

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

**H.B. 655**  
**Apr 9, 2019**  
**HOUSE PRINCIPAL CLERK**

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**HOUSE BILL DRH30286-MR-106A**

Short Title: NC Health Care for Working Families. (Public)

Sponsors: Representatives Lambeth, Murphy, Dobson, and White (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE HEALTH COVERAGE TO RESIDENTS OF NORTH CAROLINA  
3 UNDER THE NC HEALTH CARE FOR WORKING FAMILIES PROGRAM AND TO  
4 ESTABLISH THE NORTH CAROLINA RURAL ACCESS TO HEALTHCARE GRANT  
5 PROGRAM.

6 Whereas, there are 1,083,000 citizens in North Carolina who have no health  
7 insurance; and

8 Whereas, the majority of these uninsured individuals aged 19 to 64 are employed, but  
9 they are either not employed full-time or are not making enough money to afford health insurance  
10 coverage; and

11 Whereas, the State is currently incurring the cost of care for these uninsured  
12 individuals as they seek uncompensated care at one of the North Carolina hospital emergency  
13 departments; and

14 Whereas, because these uninsured individuals cannot afford preventive care, they do  
15 not seek care until they are very ill and the cost of care is very high; and

16 Whereas, these uninsured individuals lose time on the job, often become chronically  
17 ill, and may suffer advanced or even terminal illness because they are unable to afford early care;  
18 and

19 Whereas, the State has the opportunity to develop and implement a unique, carefully  
20 controlled program to address this coverage gap; and

21 Whereas, the North Carolina model addressing this coverage gap will include a work  
22 requirement for participants; and

23 Whereas, the North Carolina model addressing this coverage gap will be paid for with  
24 a combination of participant premiums, intergovernmental transfers, current hospital  
25 assessments, newly enacted health care-related assessments, and federal funds; and

26 Whereas, the North Carolina model addressing this coverage gap will not increase the  
27 cost to consumers or tax payers as a result of the health care-related assessments; and

28 Whereas, federal law directs that the federal share for the North Carolina model  
29 addressing the coverage gap is ninety percent (90%) for calendar year 2020 and each year  
30 thereafter, under 42 U.S.C. § 1396d(y)(1)(E); and

31 Whereas, the North Carolina model addressing this coverage gap will not add to the  
32 national debt; Now, therefore,

33 The General Assembly of North Carolina enacts:

34  
35 **PART I. NC HEALTH CARE FOR WORKING FAMILIES.**



1           **SECTION 1.** NC Health Care for Working Families. – It is the intent of the General  
2 Assembly to facilitate the design of a health care program that addresses the needs of citizens of  
3 North Carolina committed to a healthy lifestyle who are ineligible for Medicaid due to their  
4 income levels but who are otherwise unable to afford health insurance. To meet these needs, the  
5 Department of Health and Human Services (DHHS) shall design a program to be known as "NC  
6 Health Care for Working Families." DHHS is encouraged to advocate to the federal government  
7 for any changes to the current operations of the Medicaid program at the federal level as may be  
8 needed to obtain approval for the program with the maximum federal financial participation  
9 possible. In designing the NC Health Care for Working Families program, DHHS shall comply  
10 with the components of the program outlined in this act and shall have the authority to determine  
11 specific details relating to each of the program components.

12           **SECTION 2.** Population to be covered. – The Department of Health and Human  
13 Services shall provide NC Health Care for Working Families program coverage to residents of  
14 North Carolina who meet all of the following criteria:

- 15           (1) The resident meets all federal Medicaid citizenship and immigration  
16 requirements.
- 17           (2) The resident is not eligible for Medicaid under the currently established North  
18 Carolina Medicaid program eligibility criteria.
- 19           (3) The resident's modified adjusted gross income (MAGI) does not exceed one  
20 hundred thirty-three percent (133%) of the federal poverty level.
- 21           (4) The resident is not entitled to or enrolled in Medicare Part A or Medicare Part  
22 B benefits.
- 23           (5) The resident is an adult who is no younger than age 19 and no older than age  
24 64.

25           In defining residency for the purposes of eligibility for the NC Health Care for  
26 Working Families program, the Department of Health and Human Services shall do so in a  
27 manner consistent with the residency requirements under North Carolina's Medicaid State Plan.

28           **SECTION 3.** Health care coverage. – The benefit package designed by the  
29 Department of Health and Human Services (DHHS) shall be similar to the coverage provided  
30 under North Carolina's 2017 Essential Health Benefits Benchmark Plan and the Blue Cross and  
31 Blue Shield of North Carolina Blue Options Preferred Provider Organization (PPO) Plan and  
32 shall comply with applicable federal requirements governing Alternative Benefit Plans. The  
33 benefit package designed by DHHS shall also focus on preventive care and participant wellness.  
34 Prepaid Health Plans, as defined under S.L. 2015-245, shall manage the benefits for the  
35 population covered by the NC Health Care for Working Families program through capitated  
36 contracts.

37           **SECTION 4.** Participant contributions. – NC Health Care for Working Families  
38 program participants shall pay an annual premium, billed monthly, that is set at two percent (2%)  
39 of the participant's household income. Participant contributions shall be utilized to fund the  
40 program as required by Section 7 of this act. Failure of a program participant to make a premium  
41 contribution within 90 days of its due date shall result in the suspension of the program participant  
42 from the program unless that program participant shows that he or she is exempt from the  
43 premium requirements prior to the expiration of that 90-day period. An individual who was  
44 suspended from the program for nonpayment of the monthly premium may reactivate coverage  
45 if that individual meets the eligibility requirements and pays the total amount in previously  
46 unpaid premiums owed by the individual. The Department of Health and Human Services  
47 (DHHS) shall adopt rules related to premium requirements, including exemptions from the  
48 requirements. Exemption from the premium requirements shall include only the following  
49 criteria:

- 50           (1) The participant's household income is below fifty percent (50%) of the federal  
51 poverty guidelines.

- 1 (2) The participant has a medical hardship.
- 2 (3) The participant has a financial hardship.
- 3 (4) The participant is an Indian Health Services beneficiary.
- 4 (5) The participant is a veteran in transition but actively seeking employment.

5 DHHS shall develop cost-effective methods of accepting participant contributions  
6 that facilitate the ability of participants to make the required contribution. DHHS shall take into  
7 consideration the methods of payment utilized by Indiana to accept Personal Wellness and  
8 Responsibility (POWER) account payments under its Healthy Indiana Plan.

9 **SECTION 5.** Program requirements. – In addition to the monthly premium  
10 contributions required by Section 4 of this act, the NC Health Care for Working Families program  
11 shall include the following requirements:

- 12 (1) Co-payments. – Co-payments under the program shall be comparable with the  
13 co-payments applied under the North Carolina Medicaid State Plan.
- 14 (2) Preventive care and wellness activities. – To promote health and wellness, the  
15 Department of Health and Human Services shall establish preventive care and  
16 wellness activities. Preventive care and wellness activities shall include  
17 routine physicals, routine screenings such as mammograms and  
18 colonoscopies, and weight management programs, as medically appropriate  
19 for the individual participant.
- 20 (3) Mandatory employment activities. – To increase employment, the Department  
21 of Health and Human Services shall establish employment activities for  
22 program participants that adhere to federal guidance and are aligned with the  
23 work requirements of the Able-Bodied Adults Without Dependents  
24 (ABAWDs) policy under the Supplemental Nutrition Assistance Program as  
25 much as possible, provided that exemptions from mandatory employment  
26 activities shall be limited to the following individuals:
  - 27 a. Individuals caring for a dependent minor child, an adult disabled child,  
28 or a disabled parent.
  - 29 b. Individuals who are in active treatment for a substance abuse disorder.
  - 30 c. Individuals determined to be medically frail or with an acute medical  
31 condition that would prevent the individual from complying with the  
32 employment requirements.
  - 33 d. Pregnant and post-partum women.
  - 34 e. Indian Health Services beneficiaries.
  - 35 f. Any other category of individuals required to be exempt by the Centers  
36 for Medicare and Medicaid Services.

37 **SECTION 6.** Defined measures and goals. – The NC Health Care for Working  
38 Families program shall be built on defined measures and goals for risk-adjusted health outcomes,  
39 quality of care, patient satisfaction, access, and cost. Each component shall be subject to specific  
40 accountability measures, including penalties. The Department of Health and Human Services  
41 may use organizations such as the National Committee for Quality Assurance (NCQA), the  
42 Physician Consortium for Performance Improvement (PCPI), or any others necessary to develop  
43 effective measures for outcomes and quality.

44 **SECTION 7.** Funding. – The following three sources shall be the only sources of  
45 funding for the NC Health Care for Working Families program:

- 46 (1) Federal funds. – The Department of Health and Human Services is required  
47 to seek the highest federal financial participation percentage available to fund  
48 the program.
- 49 (2) Participant contributions. – Participants in the program shall make monthly  
50 premium payments as required by Section 4 of this act.

- 1 (3) State and county funds. – The State and county share of costs that are not  
2 covered by federal funds or participant contributions will be funded through  
3 intergovernmental transfers and health care–related assessments, including,  
4 but not limited to, hospital assessments. It is the intent of the General  
5 Assembly that all State funds needed for the program shall be generated  
6 through increased revenue from current assessments and intergovernmental  
7 transfers, as well as new revenue from additional assessments enacted to meet  
8 the requirements of this act.

9 **SECTION 8.** Submission of State Plan amendments and implementation time line.  
10 – The Department of Health and Human Services shall submit all State Plan amendments and  
11 modifications to the 1115 demonstration waiver for Medicaid transformation as necessary to  
12 implement coverage under the NC Health Care for Working Families program required by this  
13 act. Subject to the contingencies in Section 9 of this act, coverage for newly eligible adults under  
14 this act shall begin no later than the earlier of the following:

- 15 (1) One hundred twenty days after the approval by the Center for Medicare and  
16 Medicaid Services of all State Plan amendments or amendments to the 1115  
17 demonstration waiver submitted under this Section.  
18 (2) July 1, 2020.

19 **SECTION 9.** Implementation and program continuation contingencies. – The State  
20 shall not be bound to provide coverage under the NC Health Care for Working Families program.  
21 Coverage under the NC Health Care for Working Families program shall not be implemented or  
22 shall be terminated if any of the following occurs:

- 23 (1) If the program approved by the Center for Medicare and Medicaid Services  
24 fails to comply with any of the program components required by this act,  
25 including the participant contributions required by Section 4 of this act or any  
26 of the program requirements specified in Section 5 of this act, then the NC  
27 Health Care for Working Families program shall not be implemented and the  
28 Department of Health and Human Services (DHHS) shall stop all activities  
29 related to implementation.  
30 (2) If legislation necessary to ensure that the State and county share of costs that  
31 are not covered by federal funds or participant contributions will be funded  
32 through health care–related assessments is not enacted as required by  
33 subdivision (3) of Section 7 of this act, then the NC Health Care for Working  
34 Families program shall not be implemented and DHHS shall continue to seek  
35 federal approval of the program if approval has not already been given, but  
36 shall stop all other activities related to implementation until the necessary  
37 legislation is enacted.  
38 (3) If the combination of funding sources identified in Section 7 of this act is not  
39 sufficient to initially fund or to provide a sustainable funding source to cover  
40 all costs of the program, then the NC Health Care for Working Families  
41 program shall not be implemented and DHHS shall stop all activities related  
42 to implementation.  
43 (4) If the federal medical assistance percentage (FMAP) for services provided  
44 through the program is less than ninety percent (90%), then the NC Health  
45 Care for Working Families program shall not be implemented and DHHS shall  
46 stop all activities related to implementation.  
47 (5) If, after the implementation of the program, the federal medical assistance  
48 percentage (FMAP) for services provided through the NC Health Care for  
49 Working Families program falls below ninety percent (90%), then, upon  
50 receipt of information indicating that the FMAP will be lower than ninety  
51 percent (90%), the Secretary of DHHS shall promptly provide notice of the

1 change in the FMAP to the Chairs of the Joint Legislative Oversight  
2 Committee on Medicaid and NC Health Choice and to the Fiscal Research  
3 Division. Coverage under the NC Health Care for Working Families program  
4 shall terminate on the last day the FMAP is ninety percent (90%) or greater.

- 5 (6) If, after implementation of the program, the combination of funding sources  
6 identified in Section 7 of this act is no longer sufficient to fund or provide a  
7 sustainable funding source to cover all costs of the program, then coverage  
8 under the NC Health Care for Working Families program shall terminate on  
9 the last day of the fiscal year in which the funding is no longer sufficient.

10 **SECTION 10.** Report. – No later than October 1, 2019, the Department of Health  
11 and Human Services (DHHS) shall submit to the Joint Legislative Oversight Committee on  
12 Medicaid and NC Health Choice a report with a design proposal for the NC Health Care for  
13 Working Families program. The report shall contain a strategy for obtaining approval for federal  
14 funding for the program. The report shall include the federal medical assistance percentage  
15 (FMAP) sought by DHHS and an analysis of the fiscal impact to the State that would result from  
16 the proposal. The report shall also include long-term strategies to fund the NC Health Care for  
17 Working Families program in such a way that the sources of funding identified in Section 7 of  
18 this act remain the only sources of funding for the program. As part of its report, DHHS shall  
19 submit either a copy of the draft demonstration waiver under Section 1115 of the Social Security  
20 Act necessary to effectuate the NC Health Care for Working Families program or a draft of any  
21 modifications to the 1115 demonstration waiver for Medicaid transformation.

## 22 23 **PART II. THE NORTH CAROLINA RURAL ACCESS TO HEALTHCARE GRANT** 24 **PROGRAM**

25 **SECTION 11.(a)** The title of Chapter 108B of the General Statutes is renamed to be  
26 "Community Action Programs and Rural Health Grants."

27 **SECTION 11.(b)** Chapter 108B of the General Statutes is amended by adding a new  
28 Article to read:

### 29 "Article 3.

#### 30 "Rural Access to Healthcare Grants.

#### 31 **"§ 108B-30. Definitions.**

32 The following definitions apply in this Article:

- 33 (1) Fund. – North Carolina Rural Access to Healthcare Grant Fund.  
34 (2) Office of Rural Health. – Department of Health and Human Services, Division  
35 of Central Management, Office of Rural Health.  
36 (3) Qualified applicant. – An individual or entity that meets criteria for applying  
37 for funds distributed under the Rural Access to Healthcare Grant Program, as  
38 established by the Office of Rural Health.

#### 39 **"§ 108B-31. Rural Access to Healthcare Grant Fund.**

40 (a) Establishment. – The North Carolina Rural Access to Healthcare Grant Fund is  
41 established as a special fund in the Department of Health and Human Services, Division of  
42 Central Management, Office of Rural Health. The fund may receive funds appropriated by the  
43 General Assembly and any gifts, grants, or donations from any public or private source.

44 (b) Purposes. – Funds in the North Carolina Rural Access to Healthcare Grant Fund shall  
45 be used, as available, to address the health care needs of citizens residing in the rural areas of this  
46 State.

#### 47 **"§ 108B-32. Rural Access to Healthcare Grant Program.**

48 (a) Any qualified applicant may apply for a grant from the Fund for any eligible activity.  
49 Eligible activities may include the following:

- 50 (1) Health care provider recruitment to rural areas of the State.

- 1           (2)    Loan forgiveness programs or activities for health care providers practicing in  
2           rural areas of the State. Any loan forgiveness programs or activities must be  
3           administered by the Department of Health and Human Services, Division of  
4           Central Management, Office of Rural Health.
- 5           (3)    Rural health care provider retention incentive programs.
- 6           (4)    Expansion of telehealth into rural areas of the State.
- 7           (5)    Programs that enhance and modernize medical technology utilized in rural  
8           areas of the State.
- 9           (6)    New clinical patient services for patients in rural areas of the State.
- 10          (7)    Activities that address and combat the abuse of opioids by citizens in rural  
11          areas of the State.
- 12          (8)    Infant mortality reduction efforts.
- 13          (9)    Modernization of health information technology systems in rural areas of the  
14          State.
- 15          (10) Expansion of mental health services into rural areas of the State, including  
16          crisis services.
- 17          (b)    The Office of Rural Health shall specify the form and the contents of the application  
18          for a grant from the Fund, including procedures for the submission of applications electronically.
- 19          (c)    The Office of Rural Health shall determine the meaning of the term "rural" as it  
20          applies to grants under this Article and shall define the term in a way that is consistent with the  
21          use of the term as it related to other programs within the Office of Rural Health.
- 22          (d)    No single grant award from the Fund shall exceed one million dollars (\$1,000,000)  
23          per year.
- 24          (e)    A recipient of a grant from the Fund may reapply for an additional grant under this  
25          section annually but shall be limited to a reapplication period of five years from the date the first  
26          grant award was made to the recipient.
- 27          (f)    In awarding grants, the Office of Rural Health shall consider the availability of other  
28          funds for the applicant, including whether the applicant is receiving a Community Health Grant,  
29          the incidence of poverty in the area addressed by the grant, and the number of individuals  
30          impacted by the eligible activity of the applicant.
- 31          (g)    The Office of Rural Health shall require grant recipients to report on objective,  
32          measurable quality health outcomes to the Office of Rural Health on an annual basis so long as  
33          the grantee is continuing to receive funds.
- 34          "**§ 108B-33. Rule-making authority.**
- 35          The Office of Rural Health shall adopt rules to implement this Article."

36                **SECTION 12.** If House Bill 114, 2019 Regular Session, becomes law, then it is the  
37                intent of the General Assembly to appropriate funds to the North Carolina Rural Access to  
38                Healthcare Grant Fund in an amount that represents the amount of revenue from the gross  
39                premiums tax that is attributable to capitation payments received by prepaid health plans as a  
40                result of the implementation of the NC Health Care for Working Families program required by  
41                Part I of this act.

42                **SECTION 13.** This act is effective when it becomes law.