in the
5 Health Right Program shall be paid for covered services rendered on a fee-for-service,
6 capitated payment, or annual budget basis as provided under this Part and under rules
7 adopted by the Secretary.

8 (c) The Secretary may contract with a health maintenance or preferred provider
9 organization, or other private or public entity to provide health care services to eligible
10 residents in exchange for reimbursement under the Program.

11 **"§ 108A-69.1. Definitions.**

12 As used in this Part, unless the context clearly requires otherwise, the term:

13 (1) 'Department' means the Department of Human Resources.

14 (2) 'Eligible enrollee' means a person who has met the eligibility
15 requirements for covered services under G.S. 108A-70.2.

16 (3) 'Federal poverty guidelines' means the federal official poverty level, as
17 defined by the Federal Office of Management and Budget, based on
18 Bureau of Census data, and revised annually by the Secretary of
19 Health and Human Services pursuant to section 9902(2) of Title 42 of
20 the United States Code.

21 (4) 'Health Right Plan' means the North Carolina Health Right Plan
22 providing direct reimbursement to providers authorized by the
23 Secretary to provide health care services to persons eligible for
24 Program benefits.

25 (5) 'Medical assistance program' means the State Medicaid Program
26 administered pursuant to Part 6 of this Article.

27 (6) 'Negotiated budget' means a comprehensive, binding, annual budget
28 setting forth in advance the aggregate compensation providers will
29 receive for covered services rendered under the Program.

30 (7) 'Private plan' means a health maintenance or preferred provider
31 organization, or other entity authorized by the Secretary to receive
32 reimbursement on a capitated payment or negotiated budget basis for
33 covered health care services rendered under the Program.

34 (8) 'Program' means the North Carolina Health Right Program established
35 under this Part.

36 (9) 'Provider' means a health care provider authorized by the Secretary to
37 provide covered health care services under the Plan and to be
38 reimbursed therefor.

39 (9) 'Resident' means a person who resides in North Carolina at the time of
40 application for Program benefits and who demonstrates an intent to
41 live in the State permanently.

42 (10) 'Secretary' means the Secretary of Human Resources.

43 **"§ 108A-70. Secretary's powers and duties.**

1 In addition to any other powers and duties granted to the Secretary under the laws of
2 this State, the Secretary shall have the following powers and duties pertaining to the
3 development and administration of the Program:

4 (1) Adopt rules necessary to administer the Program;

5 (2) For the purposes of minimizing duplication and maximizing efficiency
6 and effectiveness of Program administration, develop and implement a
7 plan to combine application and eligibility procedures of the medical
8 assistance program with application and eligibility procedures
9 necessary to administer the Program. Applications for services under
10 the Program shall provide eligible enrollees with the option of
11 selecting coverage under the Health Right Plan or under a Private plan.

12 (3) Establish schedules for payment of providers on a fee-for-service,
13 capitated payment, or negotiated budget basis.

14 (4) Ensure that information on eligibility and enrollment requirements,
15 benefits covered, and delivery of and payment for services is provided
16 to all eligible enrollees and to providers in a format that is easy for
17 providers and enrollees to understand.

18 (5) Establish mechanisms for the receipt of authorized fees.

19 (6) Establish mechanisms for verifying reported income and other
20 eligibility requirements for coverage under the Program.

21 (7) Apply for federal waivers or approval necessary to implement the
22 provisions of this Part.

23 (8) Develop and present a plan to the 1995 General Assembly for
24 providing all medical assistance program services and health right plan
25 services through managed care or other cost containment
26 arrangements, and for phasing-out the State Medicaid program and
27 covering Medicaid eligible persons under the Program.

28 **"§ 108A-70.1. Covered services; copayments and deductibles.**

29 (a) Services covered under the Program shall be at least the same as or
30 substantially equivalent to those provided under the medical assistance program. The
31 Secretary shall adopt rules for the determination of whether services provided under a
32 Private plan meet the requirements of this section.

33 (b) Copayments and deductibles under the Program shall be the same as those
34 applicable under the medical assistance program.

35 (c) No provider or Private plan may charge an enrollee in the Health Right Plan
36 or a Private plan fees or copayments for covered services in addition to those authorized
37 under the Program.

38 (d) As a condition of participating in the Program, no Private plan may refuse to
39 cover an enrollee who is eligible for coverage under the Health Right Plan.

40 (e) Covered services shall include primary care, preventive care, long-term care,
41 mental health services, health education, and other necessary services. The Secretary
42 shall ensure that covered services include those services necessary for health
43 maintenance and disease prevention in children.

44 **"§ 108A-70.2. Program eligibility.**

1 (a) Persons eligible to receive covered services under the Program are as follows:

2 (1) Children under the age of 18 whose gross family incomes are equal to
3 or less than one hundred eighty-five percent (185%) of the federal
4 poverty guidelines and who are not eligible for the medical assistance
5 program and are not otherwise insured for services covered under the
6 Program.

7 (2) Families with children under the age of 18 whose gross family
8 incomes are equal to or less than one hundred eighty-five percent
9 (185%) of the federal poverty guidelines and the members of which
10 are not eligible for the medical assistance program and are not
11 otherwise insured for services covered under the Program. Parents
12 who enroll in the Program must also enroll their children and
13 dependent siblings, if the children and dependent siblings meet the age
14 and income requirements of this subdivision. Children and dependent
15 siblings may be enrolled separately without enrollment by parents.
16 However, if one parent in the household enrolls, both parents must
17 enroll, unless other insurance covering the nonenrolled parent is
18 available. If one child from a family enrolls, all children of the family
19 must be enrolled, unless other insurance covering the nonenrolled
20 children is available. Families may not choose to enroll only certain
21 uninsured members. For purposes of this subdivision, the term
22 'dependent sibling' means an unmarried child who is a full-time student
23 under the age of 25 years who is financially dependent upon his or her
24 parents. Proof of school enrollment shall be required. Individuals
25 enrolled under this subdivision remain eligible for the Program even if
26 their gross income after enrollment exceeds one hundred eighty-five
27 percent (185%) of the federal poverty guidelines so long as other
28 eligibility requirements are met and continuous enrollment in the
29 Health Right Plan, a Private plan, or the medical assistance program is
30 maintained.

31 (3) Single adults and households with no children whose gross income is
32 equal to or less than one hundred eighty-five percent (185%) of the
33 federal poverty guidelines and who do not have and cannot obtain
34 other insurance coverage for Program benefits.

35 (b) To be eligible for coverage under G.S. 108A-70.2(3), the family or individual
36 must have had no health coverage for at least four months prior to application for
37 benefits under the Program. This four month requirement does not apply to families,
38 children, and individuals who want to apply for Program benefits upon termination from
39 the medical assistance program.

40 **"§ 108A-70.3. Appeals.**

41 The Secretary shall adopt rules for the appeal of the Secretary's decision to deny,
42 suspend, reduce, or terminate eligibility under the Program. Such rules and procedures
43 shall be adopted in accordance with Chapter 150B of the General Statutes."

1 Sec. 2. On or before January 1, 1994, the Secretary shall develop a plan for
2 the implementation of the Health Right Program and shall report to the General
3 Assembly on the Program's implementation, including recommendations the Secretary
4 may have for legislation and appropriations necessary to carry out the Program. The
5 Secretary's report shall include the following:

- 6 (1) Strategies and recommendations for containing health care costs,
7 avoiding overutilization of certain medical procedures, decreasing
8 administrative costs, regulating capital expenditures for equipment and
9 facilities, and avoiding defensive medicine practices.
- 10 (2) Methods for ensuring that enrollees have a choice of providers of
11 covered services, and that coverage is portable, allowing coverage of
12 enrollees who utilize health care services in another state.
- 13 (3) Recommendations for increasing the number of primary care providers
14 across the State.
- 15 (4) Recommendations from the Secretary of Human Resources and the
16 Secretary of Environment, Health, and Natural Resources regarding
17 the integration of local health departments in providing health care
18 services.
- 19 (5) Strategies and recommendations for how to discourage employers
20 from discontinuing employee health care coverage and thus shifting
21 the cost of providing coverage from the employer to the North
22 Carolina Health Right Program.
- 23 (6) Strategies and recommendations for monitoring the immigration of
24 persons from other states primarily for the purpose of obtaining
25 coverage under the North Carolina Health Right Program.
- 26 (7) Methods that will be used by the Secretary to monitor and evaluate the
27 Program to ensure that it is providing quality health care that is easily
28 accessible to eligible residents.
- 29 (8) Recommendations for expanding coverage under the Program to
30 persons whose incomes exceed that required for eligible enrollees.
31 Such recommendations should include what the excess income amount
32 would be, how many persons it would cover, the additional cost to the
33 State, and what sliding scale premiums might be charged to help cover
34 the cost of the additional coverage.
- 35 (9) Recommendations developed in consultation with the Commissioner
36 of Insurance and the Secretary of Revenue regarding the feasibility of
37 establishing medical IRA accounts.

38 Sec. 3. It is the intent of the General Assembly to identify and appropriate
39 funds for the implementation of Section 1 of this act.

40 Sec. 4. Funds appropriated for the 1993-94 fiscal year or any fiscal year in
41 the future do not constitute an entitlement to any services beyond those provided for that
42 fiscal year. Nothing in this act creates any right except to the extent that funds are made
43 available by the General Assembly to implement its provisions from year to year and

1 nothing in this act obligates the General Assembly to appropriate funds for the
2 implementation of this act.

3 Sec. 5. Section 1 of this act becomes effective July 1, 1995, if, and only if,
4 funds are appropriated to carry out the Program established under Section 1. The
5 remainder of this act is effective upon ratification.