

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1476

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

Sponsors: Representatives Insko, Barnhart, Adams, England (Primary Sponsors); Alexander, Allred, Braxton, Bryant, Carney, Cole, Cotham, Faison, Farmer-Butterfield, Gibson, Glazier, Goforth, Hall, T. Harrell, J. Harrell, Harrison, Holliman, Jones, Luebke, Martin, Pierce, Ross, Saunders, Tarleton, Thomas, Tolson, Tucker, Wainwright, Weiss, Womble, and Wray.

Referred to: Insurance, if favorable, Health.

April 16, 2007

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE CAROLINA CARES FOR CHILDREN HEALTH
3 INSURANCE PROGRAM.

4 The General Assembly of North Carolina enacts:

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

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

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

10 "Subpart 1. Health Insurance Program for Children."

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

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

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

17 "**§ 108A-70.29. Definitions.**

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

19 (1) "Comprehensive health coverage" means creditable health coverage as
20 defined under Title XXI of The Social Security Act, as added by Pub.
21 L. 105-33, 111 Stat. 552, codified in scattered sections of 42 U.S.C.
22 (1997).

23 (2) "Family income" has the same meaning as used in determining
24 eligibility for the Medical Assistance Program.

- 1 (3) "FPL" or "federal poverty level" means the federal poverty guidelines
2 established by the United States Department of Health and Human
3 Services, as revised each April 1.
- 4 (4) "Medical Assistance Program" means the State Medical Assistance
5 Program established under Part 6 of Article 2 of Chapter 108A of the
6 General Statutes.
- 7 (5) "Program" means The Carolina Cares for Children Health Insurance
8 Program established in this Subpart.
- 9 (6) "Uninsured" means the applicant for Program benefits is not covered
10 under any private or employer-sponsored comprehensive health
11 insurance plan on the date of enrollment.

12 **"§ 108A-70.30. Short title; purpose; no entitlement.**

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

22 **"§ 108A-70.30A. Program established.**

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

36 **"§ 108A-70.30B. Program eligibility; benefits; purchase of coverage.**

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

- 39 (1) Children must:
- 40 a. Be under the age of 19.
- 41 b. Be ineligible for Medicaid, Medicare, the State Health
42 Insurance Program for Children, or other federal or State
43 sponsored health insurance.
- 44 c. Be uninsured.

1 d. Be a resident of this State, meet applicable federal citizenship
2 and immigration requirements, and be eligible under other
3 applicable federal or State law.

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

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

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

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

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

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

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

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

1 (e) Premiums. – A premium is required for coverage under this Subpart for
2 families with incomes between two hundred percent (200%) and three hundred percent
3 (300%) of the federal poverty level. The Department shall establish and collect
4 premiums on a sliding scale based on income.

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

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

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

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

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

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

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

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

33 **"§ 108A-70.30C. Application process; outreach efforts; appeals.**

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

43 The application form for the Program shall have printed on it or attached to it a
44 notice stating substantially: "The Carolina Cares for Children Health Insurance Program

1 is a federally and State-funded program that may be discontinued if State or federal
2 funds are not provided for its continuation.

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

11 WIC Program.

12 Maternal and Child Health Block Grant.

13 Children's Special Health Services.

14 Smart Start.

15 Head Start.

16 NC Health Choice.

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

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

24 **"§ 108A-70.30D. Data collection; reporting.**

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

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

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

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

33 (4) Number of applicants deemed ineligible for the Program and the basis
34 for ineligibility;

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

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

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

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

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

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

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

6 (1) Data collected as required under subsection (a) of this section and an
7 analysis thereof giving trends and projections for continued Program
8 funding;

9 (2) Program areas working most effectively and least effectively;

10 (3) Performance measures used to ensure Program quality, fiscal integrity,
11 ease of access, and appropriate utilization of preventive and medical
12 care;

13 (4) Effectiveness of system linkages in addressing access, quality of care,
14 and Program efficiency;

15 (5) Recommended changes in the Program necessary to improve Program
16 efficiency and effectiveness; and

17 (6) Any other information requested by the Committee pertinent to the
18 provision of health insurance for children and the implementation of
19 the Program.

20 **"§ 108A-70.30E. Fraudulent misrepresentation.**

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

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

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

38 Proof of intent to defraud does not require proof of intent to defraud any particular
39 person.

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

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

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

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