



HOUSE BILL 655: NC Health Care for Working Families.

2019-2020 General Assembly

Committee:

Introduced by: Reps. Lambeth, Dobson, White

Analysis of: Third Edition

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OVERVIEW: *Part I of H655 directs the Department of Health and Human Services (DHHS) to design and implement the NC Health Care for Working Families program to provide coverage to certain individuals who are currently ineligible for Medicaid and unable to afford health insurance.*

Part II of H655 establishes and appropriates funding to the Rural Access to Healthcare Grant Fund in DHHS's Office of Rural Health to be used to address the health care needs of citizens living in rural areas of the State through the Rural Access to Healthcare Grant Program.

The Third Edition contains the following changes from the Second Edition:

- *Extends to 120 days the amount of time before a NC Health Care for Working Families program participant would be suspended from the program for failure to make a premium contribution in Section 4 of the bill.*
- *Adds immunizations to the list of preventative care and wellness activities in Section 5 of the bill.*
- *Revises the caregiver exception from the work requirement in Section 5 of the PCS to limit the exemption to caregivers who are the primary caregiver living in in the home and to extend the exemption to caregivers for a medically frail adult child, a disabled spouse, or a disabled and medically frail relative.*
- *Adds two program contingencies to Section 9 of the PCS: (i) if any program component cannot be implemented, then coverage will not be provided until all program components can be implemented, and (ii) if the federal government does not allow for participant contributions to be treated as State funds eligible for federal matching funds, the program shall not be implemented.*
- *Requires DHHS quarterly to post data comparing the estimated eligible population for the NC Health Care for Working Families program to actual participation, in Section 10.1 of the PCS.*
- *Adds activities that reduce or eliminate health disparities to the list of activities eligible for Rural Access to Healthcare Grant funding in Section 11(b) of the bill.*

Removes from Section 12 the condition that the bill is only effective upon enactment of H966 (the 2019 Current Operations Appropriations Act). Instead, Sections 9 and 11 provide for contingencies if certain legislation pertaining to the gross premiums tax is not enacted.

BILL ANALYSIS:

Part I: NC Health Care for Working Families

Section 1 states the General Assembly's intent to facilitate the design of a health care program that addresses the needs of North Carolinians committed to a healthy lifestyle who are currently ineligible for Medicaid and unable to afford health insurance. This section directs DHHS to design the NC Health Care

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for Working Families program based on the requirements set forth in **Part I** of the PCS. The requirements for the program design include:

- To be eligible, a program participant must be between the ages of 19 and 64, meet federal citizenship and immigration requirements, have income that does not exceed 133% of the federal poverty level, be ineligible for Medicaid under North Carolina's current Medicaid program, and not be covered by Medicare, as described in **Section 2**.
- The program shall cover health care benefits under an alternative benefits plan that provides coverage that is similar to the benefits offered by the North Carolina's current Medicaid program, as described in **Section 3**. Benefits shall be managed by Prepaid Health Plans.
- Program participants must pay an annual premium equal to 2% of the participant's annual income, billed on a monthly basis, as described in **Section 4**. A program participant who fails to make the premium contribution within 120 days of its due date will be suspended from participation in the program, but may have coverage reactivated upon payment of the previously unpaid premiums. Program participants must pay copayments comparable to the current Medicaid copayments, as described in **Section 5**.
- A program participant who meets any of the following criteria is exempt from the premium contribution requirement: has income below 50% of the federal poverty level, is experiencing a medical or financial hardship, is an Indian Health Services beneficiary, or is a veteran in transition but actively seeking employment, as described in **Section 4**.
- Requires preventative care and wellness activities to be established by DHHS, as described in **Section 5**.
- Requires employment activities for program participants, to be established by DHHS, that adhere to federal guidance and are aligned with the work requirements of the Able-Bodied Adults Without Dependents policy under the Supplemental Nutrition Assistance Program (formerly Food Stamps), as described in **Section 5**. Individuals who are exempt from the employment activities are as follows:
 - Individuals living in the home with, and serving as the primary caregiver for, a dependent minor child; a disabled or medically frail adult child; or a disabled parent, disabled spouse, or other disabled and medically frail relative.
 - Individuals who are in active treatment for a substance abuse disorder.
 - Individuals determined to be medically frail or with an acute medical condition that would prevent the individual from complying with the employment requirements.
 - Pregnant and post-partum women.
 - Indian Health Services beneficiaries.
 - Any other category of individuals required to be exempt by the Centers for Medicare and Medicaid Services (CMS).
- The program shall be built on defined measures and goals for risk-adjusted health outcomes, quality of care, patient satisfaction, access, and cost, and shall be subject to accountability measures and penalties, as described in **Section 6**.

Funding for the NC Health Care for Working Families program will come from federal funds, program participant contributions, intergovernmental transfers, gross premiums tax revenue, and receipts from an additional hospital assessment, as described in **Section 7**.

The NC Health Care for Working Families program will begin July 1, 2020, or 120 days after approval by CMS, whichever is earlier, under **Section 8**.

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Section 9 directs that the program be terminated or not implemented under certain circumstances, including if the program approved by CMS does not materially comply with the requirements of the bill, if funding is inadequate, or if the federal funding percentage for services costs is less than 90%.

Section 10 requires DHHS to submit a report on the program design to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by March 1, 2020.

Section 10.1 requires DHHS quarterly to post data comparing the estimated eligible population for the program to actual participation in the program.

Part II: Rural Access to Healthcare Grant Fund

Section 11 establishes the Rural Access to Healthcare Grant Fund under G.S. 108B-31 as a special fund in DHHS to be used to support the Rural Access Healthcare Grant Program, established under G.S. 108B-32. This section directs the Director of the Budget to include the following appropriations to the Grant Fund in the base budget:

- For the 2020-2021 fiscal year, \$25,000,000.
- For the 2021-2022 fiscal year, \$30,000,000.
- For the 2022-2023 fiscal year, and every fiscal year thereafter, \$50,000,000.

These appropriations are intended to represent a portion of the amount of revenue from the gross premiums tax that is attributable to capitation payments received by prepaid health plans as a result of the implementation of the NC Health Care for Working Families program required by **Part I** of the bill.

Under the Rural Access to Healthcare Grant Program, eligible applicants could apply for a grant, not to exceed \$1,000,000, for the following activities:

- Health care provider recruitment to rural areas of the State.
- Loan forgiveness programs or activities for providers practicing in rural areas of the State.
- Rural health care provider retention incentive programs.
- Expansion of telehealth into rural areas of the State.
- Programs that enhance and modernize medical technology utilized in rural areas of the State.
- New clinical patient services for patients in rural areas of the State.
- Activities that address and combat the abuse of opioids by citizens in rural areas of the State.
- Infant mortality reduction efforts.
- Modernization of health information technology systems in rural areas of the State.
- Expansion of mental health services into rural areas of the State, including crisis services.
- Activities that reduce or eliminate health disparities.

In determining grant awards, the Office of Rural Health must consider the availability of funds for the applicant, the incidence of poverty in the area addressed by the grant, and the number of individuals impacted by the grant. Grant recipients must report annually on health outcomes. Recipients of grant funds may reapply for additional grants annually but are limited to a reapplication period of five years from the date the first grant award was made to the recipient.

EFFECTIVE DATE: Section 11 of the bill is effective only if legislation necessary to ensure that the premiums tax levied under G.S. 105-228.5 applies to capitation payments received by Prepaid Health Plans, as defined in G.S. 108D-1, in the same manner in which the tax is applied to the gross premiums from business done in this State for all other health care plans and contracts of insurance provided by

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insurers or health maintenance organizations subject to the tax is enacted. The remainder of the bill is effective when it becomes law.