

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1813\*

Short Title: Expand NC Health Choice Elig.

(Public)

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Sponsors: Representatives Baddour; Alexander, Adams, Barefoot, Luebke, and Wainwright.

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Referred to: Appropriations.

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May 30, 2000

A BILL TO BE ENTITLED

1  
2 AN ACT TO EXPAND COVERAGE UNDER THE NORTH CAROLINA  
3 HEALTHCHOICE PROGRAM TO CHILDREN WHOSE FAMILY INCOME IS  
4 BETWEEN ONE HUNDRED EIGHTY-FIVE PERCENT AND THREE HUNDRED  
5 PERCENT OF THE FEDERAL POVERTY LEVEL; TO ENABLE CERTAIN  
6 PERSONS TO BUY COVERAGE UNDER THE NORTH CAROLINA  
7 HEALTHCHOICE PROGRAM; TO MAKE CONFORMING CHANGES TO THE  
8 GENERAL STATUTES; AND TO APPROPRIATE FUNDS FOR EXPANSION OF  
9 HEALTHCHOICE COVERAGE.

10 The General Assembly of North Carolina enacts:

11 Section 1. G.S. 108A-70.18(8) reads as rewritten:

12 "**§ 108A-70.18. Definitions.**

13 ~~Unless~~ As used in this Part, unless the context clearly requires otherwise, the term:

14 ...  
15 (8) 'Uninsured' means the applicant for Program benefits ~~was not covered~~  
16 ~~under any private or employer sponsored comprehensive health~~  
17 ~~insurance plan for the six-month period immediately preceding the date~~  
18 ~~of application for Program benefits. Effective April 1, 1999, 'uninsured'~~  
19 ~~means the applicant is and was not covered under any private or~~

1 employer-sponsored comprehensive health insurance plan for 60 days  
2 immediately preceding the date of application. The waiting periods  
3 required under this subdivision shall be waived ~~if~~ if:

4 a. The child has been enrolled in Medicaid and has lost  
5 Medicaid eligibility, eligibility;

6 b. The child has lost health care benefits due to cessation of a  
7 nonprofit organization program that provides health care benefits  
8 to low-income children, or children;

9 c. The child has lost employer-sponsored comprehensive health  
10 care coverage due to termination of employment, cessation by  
11 the employer of employer-sponsored health coverage, or  
12 cessation of the employer's business, business; or

13 d. Health insurance benefits available to the family of a special  
14 needs child have been terminated due to a long-term disability or  
15 a substantial reduction in or limitation of lifetime medical  
16 benefits or benefit category. As used in this paragraph, 'special  
17 needs child' has the definition applied in G.S. 108A-70.23(a)."

18 Section 2. G.S. 108A-70.21 reads as rewritten:

19 "**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing;**  
20 **coverage from private plans; purchase of extended coverage.**

21 (a) Eligibility. – The Department may enroll eligible children based on availability  
22 of funds. Following are eligibility and other requirements for participation in the  
23 Program:

24 (1) Children must:

25 a. Be under the age of 19;

26 b. Be ineligible for Medicaid, Medicare, or other federal  
27 government-sponsored health insurance;

28 c. Be uninsured;

29 d. Be in a family that meets the following family income  
30 requirements:

31 1. Infants under the age of one year whose family income is  
32 from one hundred eighty-five percent (185%) through ~~two~~  
33 ~~hundred percent (200%)~~ three hundred percent (300%) of  
34 the federal poverty level;

35 2. Children age one year through five years whose family  
36 income is above one hundred thirty-three percent (133%)  
37 through ~~two hundred percent (200%)~~ three hundred percent  
38 (300%) of the federal poverty level; and

39 3. Children age six years through eighteen years whose  
40 family income is above one hundred percent (100%)  
41 through ~~two hundred percent (200%)~~ three hundred percent  
42 (300%) of the federal poverty level;

43 e. Be a resident of this State and eligible under federal law; and

1 f. Have paid the Program enrollment ~~fee—fee,~~ premiums, and  
2 reenrollment penalties required under this Part.

3 (2) Proof of family income and residency and declaration of uninsured  
4 status shall be provided by the applicant at the time of application for  
5 Program coverage. The family member who is legally responsible for  
6 the children enrolled in the Program has a duty to report any change in  
7 the enrollee's status within 60 days of the change of status.

8 (3) If a responsible parent is under a court order to provide or maintain  
9 health insurance for a child and has failed to comply with the court  
10 order, then the child is deemed uninsured for purposes of determining  
11 eligibility for Program benefits if at the time of application the custodial  
12 parent shows proof of agreement to notify and cooperate with the child  
13 support enforcement agency in enforcing the order.

14 If health insurance other than under the Program is provided to the  
15 child after enrollment and prior to the expiration of the eligibility period  
16 for which the child is enrolled in the Program, then the child is deemed  
17 to be insured and ineligible for continued coverage under the Program.  
18 The custodial parent has a duty to notify the Department within 10 days  
19 of receipt of the other health insurance, and the Department, upon  
20 receipt of notice, shall disenroll the child from the Program. As used in  
21 this paragraph, the term "responsible parent" means a person who is  
22 under a court order to pay child support.

23 (4) Except as otherwise provided in this section, enrollment shall be  
24 continuous for one year. At the end of each year, applicants may reapply  
25 for Program benefits.

26 (b) Benefits. — Except as otherwise provided for eligibility, premiums, fees,  
27 deductibles, copayments, and other cost-sharing charges, health benefits coverage  
28 provided to children eligible under the Program shall be equivalent to coverage provided  
29 for dependents under the North Carolina Teachers' and State Employees' Comprehensive  
30 Major Medical Plan, including optional prepaid plans. Prescription drug providers shall  
31 accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the  
32 average wholesale price for the prescription drug or the amounts published by the Health  
33 Care Financing Administration plus a fee established by the provider not to exceed the  
34 amount authorized under ~~subdivision-subsection (d)(3)-(d)~~ of this section. All other health  
35 care providers providing services to Program enrollees shall accept as payment in full for  
36 services rendered the maximum allowable charges under the North Carolina Teachers'  
37 and State Employees' Comprehensive Major Medical Plan for services less any  
38 copayments assessed to enrollees under this Part. No child enrolled in the Plan's self-  
39 insured indemnity program shall be required by the Plan to change health care providers  
40 as a result of being enrolled in the Program.

41 In addition to the benefits provided under the Plan, the following services and  
42 supplies are covered under the Health Insurance Program for Children established under  
43 this Part:

- 1           (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a  
2           12-month period, full mouth X rays once every 60 months,  
3           supplemental bitewing X rays showing the back of the teeth once during  
4           a 12-month period, fluoride applications twice during a 12-month  
5           period, sealants, simple extractions, therapeutic pulpotomies,  
6           prefabricated stainless steel crowns, and routine fillings of amalgam or  
7           other tooth-colored filling material to restore diseased teeth. No benefits  
8           are to be provided for services under this subsection that are not  
9           performed by or upon the direction of a dentist, doctor, or other  
10          professional provider approved by the Plan nor for services and  
11          materials that do not meet the standards accepted by the American  
12          Dental Association.
- 13          (2) Vision: Scheduled routine eye examinations once every 12 months,  
14          eyeglass lenses or contact lenses once every 12 months, routine  
15          replacement of eyeglass frames once every 24 months, and optical  
16          supplies and solutions when needed. Optical services, supplies, and  
17          solutions must be obtained from licensed or certified ophthalmologists,  
18          optometrists, or optical dispensing laboratories. Eyeglass lenses are  
19          limited to single vision, bifocal, trifocal, or other complex lenses  
20          necessary for a Plan enrollee's visual welfare. Coverage for oversized  
21          lenses and frames, designer frames, photosensitive lenses, tinted contact  
22          lenses, blended lenses, progressive multifocal lenses, coated lenses, and  
23          laminated lenses is limited to the coverage for single vision, bifocal,  
24          trifocal, or other complex lenses provided by this subsection. Eyeglass  
25          frames are limited to those made of zylonite, metal, or a combination of  
26          zylonite and metal. All visual aids covered by this subsection require  
27          prior approval of the Plan. Upon prior approval by the Plan, refractions  
28          may be covered more often than once every 12 months.
- 29          (3) Hearing: Auditory diagnostic testing services and hearing aids and  
30          accessories when provided by a licensed or certified audiologist,  
31          otolaryngologist, or other hearing aid specialist approved by the Plan.  
32          Prior approval of the Plan is required for hearing aids, accessories,  
33          earmolds, repairs, loaners, and rental aids.
- 34          (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
35          coverage for enrollees whose family income is at or below one hundred fifty percent  
36          (150%) of the federal poverty level. The enrollment fee for Program coverage for  
37          enrollees whose family income is above one hundred fifty percent (150%) of the federal  
38          poverty level and at or below two hundred percent (200%) of the federal poverty level  
39          shall be fifty dollars (\$50.00) per year per child with a maximum annual enrollment fee  
40          of one hundred dollars (\$100.00) for two or more children. The enrollment fee shall be  
41          collected by the county department of social services and retained to cover the cost of  
42          determining eligibility for services under the Program. County departments of social  
43          services shall establish procedures for the collection of enrollment fees.

1 (c1) Premiums. – Premiums shall be collected for enrollees whose family income is  
2 above two hundred percent (200%) of the federal poverty level and at or below two  
3 hundred fifty percent (250%) of the federal poverty level at the rate of twenty-five dollars  
4 (\$25.00) per month per child or three hundred dollars (\$300.00) per year per child.  
5 Premiums shall be collected for enrollees whose family income is above two hundred  
6 fifty percent (250%) of the federal poverty level and at or below three hundred percent  
7 (300%) of the federal poverty level at the rate of thirty-five dollars (\$35.00) per month  
8 per child or four hundred twenty dollars (\$420.00) per year per child. Families with two  
9 or more children shall pay the premium established for families with two children.  
10 Premiums shall be collected through the Claims Processing Contractor of the North  
11 Carolina Teachers' and State Employees' Comprehensive Major Medical Plan. Failure to  
12 pay premiums within 30 days of the due date shall result in disenrollment from the  
13 Program. Families who lose benefits due to failure to pay premiums shall be denied  
14 reenrollment in the Program for a period of two months. Coverage shall not be effective  
15 and claims shall not be paid for services rendered during the period for which premiums  
16 were not paid. After the two months' disenrollment period, the family may reenroll in the  
17 Program as new enrollees upon payment of the reenrollment penalty plus the premium  
18 for the first month of reenrollment. The reenrollment penalty is:

- 19 (1) \$50.00 for reenrollees whose family income is above two hundred  
20 percent (200%) and at or below two hundred fifty percent (250%) of the  
21 federal poverty level.  
22 (2) \$70.00 for reenrollees whose family income is above two hundred fifty  
23 percent (250%) and at or below three hundred percent (300%) of the  
24 federal poverty level.  
25 (d) Cost-Sharing. –  
26 (1) There shall be no deductibles, copayments, or other cost-sharing charges  
27 for families covered under the Program whose family income is at or  
28 below one hundred fifty percent (150%) of the federal poverty level.  
29 (2) Families covered under the Program whose family income is above one  
30 hundred fifty percent (150%) of the federal poverty level and at or  
31 below two hundred percent (200%) of the federal poverty level shall be  
32 responsible for copayments to providers as follows:  
33 ~~(+)~~ a. Five dollars (\$5.00) per child for each visit to a provider, except that  
34 there shall be no copayment required for well-baby, well-child, or age-  
35 appropriate immunization services;  
36 ~~(2)~~ b. Five dollars (\$5.00) per child for each outpatient hospital visit;  
37 ~~(3)~~ c. A six-dollar (\$6.00) fee for each outpatient prescription drug  
38 purchased;  
39 ~~(4)~~ d. Twenty dollars (\$20.00) for each emergency room visit unless:  
40 a. 1. The child is admitted to the hospital, or  
41 b. 2. No other ~~reasonable care was~~ care was  
42 reasonably available as determined by the Claims  
43 Processing Contractor of the North Carolina Teachers'

1 and State Employees' Comprehensive Major Medical  
2 Plan.

3 (3) Families covered under the Program whose family income is above two  
4 hundred percent (200%) of the federal poverty level and at or below  
5 three hundred percent (300%) of the federal poverty level shall be  
6 responsible for copayments to providers as follows:

7 a. Ten dollars (\$10.00) per child for each visit to a provider, except  
8 that there shall be no copayment required for well-baby, well-  
9 child, or age-appropriate immunization services;

10 b. Ten dollars (\$10.00) per child for each outpatient hospital visit;

11 c. Ten dollars (\$10.00) per child for each outpatient prescription  
12 drug purchased;

13 d. Fifty dollars (\$50.00) for each emergency room visit unless:

14 1. The child is admitted to the hospital, or

15 2. No other care was reasonably available as determined by  
16 the Claims Processing Contractor of the North Carolina  
17 Teachers' and State Employees' Comprehensive Major  
18 Medical Plan.

19 Copayments required under this subsection for prescription drugs apply only to  
20 prescription drugs prescribed on an outpatient basis.

21 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing, including  
22 annual enrollment fees, or premiums with respect to all children in a family receiving  
23 Program benefits under this Part with an income at or below three hundred percent (300%)  
24 of the federal poverty level shall not exceed five percent (5%) of the family's income for  
25 the year involved. To assist the Department in monitoring and ensuring that the  
26 limitations of this subsection are not exceeded, the Executive Administrator and Board of  
27 Trustees of the North Carolina Teachers' and State Employees' Comprehensive Major  
28 Medical Plan shall provide data to the Department showing cost-sharing paid by Program  
29 enrollees.

30 (f) Coverage From Private Plans. – The Department shall, from funds available  
31 for the Program, pay the cost for dependent coverage provided under a private insurance  
32 plan for persons eligible for coverage under the Program if all of the following conditions  
33 are met:

34 (1) The person eligible for Program coverage requests to obtain dependent  
35 coverage from a private insurer in lieu of coverage under the Program  
36 and shows proof that coverage under the private plan selected meets the  
37 requirements of this subsection;

38 (2) The dependent coverage under the private plan is actuarially equivalent  
39 to the coverage provided under the Program and the private plan does  
40 not engage in the exclusive enrollment of children with favorable health  
41 care risks;

42 (3) The cost of dependent coverage under the private plan is the same as or  
43 less than the cost of coverage under the Program; and

- 1           (4) The total annual aggregate cost-sharing, including fees, paid by the  
2           enrollee under the private plan for all dependents covered by the plan,  
3           do not exceed five percent (5%) of the enrollee's family income for the  
4           year involved.

5           The Department may reimburse an enrollee for private coverage under this subsection  
6           upon a showing of proof that the dependent coverage is in effect for the period for which  
7           the enrollee is eligible for the Program.

8           (g) Purchase of ~~Extended Coverage~~. —~~An enrollee in the Program who loses~~  
9           ~~eligibility due to an increase in family income above two hundred percent (200%) of the~~  
10           ~~federal poverty level and up to and including two hundred twenty five percent (225%) of~~  
11           ~~the federal poverty level may purchase at full premium cost continued coverage under the~~  
12           ~~Program for a period not to exceed one year beginning on the date the enrollee becomes~~  
13           ~~ineligible under the income requirements for the Program. The same benefits,~~  
14           ~~copayments, and other conditions of enrollment under the Program shall apply to~~  
15           ~~extended coverage purchased under this subsection. Children whose family income is~~  
16           ~~above three hundred percent (300%) of the federal poverty level and who are uninsured~~  
17           ~~may be enrolled in the Program at full premium cost to be established by the North~~  
18           ~~Carolina Teachers' and State Employees' Comprehensive Major Medical Plan. The~~  
19           ~~premium shall be actuarially determined based on actual experience of the members in~~  
20           ~~the Program. The same benefits, copayments, and penalty for nonpayment of premiums~~  
21           ~~that apply to enrollees who have family incomes between two hundred percent (200%)~~  
22           ~~and three hundred percent (300%) of the federal poverty level shall apply to this group.~~

23           (h) No State Funds for Voluntary Participation. – No State or federal funds shall  
24           be used to cover, subsidize, or otherwise offset the cost of coverage obtained under  
25           subsection (g) of this section."

26           Section 3. G.S. 135-42 reads as rewritten:

27           "**§ 135-42. Undertaking.**

28           (a) The State of North Carolina undertakes to make available a health insurance  
29           program for children (hereinafter called the 'Program') to provide comprehensive acute  
30           medical care to low-income, uninsured children who are residents of this State and who  
31           meet the eligibility requirements established for the Program under Part 8 of Article 2 of  
32           Chapter 108A of the General Statutes. The Executive Administrator and Board of  
33           Trustees of the North Carolina Teachers' and State Employees' Comprehensive Major  
34           Medical Plan (hereinafter called the 'Plan') shall administer the Program under this Part  
35           and shall carry out their duties and responsibilities in accordance with Parts 2 and 3 of  
36           this Article and with applicable provisions of Part 8 of Article 2 of Chapter 108A. The  
37           Plan's self-insured indemnity program shall not incur any financial obligations for the  
38           Program in excess of the amount of funds that the Plan's self-insured indemnity program  
39           receives for the Program.

40           (b) The benefits provided under the Program shall be equivalent to and made  
41           available through the Plan pursuant to Articles 2 and 3 of this Chapter and as provided  
42           under G.S. 108A-70.21(b) and administered by the Plan's Executive Administrator and  
43           Board of Trustees. To the extent there is a conflict between the provisions of Part 8 of

1 Article 2 of Chapter 108A and Part 3 of this Article pertaining to eligibility, fees,  
2 premiums, deductibles, copayments, and other cost-sharing charges, the provisions of  
3 Part 8 of Article 2 of Chapter 108A shall control. In administering the benefits provided  
4 by this Part, the Executive Administrator and Board of Trustees shall have the same type  
5 of powers and duties that are provided under Part 3 of this Article for hospital and  
6 medical benefits.

7 (c) The benefits authorized by this Part are available only to children who are  
8 residents of this State and who meet the eligibility requirements established for the  
9 Program under Part 8 of Article 2 of Chapter 108A of the General Statutes."

10 Section 4. G.S. 105-151.27(f) reads as rewritten:

11 "(f) Definitions. – The following definitions apply in this section:

- 12 (1) Comprehensive health insurance plan. – Any of the following plans,  
13 policies, or contracts that provide health benefits coverage for  
14 dependent children for inpatient and outpatient hospital services,  
15 physicians' surgical and medical services, and laboratory and X-ray  
16 services: accident and health insurance policy or certificate; hospital or  
17 medical service corporation contract; HMO subscriber contract; plan  
18 provided by a MEWA or plan provided by another benefit arrangement,  
19 to the extent permitted by ERISA, and the North Carolina Teachers' and  
20 State Employees' Comprehensive Major Medical Plan established under  
21 Part 3 of Article 3 of Chapter 135 of the General Statutes.  
22 "Comprehensive health insurance plan" does not mean any plan  
23 implemented or administered through the Department of Health and  
24 Human Services.
- 25 (2) Dependent child. – A child under the age of 19 for whom the taxpayer is  
26 allowed to deduct a personal exemption under section 151(c)(1)(B) of  
27 the Code for the taxable year.
- 28 (3) Family size. – The number of individuals for whom the taxpayer is  
29 entitled to deduct a personal exemption under the Code for the taxable  
30 year.
- 31 (4) Health insurance premium. – An amount paid by the taxpayer for  
32 insurance coverage of the taxpayer's dependent children under a private  
33 or employer-sponsored comprehensive health insurance plan and an  
34 amount paid to purchase extended coverage or coverage under the  
35 Health Insurance Program for Children pursuant to G.S. ~~108A-70.21~~  
36 108A-70.21(g). The term does not include, however, amounts deducted  
37 from or not included in the taxpayer's gross income for the taxable year,  
38 as calculated in subsection (d) of this section. The term also does not  
39 include an amount paid for coverage under the Health Insurance  
40 Program for Children pursuant to G.S. 108A-70.21(c1)."

41 Section 5. There is appropriated from the General Fund to the Department of  
42 Health and Human Services the sum of one million four hundred thirteen thousand two  
43 hundred twenty-five dollars (\$1,413,225) for the 2000-2001 fiscal year. These funds



1 shall be used to provide coverage for children under the North Carolina HealthChoice for  
2 Children Program whose family income is above two hundred percent (200%) and at or  
3 below three hundred percent (300%) of the federal poverty level, as enacted by this act.

4           Section 6. Section 5 of this act becomes effective July 1, 2000. Health  
5 insurance coverage for children whose family income is above two hundred percent  
6 (200%) and at or below three hundred percent (300%) of the federal poverty level, as  
7 enacted by this act, shall become effective no earlier than October 1, 2000. The  
8 remainder of this act is effective when it becomes law.