

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 861

Short Title: Insurance Reform Measures.

(Public)

Sponsors: Representatives Dockham; and Gardner.

Referred to: Insurance.

April 12, 1995

A BILL TO BE ENTITLED

AN ACT TO ENACT CERTAIN HEALTH INSURANCE REFORM MEASURES.

The General Assembly of North Carolina enacts:

Section 1. Article 3 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-3-185. Excess or stop loss coverage.

Insurance against the risk of an economic loss assumed by a plan sponsor under a less than fully underwritten employee health benefit plan is subject to the following:

(1) The policy must be issued by a licensed insurer to the employer, trustee, other sponsor of the plan, or the plan itself for the purpose of insuring the purpose or plan but not for the purpose of insuring the employees, members, or participants;

(2) Payment by the insurer must be made to the employer, to the trustee or other sponsor of the plan, or to the plan itself, but not to the employees, members, participants, or health care providers;

(3) If the policy establishes an aggregate attaching point or retention, the point or retention may not be less than the greater of:

a. One hundred twenty percent (120%) of the expected claims against the health benefit plan; or

- 1 b. One hundred fifty thousand dollars (\$150,000) for one plan year;
2 and
3 (4) If the policy establishes an attaching point or retention applicable to
4 each individual, the point or retention must not be less than twenty-five
5 thousand dollars (\$25,000)."

6 Sec. 2. G.S. 58-50-130(a)(2) reads as rewritten:

- 7 "(2) In determining whether a preexisting-conditions provision applies to an
8 eligible employee or to a dependent, all health benefit plans shall credit
9 the time the person was covered under a previous group health benefit
10 plan if the previous coverage was continuous to a date not more than 60
11 days before the effective date of the new coverage, exclusive of any
12 applicable waiting period under the plan. As used in this subdivision
13 with respect to previous coverage, 'health benefit plan' is not limited to
14 plans subject to this act under G.S. 58-50-115."

15 Sec. 3. G.S. 58-51-80(b)(3) reads as rewritten:

- 16 "(3) Policies may contain a provision limiting coverage for preexisting
17 conditions. Preexisting conditions must be covered no later than 12
18 months after the effective date of coverage. Preexisting conditions are
19 defined as 'those conditions for which medical advice or treatment was
20 received or recommended or which could be medically documented
21 within the 12-month period immediately preceding the effective date of
22 the person's coverage.' Preexisting conditions exclusions may not be
23 implemented by any successor plan as to any covered persons who have
24 already met all or part of the waiting period requirements under any
25 ~~prior group~~ previous plan. Credit must be given for that portion of the
26 waiting period which was met under the ~~prior~~ previous plan. As used in
27 this subdivision, a 'previous plan' includes any health benefit plan
28 provided by a health insurer, as those terms are defined in G.S. 58-51-
29 115, or any government plan or program providing health benefits or
30 health care. For employer groups of 50 or more ~~persons~~; persons and for
31 groups under subdivision (1a) of this subsection and under G.S. 58-51-
32 81: In determining whether a preexisting condition provision applies to
33 an eligible ~~employee~~ employee, association member, student, or to a
34 dependent, all health benefit plans shall credit the time the person was
35 covered under a previous ~~group health benefit~~ plan if the previous plan's
36 coverage was continuous to a date not more than 60 days before the
37 effective date of the new coverage, exclusive of any applicable waiting
38 period under the new coverage."

39 Sec. 4. G.S. 58-51-80(h) reads as rewritten:

- 40 "(h) Nothing contained in this section ~~shall be deemed applicable~~ applies to any
41 contract issued by any corporation defined in ~~Articles~~ Article 65 and 66 of this Chapter.
42 Subdivision (b)(3) of this section applies to MEWAs, as defined in G.S. 58-49-30(a)."

43 Sec. 5. G.S. 58-65-60(e)(2) reads as rewritten:

1 "(2) Employer master group contracts may contain a provision limiting
2 coverage for preexisting conditions. Preexisting conditions must be
3 covered no later than 12 months after the effective date of coverage.
4 Preexisting conditions are defined as 'those conditions for which
5 medical advice or treatment was received or recommended or which
6 could be medically documented within the 12-month period
7 immediately preceding the effective date of the person's coverage.'
8 Preexisting conditions exclusions may not be implemented by any
9 successor plan as to any covered persons who have already met all or
10 part of the waiting period requirements under any ~~prior group~~ previous
11 plan. Credit must be given for that portion of the waiting period which
12 was met under the ~~prior~~ previous plan. As used in this subdivision, a
13 'previous plan' includes any health benefit plan provided by a health
14 insurer, as those terms are defined in G.S. 58-51-115, or any
15 government plan or program providing health benefits or health care.
16 For employer groups of 50 or more persons: In determining whether a
17 preexisting condition provision applies to an eligible employee or to a
18 dependent, all health benefit plans shall credit the time the person was
19 covered under a previous ~~group health benefit~~ plan if the previous plan's
20 coverage was continuous to a date not more than 60 days before the
21 effective date of the new coverage, exclusive of any applicable waiting
22 period under the new coverage."

23 Sec. 6. G.S. 58-67-85(c) reads as rewritten:

24 "(c) Employer master group contracts may contain a provision limiting coverage
25 for preexisting conditions. Preexisting conditions must be covered no later than 12
26 months after the effective date of coverage. Preexisting conditions are defined as 'those
27 conditions for which medical advice or treatment was received or recommended or which
28 could be medically documented within the 12-month period immediately preceding the
29 effective date of the person's coverage.' Preexisting conditions exclusions may not be
30 implemented by any successor plan as to any covered persons who have already met all
31 or part of the waiting period requirements under any ~~prior group~~ previous plan. Credit
32 must be given for that portion of the waiting period which was met under the ~~prior~~
33 previous plan. As used in this subdivision, a 'previous plan' includes any health benefit
34 plan provided by a health insurer, as those terms are defined in G.S. 58-51-115, or any
35 government plan or program providing health benefits or health care. ~~For employer groups~~
36 ~~of 50 or more persons:~~ In determining whether a preexisting condition provision applies to
37 an eligible employee or to a dependent, all health benefit plans shall credit the time the
38 person was covered under a previous ~~group health benefit~~ plan if the previous plan's
39 coverage was continuous to a date not more than 60 days before the effective date of the
40 new coverage, exclusive of any applicable waiting period under the new coverage."

41 Sec. 7. G.S. 58-51-15(a)(2)b. reads as rewritten:

42 "b. ~~No claim for loss incurred or disability (as defined in the policy)~~
43 ~~commencing after two years from the date of issue of this policy~~

1 ~~shall be reduced or denied on the ground that a disease or~~
2 ~~physical condition not excluded from coverage by name or~~
3 ~~specific description effective on the date of loss had existed prior~~
4 ~~to the effective date of coverage of this policy. — This policy~~
5 ~~contains a provision limiting coverage for preexisting conditions.~~
6 Preexisting conditions must be covered no later than one year
7 after the effective date of coverage. Preexisting conditions are
8 defined as 'those conditions for which medical advice or
9 treatment was received or recommended or that could be
10 medically documented within the one-year period immediately
11 preceding the effective date of the person's coverage.'
12 Preexisting conditions exclusions may not be implemented by
13 any successor plan as to any covered persons who have already
14 met all or part of the waiting period requirements under any
15 previous plan. Credit must be given for that portion of the
16 waiting period that was met under the previous plan. As used in
17 this policy, the term 'previous plan' includes any health benefit
18 plan provided by a health insurer, as those terms are defined in
19 G.S. 58-51-115, or any government plan or program providing
20 health benefits or health care. In determining whether a
21 preexisting condition provision applies to an insured person, all
22 health benefit plans must credit the time the person was covered
23 under a previous plan if the previous plan's coverage was
24 continuous to a date not more than 60 days before the effective
25 date of the new coverage, exclusive of any applicable waiting
26 period under the new coverage."

27 Sec. 8. This act is effective upon ratification and applies to all plans and
28 policies with an inception, renewal, or anniversary date on or after October 1, 1995.