

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

**HOUSE BILL 1294  
RATIFIED BILL**

AN ACT TO AUTHORIZE THE NORTH CAROLINA HEALTH INSURANCE RISK POOL TO PROVIDE PREMIUM SUBSIDIES IF FUNDS ARE AVAILABLE AND TO REQUIRE INSURERS TO NOTIFY APPLICANTS FOR HEALTH INSURANCE COVERAGE ABOUT THE EXISTENCE OF THE POOL.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 58-50-180(e) reads as rewritten:

"(e) The Pool shall have the general powers and authority granted under the laws of this State to health insurers and the specific authority to do all of the following:

- (1) Enter into contracts as are necessary or proper to carry out the provisions and purposes of this Part, including the authority, with the approval of the Executive Director acting upon the approval or authorization of the Board, to enter into contracts with similar plans of other states for the joint performance of common administrative functions or with persons or other organizations for the performance of administrative functions.
- (2) Sue or be sued.
- (3) Take legal action as necessary to:
  - a. Avoid the payment of improper claims against the Pool or the coverage provided by or through the Plan.
  - b. Recover any amounts erroneously or improperly paid by the Plan.
  - c. Recover any amounts paid by the Pool as a result of mistake of fact or law.
  - d. Recover other amounts due the Pool.
- (4) Establish rates and rate schedules in accordance with this Part.
- (4a) Provide premium subsidies if federal grant funds are available for individuals with incomes up to three hundred percent (300%) of the federal poverty guidelines and the Board deems it is fiscally prudent to do so.
- (5) Issue policies of insurance in accordance with the requirements of this Part.
- (6) Appoint appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the Pool, policy, and other contract design, and any other function within the Pool's authority.
- (7) Establish policies, conditions, and procedures for reinsuring risks of participating health insurers, as defined in G.S. 58-68-25(a), desiring to issue Pool coverage in their own name. Provision of reinsurance shall not subject the Pool to any of the capital or surplus requirements, if any, otherwise applicable to reinsurers.
- (8) Employ and fix the compensation of employees.
- (9) Prepare and distribute certificate of eligibility forms and enrollment instruction forms to insurance producers and to the general public.
- (10) Provide for reinsurance for the Pool.
- (11) Issue additional types of health insurance policies to provide optional coverage, including Medicare supplemental insurance coverage.
- (12) Provide for and employ cost containment measures and requirements including preadmission screening, second surgical opinion, concurrent utilization review, disease management, individual case management, health and wellness programs including a smoking cessation initiative, and other commonly used benefit plan design features for the purpose of making health insurance coverage offered by the Pool more cost-effective.



- (13) Design, utilize, contract, or otherwise arrange for the delivery of cost-effective health care services, including establishing or contracting with preferred provider organizations, health maintenance organizations, and other limited network provider arrangements.
- (14) Adopt bylaws, policies, and procedures as may be necessary or convenient for the implementation of this Part and the operation of the Pool."

**SECTION 2.** Article 3 of Chapter 58 of the General Statutes is amended by adding a new section to read:

**"§ 58-3-276. Notice relating to the North Carolina Health Insurance Risk Pool.**

(a) An insurer shall provide a written notice of the existence of the North Carolina Health Insurance Risk Pool to an applicant for individual health insurance coverage upon the insurer making a determination that the applicant is eligible for coverage by the Pool as provided in G.S. 58-50-195(a)(1) or (2).

(b) The notice required in subsection (a) of this section shall be provided to an applicant no later than 10 business days after the insurer reaches a determination under subsection (a) of this section. An insurer may provide a single notice relating to multiple applicants located at a single address provided the notice lists the name of each individual affected separately.

(c) The Commissioner may adopt rules to implement this section, including rules establishing the language, content, format, and methods of distribution of the notice required by this section.

(d) For purposes of this section:

(1) "Applicant" means any person who seeks to contract for individual health insurance coverage, including any dependent for which application is made and about whom an independent underwriting decision is made by an insurer.

(2) "Health insurance coverage" is as defined in G.S. 58-50-175(10).

(3) "Insurer" is as defined in G.S. 58-50-175(13)."

**SECTION 3.** Section 1.4 of S.L. 2007-532 reads as rewritten:

**"SECTION 1.4.** Notwithstanding G.S. 58-50-210(a), individuals enrolling in the Pool within ~~six months~~ 12 months of the date that enrollment into the Pool first begins shall be subject to a six-month preexisting condition waiting period."

**SECTION 4.** Section 2 of this act applies to applications for health insurance coverage made on or after October 1, 2009. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1<sup>st</sup> day of July, 2009.

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Walter H. Dalton  
President of the Senate

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Joe Hackney  
Speaker of the House of Representatives

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Beverly E. Perdue  
Governor

Approved \_\_\_\_\_, m. this \_\_\_\_\_ day of \_\_\_\_\_, 2009