

**§ 58-93-5. Definitions.**

The following definitions apply in this Article:

- (1) Commercial Plan. – Any person, entity, or organization, profit or nonprofit, that (i) undertakes to provide or arrange for the delivery of health care services to enrollees on a prepaid basis except for enrollee responsibility for copayments and deductibles and (ii) is not a provider-led entity.
- (2) DHHS. – The North Carolina Department of Health and Human Services.
- (3) Enrollee. – A beneficiary enrolled to receive Medicaid services through a prepaid health plan.
- (4) Governing body. – The board of directors, trustees, partners, managers, or other individuals who are legally responsible for the governance of an entity.
- (5) Health care services. – Medicaid services provided by a prepaid health plan under a capitated contract with DHHS.
- (6) Insolvent or insolvency. – A circumstance that occurs when a prepaid health plan has been declared insolvent and is placed under an order of liquidation by a court of competent jurisdiction.
- (7) Licensed health organization. – A licensed health organization includes all of the following:
  - a. A health maintenance organization licensed under Article 67 of this Chapter.
  - b. A full service corporation licensed under Article 65 of this Chapter.
  - c. An insurer under this Chapter that is required by the Commissioner to use the NAIC Health Annual Statement Blank when filing the annual statement in accordance with G.S. 58-2-165.

The term "licensed health organization" does not include an insurer that (i) is licensed under this Chapter as either a life or health insurer or as a property or casualty insurer and (ii) is otherwise subject to either life or property and casualty risk-based capital requirements.
- (8) Prepaid health plan or PHP. – A commercial plan or provider-led entity holding a license under this Article for the purposes of operating a capitated contract for the delivery of services under the North Carolina Medicaid program. For the purposes of 11 U.S.C. § 109(b)(2) and 11 U.S.C. § 109(d) only, a PHP is a domestic insurance company.
- (9) Provider-led entity. – An entity that meets all of the following criteria:
  - a. A majority of the entity's ownership is held by (i) an individual or entity that has as its primary business purpose the ownership or operation of one or more capitated contracts under the North Carolina Medicaid program or (ii) Medicaid providers.
  - b. A majority of the entity's governing body is composed of individuals who (i) are licensed in the State as physicians, physician assistants, nurse practitioners, or psychologists and (ii) have experience treating beneficiaries of the North Carolina Medicaid program.
- (10) Working capital. – The excess of current assets over current liabilities. The only borrowed funds that may be included in working capital must be funds that are repayable only from net earned income and must be repayable only with the advance permission of the Commissioner. (2018-49, s. 1(a); 2022-74, s. 9D.15(z); 2023-11, s. 3.2(h).)