

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 933 (First Edition)

**SHORT TITLE:** Health Ins/Coverage & Netwks.

**SPONSOR(S):** Senator Perdue

<b>FISCAL IMPACT</b>					
	<b>Yes ( X )</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1997-98</u></b>	<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>
<b>REVENUES</b>		0	0	0	0
<b>EXPENDITURES</b>	\$49,322	\$49,322	\$49,322	\$49,322	\$49,322
<b>POSITIONS:</b>	1	1	1	1	1
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Insurance					
<b>EFFECTIVE DATE:</b> October 1, 1997					

**BILL SUMMARY:** Adds new GS 58-3-200 to (1) require insurers who limit coverage to medically necessary services and supplies to define “medically necessary” in accordance with act; (2) prohibit insurers from retracting determination to cover services or supplies unless determination was based on knowing and material misrepresentation about covered person’s condition; (3) require insurers to cover emergency services without prior authorization if a reasonable and prudent lay person would have believed that an emergency existed and to cover emergency services if a contracting provider or authorized representative of the carrier recommends that the person obtain the services; (4) provide that insurers who write health benefit plans requiring or encouraging members to use selected health care providers annually file a provider network access plan with the Comm’r of Insurance and make the access plan available at their place of business beginning in 1998; (5) prohibit insurers specified in (4) from providing less favorable benefits for services outside the network unless contracting providers are able to meet the health needs of the insured and are reasonably available; (6) prohibit insurers specified in (4) from discriminating against high-risk populations by excluding

providers who, by reason of their location or specialty, treat high-risk populations; (7) require insurers specified in (4) to allow residents of a continuing care retirement community the option of receiving service there if the retirement community is able to provide the needed service at the contract rate for similar providers for the same services and supplies; (8) require insurer to provide a prospective insured a copy of its health benefit plan on request; and (9) prohibit insurer from denying payment for services provided without preauthorization if the provider reasonably believed that the patient's health could be further harmed by delay. Effective Oct. 1, 1997. Applies to health benefit plans delivered, issued for delivery, or renewed on or after that date.<sup>1</sup>

**ASSUMPTIONS AND METHODOLOGY:** Insurance Department states that increased responsibilities will require hiring one additional person, at an annualized cost of \$49,322. Assumes that this person will continue to be needed in future years.

**TECHNICAL CONSIDERATIONS:** One additional employee can discharge all additional responsibilities required by Senate Bills 932, 933, 934, and 935. Therefore, if Senate Bill 932 is enacted into law, the net cost of this bill becomes zero.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**APPROVED BY:** Tom Covington **TomC**

**DATE:**



**Signed Copy Located in the NCGA Principal Clerk's Offices**

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<sup>1</sup> Legislative Reporting Service, Institute of Government: "Daily Bulletin," Vol. 1997, No. 46, pp. 9-10.