

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE DRH50398-LN-124 (2/22)

Short Title: Health Insurance for All Children. (Public)

Sponsors: Representative Insko.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE CAROLINA CARES FOR CHILDREN HEALTH INSURANCE PROGRAM.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** The title of Part 8 of Article 2 of Chapter 108A of the General Statutes reads as rewritten:

"Part 8. ~~Health Insurance Program for Children.~~ Health Care Coverage for All Children."

**SECTION 1.(b)** G.S. 108A-70.18 through G.S. 108A-70.28 shall be recodified under Part 8 of Article 2 of Chapter 108A of the General Statutes as:

"Subpart 1. Health Insurance Program for Children."

The Revisor of Statutes shall delete the word "Part" wherever it appears in G.S. 108A-70.18 through G.S. 108A-70.28 and shall substitute therefor the word "Subpart."

**SECTION 2.** Part 8 of Article 2 of Chapter 108A of the General Statutes, as amended by this act, is amended by adding the following new Subpart to read:

"Subpart 2. Carolina Cares for Children Health Insurance Program.

**"§ 108A-70.29. Definitions.**

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

- (1) "Comprehensive health coverage" means creditable health coverage as defined under Title XXI of The Social Security Act, as added by Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42 U.S.C. (1997).
- (2) "Family income" has the same meaning as used in determining eligibility for the Medical Assistance Program.
- (3) "FPL" or "federal poverty level" means the federal poverty guidelines established by the United States Department of Health and Human Services, as revised each April 1.

1           (4) "Medical Assistance Program" means the State Medical Assistance  
2 Program established under Part 6 of Article 2 of Chapter 108A of the  
3 General Statutes.

4           (5) "Program" means The Carolina Cares for Children Health Insurance  
5 Program established in this Subpart.

6           (6) "Uninsured" means the applicant for Program benefits is not covered  
7 under any private or employer-sponsored comprehensive health  
8 insurance plan on the date of enrollment.

9 **"§ 108A-70.30. Short title; purpose; no entitlement.**

10       This Subpart may be cited as the "Carolina Cares for Children Act of 2007." The  
11 purpose of this act is to provide comprehensive health insurance to children who are  
12 residents of this State and who are not eligible for Medicaid and the Health Insurance  
13 Program for Children. Coverage under this Subpart shall be provided from State funds  
14 appropriated and federal funds made available for this purpose, other nonappropriated  
15 funds made available for this purpose, and premiums paid by families eligible to  
16 purchase coverage under this Subpart. Nothing in this Subpart shall be construed as  
17 obligating the General Assembly to appropriate funds for coverage under this Subpart or  
18 as entitling any person to coverage under this Subpart.

19 **"§ 108A-70.30A. Program established.**

20       The Carolina Cares for Children Health Insurance Program is established. The  
21 Program shall be administered by the Department of Health and Human Services,  
22 Division of Medical Assistance, in accordance with this Subpart. Program benefits and  
23 claims processing shall be administered by the Division of Medical Assistance. The  
24 Department may contract with a third party to administer benefits under the Program. In  
25 implementing the Program, the Department shall take steps to minimize "crowd out",  
26 whereby eligible applicants terminate private or employer-sponsored health insurance  
27 coverage to enroll in the Program, and may require applicants to demonstrate that they  
28 were uninsured for a specified period of time set by the Department, not to exceed six  
29 months, immediately prior to enrolling. In order to ensure an efficient enrollment  
30 process, the Department shall administer the Program in a manner that integrates the  
31 Program seamlessly with the administration of the Medicaid and NC Health Choice  
32 programs.

33 **"§ 108A-70.30B. Program eligibility; benefits; purchase of coverage.**

34       (a) Eligibility. – The Department may enroll children based on availability of  
35 funds and other factors, as follows:

36           (1) Children must:

37           a. Be under the age of 19.

38           b. Be ineligible for Medicaid, Medicare, the State Health  
39 Insurance Program for Children, or other federal or State  
40 sponsored health insurance.

41           c. Be uninsured.

42           d. Be a resident of this State, meet applicable federal citizenship  
43 and immigration requirements, and be eligible under other  
44 applicable federal or State law.

1           e.     Be in a family whose family income is between two hundred  
2                     percent (200%) and three hundred percent (300%) of the federal  
3                     poverty level.

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

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

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

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

27           (b)   Benefits. – Except as otherwise provided for eligibility, deductibles, co-  
28                    payments, and other cost-sharing charges, health benefits coverage provided to children  
29                    eligible under the Program shall be equivalent to coverage provided for children under  
30                    Medicaid and the NC Health Choice Program, including benefits for children with  
31                    special needs as provided in G.S. 108A-70.23, except that dental benefits shall not be  
32                    available under the Program.

33           (c)   Payments. – Prescription drug providers shall accept as payment in full, for  
34                    outpatient prescriptions filled, amounts allowable for prescription drugs under  
35                    Medicaid. For all other providers, services provided to these children shall be provided  
36                    at rates equivalent to one hundred percent (100%) of Medicare rates, less any  
37                    co-payments assessed to enrollees under this Subpart.

38           (d)   Cost-sharing. – The Department shall establish deductibles, co-payments, or  
39                    other cost-sharing charges for families covered under the Program. Cost-sharing shall be  
40                    established such that amounts are not excessive but are designed to encourage  
41                    cost-effective use of health care services.

42           (e)   Premiums. – A premium is required for coverage under this Subpart for  
43                    families with incomes between two hundred percent (200%) and three hundred percent

1 (300%) of the federal poverty level. The Department shall establish and collect  
2 premiums on a sliding scale based on income.

3 (f) Coverage Under Private Plans. – The Department shall, from funds available  
4 for the Program, pay the cost for dependent coverage provided under a private insurance  
5 plan for persons eligible for coverage under the Program if all of the following  
6 conditions are met:

7 (1) The person eligible for coverage requests to obtain dependent coverage  
8 from a private insurer in lieu of coverage under this Subpart and shows  
9 proof that coverage under the private plan selected meets the  
10 requirements of this subsection;

11 (2) The dependent coverage under the private plan is actuarially  
12 equivalent to the coverage provided under this Subpart and the private  
13 plan does not engage in the exclusive enrollment of children with  
14 favorable health care risks; and

15 (3) The cost of dependent coverage under the private plan is the same as  
16 or less than the cost of coverage under this Subpart.

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

20 (g) Availability of Coverage. – Coverage under this Subpart shall be available  
21 only to the extent that funds are appropriated or otherwise made available to fully  
22 subsidize the coverage for eligible enrollees.

23 (h) Purchase of Extended Coverage. – A family whose income exceeds three  
24 hundred percent (300%) of the federal poverty level and otherwise meets the eligibility  
25 requirements of this Subpart may purchase at full premium cost coverage under the  
26 Program. The same deductibles, co-payments, and other conditions of enrollment under  
27 this Subpart shall apply to coverage purchased under this subsection.

28 (i) No State Funds for Voluntary Participation. – No State or federal funds shall  
29 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under  
30 subsection (h) of this section.

31 **"§ 108A-70.30C. Application process; outreach efforts; appeals.**

32 (a) Application. – The Department shall use an application form for the Program  
33 that is concise, relatively easy for the applicant to comprehend and complete, and only  
34 as lengthy as necessary for identifying applicants, determining eligibility for the  
35 Program, Medicaid, or NC Health Choice, and providing information to applicants on  
36 requirements for application submission and proof of eligibility. Application forms shall  
37 be obtainable from public health departments and county departments of social services.  
38 Applications shall be processed by the county department of social services and may be  
39 submitted by mail. The Department may adopt rules for the submission and processing  
40 of applications and for securing the proof of eligibility for benefits under this Subpart.

41 The application form for the Program shall have printed on it or attached to it a  
42 notice stating substantially: "The Carolina Cares for Children Health Insurance Program  
43 is a federally and State-funded program that may be discontinued if State or federal  
44 funds are not provided for its continuation.

1       (b) Outreach Efforts. – The Department shall adopt procedures to ensure that the  
2 Program is adequately publicized statewide and to comply with federal outreach  
3 requirements. The Department shall make information about the Program available  
4 through the Internet and shall explore the feasibility of securing a 24-hour toll-free  
5 telephone number to facilitate access to Program information. In order to avoid  
6 duplication of efforts, in developing outreach procedures the Department shall establish  
7 system linkages to ensure the collaboration and coordination of information between  
8 and among the Program and such ongoing programs and efforts as:

9               WIC Program.

10              Maternal and Child Health Block Grant.

11              Children's Special Health Services.

12              Smart Start.

13              Head Start.

14              NC Health Choice.

15       The Department shall seek private and federal grant funds for outreach activities.  
16 The Department shall also seek the participation of the private sector in providing  
17 no-cost or low-cost avenues for publicizing the Program in local communities and  
18 statewide.

19       (c) Appeals. – A person who is dissatisfied with the action of a county  
20 department of social services with respect to the determination of eligibility for benefits  
21 under the Program may appeal the action in accordance with G.S. 108A-79.

22 **"§ 108A-70.30D. Data collection; reporting.**

23       (a) The Department shall ensure that the following data are collected, analyzed,  
24 and reported in a manner that will most effectively and expeditiously enable the State to  
25 evaluate Program goals, objectives, operations, and health outcomes for children:

26           (1) Number of applicants for coverage under the Program;

27           (2) Number of Program applicants deemed eligible for Medicaid or NC  
28 Health Choice;

29           (3) Number of applicants deemed eligible for the Program, by income  
30 level, age, and family size;

31           (4) Number of applicants deemed ineligible for the Program and the basis  
32 for ineligibility;

33           (5) Number of applications made at county departments of social services,  
34 public health departments, and by mail;

35           (6) Total number of children enrolled in the Program to date and for the  
36 immediately preceding fiscal year;

37           (7) Total number of children enrolled in Medicaid or NC Health Choice  
38 through the Program application process;

39           (8) Trends showing the Program's impact on hospital utilization,  
40 immunization rates, and other indicators of quality of care, and  
41 cost-effectiveness and efficiency;

42           (9) Trends relating to the health status of children; and

43           (10) Other data that would be useful in carrying out the purposes of this  
44 Subpart.

1       (b) The Department shall report annually to the Joint Legislative Health Care  
2 Oversight Committee and shall provide a copy of the report to the Joint Appropriations  
3 Subcommittees on Health and Human Services. The report shall include:

- 4           (1) Data collected as required under subsection (a) of this section and an  
5 analysis thereof giving trends and projections for continued Program  
6 funding;  
7           (2) Program areas working most effectively and least effectively;  
8           (3) Performance measures used to ensure Program quality, fiscal integrity,  
9 ease of access, and appropriate utilization of preventive and medical  
10 care;  
11           (4) Effectiveness of system linkages in addressing access, quality of care,  
12 and Program efficiency;  
13           (5) Recommended changes in the Program necessary to improve Program  
14 efficiency and effectiveness; and  
15           (6) Any other information requested by the Committee pertinent to the  
16 provision of health insurance for children and the implementation of  
17 the Program.

18 **"§ 108A-70.30E. Fraudulent misrepresentation.**

19       (a) It shall be unlawful for any person to knowingly and willfully, and with intent  
20 to defraud, make or cause to be made a false statement or representation of a material  
21 fact in an application for coverage under this Subpart or intended for use in determining  
22 eligibility for coverage.

23       (b) It shall be unlawful for any applicant, recipient, or person acting on behalf of  
24 the applicant or recipient to knowingly and willfully, and with intent to defraud,  
25 conceal, or fail to disclose any condition, fact, or event affecting the applicant's or  
26 recipient's initial or continued eligibility to receive coverage or benefits under this  
27 Subpart.

28       (c) It is unlawful for any person knowingly, willingly, and with intent to defraud,  
29 to obtain or attempt to obtain, or to assist, aid, or abet another person, either directly or  
30 indirectly, to obtain money, services, or any other thing of value to which the person is  
31 not entitled as a recipient under this Subpart, or otherwise to deliberately misuse a  
32 Program identification card. This misuse includes the sale, alteration, or lending of the  
33 Program identification card to others for services and the use of the card by someone  
34 other than the recipient to receive or attempt to receive Program coverage for services  
35 rendered to that individual.

36       Proof of intent to defraud does not require proof of intent to defraud any particular  
37 person.

38       (d) A person who violates a provision of this section shall be guilty of a Class I  
39 felony.

40       (e) For purposes of this section, the word "person" includes any natural person,  
41 association, consortium, corporation, body politic, partnership, or other group, entity, or  
42 organization."

43       **SECTION 3.** There is appropriated from the General Fund to the  
44 Department of Health and Human Services, Division of Medical Assistance, the sum of

1 four million seven hundred sixteen thousand eight hundred seventy-five dollars  
2 (\$4,716,875) for the 2007-2008 fiscal year and the sum of seven million six thousand  
3 sixty-one dollars (\$7,006,061) for the 2008-2009 fiscal year. These funds shall be used  
4 to pay one hundred percent (100%) of the cost, exclusive of cost-sharing requirements,  
5 to provide coverage under the Carolina Cares for Children Health Insurance Program  
6 for families whose income is between two hundred percent (200%) and three hundred  
7 percent (300%) of the federal poverty level.

8 **SECTION 4.** This act becomes effective July 1, 2007.