

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1148*
Second Edition Engrossed 6/7/93

Short Title: Preferred Provider Contracts.

(Public)

Sponsors: Senator Sherron.

Referred to: Rules Suspended; Passed 1st; Referred to Pensions and Retirement.

May 11, 1993

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE PROVISIONS WHICH AFFECT THE TEACHERS' AND
3 STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 135-40.4 reads as rewritten:

6 "**§ 135-40.4. Benefits in general.**

7 (a) In the event a covered person, as a result of accidental bodily injury, disease
8 or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts
9 described in G.S. 135-40.5 through G.S. 135-40.9.

10 The Plan is divided into two parts. The first part includes certain benefits which are
11 not subject to a deductible or coinsurance. The second part is a comprehensive plan and
12 includes those benefits which are subject to both a two hundred fifty dollars (\$250.00)
13 deductible for each covered individual to an aggregate maximum of seven hundred fifty
14 dollars (\$750.00) per family and coinsurance of 80%/20%. There is a limit on out-of-
15 pocket expenses under the second part.

16 Notwithstanding the provisions of this Article, the Executive Administrator and
17 Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical
18 Plan may ~~begin the process of negotiating prospective rates of charges that are to be allowed~~
19 ~~under the Plan with preferred providers of institutional and professional medical care and~~
20 ~~services.~~ contract with providers of institutional and professional medical care and
21 services to established preferred provider networks. The design, adoption, and
22 implementation of such preferred provider contracts and networks are not subject to the
23 requirements of Chapter 143 of the General Statutes, provided that for any hospital

1 preferred provider network all hospitals will have an opportunity to contract with the
2 Plan if they meet the contract requirements. The Executive Administrator and Board of
3 Trustees shall, under the provisions of G.S. 135-39.5(12), pursue such preferred
4 provider contracts on a timely basis and shall make ~~monthly~~ reports as requested to the
5 President of the Senate, the President Pro Tempore of the Senate, the Speaker of the
6 House of Representatives, and the Committee on Employee Hospital and Medical
7 Benefits on its progress in negotiating such ~~prospective rates for allowable charges.~~
8 preferred provider contracts. The Executive Administrator and Board of Trustees shall
9 implement a refined diagnostic-related grouping or diagnostic-related grouping based
10 reimbursement system for hospitals as soon as practicable, but no later than January 1,
11 1995.

12 (b) As used in this section the term 'preferred provider contracts or networks'
13 includes but is not limited to a refined diagnostic-related grouping or diagnostic-related
14 grouping based system of reimbursement for hospitals."

15 Sec. 2. This act becomes effective upon ratification, but shall not affect the
16 question whether preferred provider contracts signed by hospitals which are parties to
17 litigation or administrative proceedings against the Plan filed before the date of
18 ratification are subject to the requirements of Chapter 143.