

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017**

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**HOUSE BILL 662**

Short Title: Carolina Cares. (Public)

Sponsors: Representatives Lambeth, Murphy, Dobson, and White (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Health Care Reform

April 11, 2017

A BILL TO BE ENTITLED  
AN ACT TO PROVIDE HEALTH COVERAGE TO RESIDENTS OF NORTH CAROLINA  
UNDER THE CAROLINA CARES PROGRAM.

The General Assembly of North Carolina enacts:

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

Further, it is the intent of the General Assembly that coverage under the Carolina Cares program shall be offered coincident with the implementation of Medicaid transformation and Prepaid Health Plans operating under the 1115 demonstration waiver, as provided for in S.L. 2015-245, as amended. DHHS may modify the 1115 demonstration waiver for Medicaid transformation that was submitted on June 1, 2016, to include Carolina Cares program.

**SECTION 2.** Population to be covered. – Residents of North Carolina who meet all of the following criteria shall be covered by the Carolina Cares program:

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

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



1           **SECTION 3.** Health care coverage. – The benefit package designed by the  
2 Department of Health and Human Services (DHHS) shall be similar to the coverage provided  
3 under North Carolina's 2017 Essential Health Benefits Benchmark Plan and the Blue Cross and  
4 Blue Shield of North Carolina Blue Options Preferred Provider Organization (PPO) Plan and  
5 shall comply with applicable federal requirements governing Alternative Benefit Plans. The  
6 benefit package designed by DHHS shall also focus on preventative care and participant  
7 wellness. Prepaid Health Plans, as defined under S.L. 2015-245, shall manage the benefits for  
8 the population covered by the Carolina Cares program through capitated contracts.

9           **SECTION 4.** Participant contributions. – Carolina Cares program participants shall  
10 pay an annual premium, billed monthly, that is set at two percent (2%) of the participant's  
11 household income. Participant contributions shall be utilized to fund the Carolina Cares  
12 program as required by Section 5 of this act. Failure of a program participant to make a  
13 premium contribution within 60 days of its due date shall result in the termination of the  
14 program participant from the Carolina Cares program unless that program participant shows  
15 that he or she is exempt from the premium requirements prior to the expiration of that 60-day  
16 period. An individual who was disenrolled from the program for nonpayment of the monthly  
17 premium may reenroll if that individual meets the eligibility requirements and pays the amount  
18 in previously unpaid premiums owed by the individual. The Department of Health and Human  
19 Services shall adopt rules related to premium requirements, including exemptions from the  
20 requirements. Exemption from the premium requirements shall include only the following  
21 criteria:

- 22           (1) The participant's household income is below fifty percent (50%) of the  
23 federal poverty guidelines.
- 24           (2) The participant has a medical hardship.
- 25           (3) The participant has a financial hardship.
- 26           (4) The participant is a member of a federally recognized tribe.
- 27           (5) The participant is a veteran in transition but actively seeking employment.

28           The Department of Health and Human Services (DHHS) shall propose  
29 cost-effective methods of accepting participant contributions that facilitate the ability of  
30 participants to make the required contribution. DHHS shall take into consideration the methods  
31 of payment utilized by Indiana to accept Personal Wellness and Responsibility (POWER)  
32 account payments under its Healthy Indiana Plan.

33           **SECTION 5.** Program requirements. – In addition to the monthly premium  
34 contributions required by Section 4 of this act, the Carolina Cares program shall include the  
35 following requirements:

- 36           (1) Co-payments. – Co-payments under the Carolina Cares program shall be  
37 comparable with the co-payments applied under the North Carolina  
38 Medicaid State Plan.
- 39           (2) Preventative care and wellness activities. – To promote health and wellness,  
40 the Department of Health and Human Services shall establish preventive  
41 care and wellness activities. Preventive care and wellness activities shall  
42 include routine physicals, routine screenings such as mammograms and  
43 colonoscopies, and weight management programs, as medically appropriate  
44 for the individual participant.
- 45           (3) Mandatory employment activities. – To increase employment and  
46 community engagement, Carolina Cares program participants must be  
47 employed or engaged in activities to promote employment. Exemptions from  
48 mandatory employment activities shall be limited to the following  
49 individuals:
  - 50           a. Individuals caring for a dependent minor child, an adult disabled  
51 child, or a disabled parent.

1                   b.       Individuals who are in active treatment of substance abuse.

2                   c.       Individuals determined to be medically frail.

3                   **SECTION 6.** Defined measures and goals. – The Carolina Cares program shall be  
4 built on defined measures and goals for risk-adjusted health outcomes, quality of care, patient  
5 satisfaction, access, and cost. Each component shall be subject to specific accountability  
6 measures, including penalties. The Department of Health and Human Services may use  
7 organizations such as the National Committee for Quality Assurance (NCQA), the Physician  
8 Consortium for Performance Improvement (PCPI), or any others necessary to develop effective  
9 measures for outcomes and quality.

10                  **SECTION 7.** Funding. – The following three sources shall be the only sources of  
11 funding for the Carolina Cares program:

12                  (1)       Federal funds. – The Department of Health and Human Services is required  
13 to seek the highest federal financial participation percentage available to  
14 fund the Carolina Cares program. After the establishment of the federal  
15 medical assistance percentage (FMAP) for the Carolina Cares program, the  
16 State shall have the option to end the Carolina Cares program if that FMAP  
17 is ever reduced by the federal government.

18                  (2)       Participant contributions. – Participants in the Carolina Cares program shall  
19 make monthly premium payments as required by Section 4 of this act.

20                  (3)       State funds. – The State share of costs that are not covered by federal funds  
21 or participant contributions will be funded through health care-related  
22 assessments, including, but not limited to, hospital assessments. It is the  
23 intent of the General Assembly that all State funds needed for the Carolina  
24 Cares program shall be generated through these assessments.

25                  If the combination of funding sources identified in this section is not sufficient to  
26 initially fund or to provide a sustainable funding source to cover all costs of the Carolina Cares  
27 program, then the program shall not be implemented.

28                  **SECTION 8.** No later than January 1, 2018, the Department of Health and Human  
29 Services (DHHS) shall submit to the Joint Legislative Oversight Committee on Medicaid and  
30 NC Health Choice a report with a design proposal for the Carolina Cares program. The report  
31 shall contain a strategy for obtaining approval for federal funding for the Carolina Cares  
32 program. The report shall include the federal medical assistance percentage (FMAP) sought by  
33 DHHS and an analysis of the fiscal impact to the State that would result from the proposal.  
34 The report shall also include long-term strategies to fund the Carolina Cares program in such a  
35 way that the sources of funding identified in Section 7 of this act remain the only sources of  
36 funding for the program. As part of its report, DHHS shall submit either a copy of the draft  
37 demonstration waiver under Section 1115 of the Social Security Act necessary to effectuate the  
38 Carolina Cares program or a draft of any modifications to the 1115 demonstration waiver for  
39 Medicaid transformation that was submitted on June 1, 2016.

40                  **SECTION 9.** This act is effective when it becomes law.