

Insurance

See full summary documents for additional detail

H16 - Repeal Outdated Reports. (SL 2015-92)

S.L. 2015-92 repeals outdated, unnecessary, and duplicative insurance reporting requirements as recommended by the Department of Insurance.

This act became effective June 19, 2015.

H97 - 2015 Appropriations Act, Sec. 15.13B: Industrial Commission/Reimbursement for Prescription Drugs and Professional Pharmaceutical Services (SL 2015-241)

Sec. 15.13B of S.L. 2015-241 amends the law related to drug reimbursement in workers' compensation as follows:

- By adding prescribed over-the-counter drugs as one of the items for which the reimbursement amount must be established by law. Prior to this change, only the reimbursement amount for prescription drugs and professional pharmaceutical services was established by law.
- By setting the reimbursement amount for prescription drugs, prescribed over-the-counter drugs, and professional pharmaceutical services as the lesser of 95% of the average wholesale price of the product, calculated on a per unit basis, as of the date of dispensing, or the reimbursement amount provided for in an agreement between the dispensing health care provider and the payor employer or workers' compensation insurance carrier.
- By requiring all health care providers seeking reimbursement for prescription drugs, prescribed over-the-counter drugs, and professional pharmaceutical services to comply with the requirements for reimbursement in G.S. 97-26.2(b). Prior to this change, only a physician was required to comply with the requirements for reimbursement.

This section became effective October 1, 2015.

H97 - 2015 Appropriations Act, Sec. 20.2: Synchronization of Prescription Refills (SL 2015-241)

Sec. 20.2 of S.L. 2015-241, as amended by Sec. 90.2 of S.L. 2015-264, allows patients, health care providers, and pharmacists to synchronize filling multiple prescription drugs under health insurance plans that provide prescription drug coverage. Certain conditions apply including: the medications are covered by the clinical drug coverage; the medications must be for the treatment of a chronic illness and subject to refill; and the medications are not for Schedule II or Schedule III drugs.

This section becomes effective August 1, 2016, and applies to insurance contracts issued, renewed, or amended on or after that date.

H147 - Update Fire and Rescue Commission Membership (SL 2015-39)

S.L. 2015-39 updates the membership of the State Fire and Rescue Commission and clarifies the powers of the Commission.

This act became effective July 1, 2015.

H148 - Insurance Required for Mopeds (SL 2015-125)

S.L. 2015-125, as amended by Sec. 42(a) and (b) of S.L. 2015-264, amends the law related to mopeds by:

- Requiring mopeds to be insured;
- Clarifying that sellers of mopeds are not required to be licensed as motor vehicle dealers; and
- Clarifying that mopeds do not have to be titled.

Clarifying changes related to motor vehicle dealer licensing and titling became effective July 1, 2015, to coincide with the effective date of the new moped registration requirement. The remainder of the act becomes effective July 1, 2016, and applies to offenses committed on or after that date.

H154 - Local Governments in State Health Plan (SL 2015-112)

Please see the STATE GOVERNMENT subject area for the summary of this act.

H163 - Captive Insurance Amendments (SL 2015-99)

S.L. 2015-99 makes enhancements and various technical and substantive statutory changes to the laws governing captive insurance companies in the State, as recommended by the Department of Insurance.

This act became effective June 19, 2015.

H190 - State Health Plan Modifications (SL 2015-100)

S.L. 2015-100 makes a number of modifications to the State Health Plan, including:

- Amends the statute pertaining to enrollment to allow retirees and surviving spouses to disenroll themselves or their dependents from the Plan during the Plan year without a qualifying event.
- Amends the statute to provide that coverage ceases on the earliest of the last day of the month or as soon thereafter as administratively feasible, in which the Plan approves cancellation of coverage for an employee or retired employee.

- Adds "employees eligible for coverage on a noncontributory basis" to the statute pertaining to partially contributory coverage.
- Provides eligibility for coverage under the Plan on a fully contributory basis to Disability Income Plan Beneficiaries.
- Removes some references to preexisting conditions and waiting periods from eligibility provisions.
- Adds "other contributory basis" to enrollment language pertaining to new employees that must be given the opportunity to enroll or decline enrollment for themselves and their dependents within 30 days from the date of employment or from first becoming eligible on a partially contributory or other contributory basis.

This act became effective July 1, 2015.

H255 - Building Code Regulatory Reform (SL 2015-145)

S.L. 2015-145 makes various changes to the laws relating to the State Building Code, including:

- Conforming work in progress inspection authority to recently enacted inspection limitations.
- Directing the Building Code Council to study the alternate methods approval process.
- Clarifying the definition of official misconduct for code officials.
- Raising the threshold for requirement of a building permit from \$5,000 to \$15,000.
- Creating a Residential Code Committee and a Building Code Committee within the Building Code Council to oversee the process by which the Council conducts revisions and to advise the Council on certain issues.
- Requiring internet posting of certain council decisions and interpretations.
- Clarifying that inspection fees collected by cities and counties can only be used to support the inspection department.
- Requiring that inspections be performed in full and in a timely manner and that inspection reports include all items failing to meet code requirements.
- Authorizing inspection and certification of components or elements of buildings by licensed architects or licensed engineers.
- Exempting certain commercial building projects from the requirement of a professional architectural seal.

This act became effective October 1, 2015.

H262 - Surplus Lines Amendments (SL 2015-101)

S.L. 2015-101, as amended by Sec. 7 of S.L. 2015-281, amends the Surplus Lines Act as follows:

- Amends the definition of "eligible surplus lines insurer" to include an "alien insurer."
- Allow a surplus lines insurer to file with the appropriate stamping office, in addition to filing relevant information with the Commissioner of Insurance.
- Effective January 1, 2017, repeals the requirement that nonresident surplus lines licensees be licensed under Article 33 of Chapter 58 of the General Statutes, Licensing of Agents, Brokers, Limited Representatives and Adjusters.

- Effective January 1, 2017, deletes language requiring a surplus lines licensee to have required reports to the Department of Insurance countersigned by a resident licensee or by a regulatory support organization.
- Effective January 1, 2017, makes changes the remittance of the surplus lines tax to conform to other changes in the act.

Except as otherwise provided, this act became effective June 19, 2015.

H288 - Insurance Technical Changes. (SL 2015-146)

S.L. 2015-146, as amended by Sec. 13 of S.L. 2015-281, amends North Carolina's insurance laws governing (i) insurance company holding systems, (ii) risk-based capital requirements for life insurers, and (iii) corporate governance requirements for risk retention groups that are required to be enacted by 2017 to allow the Department of Insurance to maintain its accreditation with the National Association of Insurance Commissioners (NAIC). The changes include the incorporation of model act provisions from the NAIC and sections from North Carolina's Administrative Code and various technical and substantive statutory changes recommended by the Department.

This act also adds a new section to The Vehicle Financial Responsibility Act which allows proof of financial responsibility to be shown in a physical or electronic format and also creates a new law allowing automobile insurers to file individually with the Commissioner of Insurance for approval of optional enhancements to their automobile or homeowners' policies.

This act has multiple effective dates. The provisions of this act pertaining to insurance company holding systems became effective July 1, 2015. The provision of this act pertaining to risk-based capital requirements for life insurers becomes effective January 1, 2017. The provision of this act pertaining to optional enhancements became effective July 1, 2015, and applies to optional enhancements, as described in that section, filed, and approved on or after that date. Except as otherwise provided, the remainder of this act became effective July 13, 2015.

H361 - Principle-Based Reserving/Revise Insurance Laws (SL 2015-281)

S.L. 2015-281 does the following:

- Provides for a principle-based reserving approach to valuing life insurance reserves in North Carolina and makes conforming changes to the Standard Nonforfeiture Law.
- Makes clarifying and conforming changes to various provisions of North Carolina's insurance laws, as requested by the Department of Insurance.
- Revises North Carolina's insurance policy renewal provision.
- Amends the definition of "small employer."

This act has multiple effective dates. Please see the full summary for more detail.

H372 - Medicaid Transformation and Reorganization (SL 2015-245)

S.L. 2015-245 requires transformation of the Medicaid and Health Choice programs in the following ways:

- Requires transition of the current Medicaid and NC Health Choice service delivery system to capitated contracts with Prepaid Health Plans (PHPs).
- Creates a new Division of Health Benefits (DHB) within the Department of Health and Human Services (DHHS) to plan and implement transformation of the programs.
- Creates a new Joint Legislative Oversight Committee on Medicaid and NC Health Choice (Medicaid Oversight Committee) to oversee the programs and the transformation process and outlines specific dates for DHHS to report to the Committee.

Key components of the transition to capitated contracts with PHPs include the following:

- The entities eligible for a PHP contract are provider-led entities (PLEs) and commercial plans (CPs). Both PLEs and CPs must meet solvency criteria developed by the Department of Insurance to be eligible for a capitated PHP contract.
- PHPs will receive capitated per-member per-month payments to provide all covered services for their enrolled beneficiaries.
- Geographical coverage of PHPs will include statewide and regional plans. Statewide contracts will be awarded to 3 PHPs, and up to 10 regional contracts may be awarded to PLEs in 6 regions, which will be defined by the new Division of Health Benefits and will cover the entire State.
- Populations covered by the PHPs will include all Medicaid and Health Choice beneficiaries, except beneficiaries who are dually eligible for Medicare and Medicaid.
- Services covered by the PHPs will include all services, except for dental services, and except that local management entities/managed care organizations (LME/MCO) services will be provided through existing arrangements during the first 4 years of capitated PHP contracts. The primary care case management function provided by Community Care of North Carolina (CCNC) will transition to PHPs.
- The timeline for implementation requires that capitated payments under PHP contracts will begin 18 months after approval of the plan by the federal government, with submission of documents to the federal government required by June 1, 2016.

The new law pertaining to the appointment process and term of office for the Director of the Division of Health Benefits becomes effective January 1, 2021. The effective date of the new law requiring a cooling-off period for certain DHHS employees is November 1, 2015. The remainder of this act became effective September 23, 2015.

H446 - Amend Statutes Governing Bail Bondsmen (SL 2015-180)

S.L. 2015-180 makes the following changes to the laws governing bail bondsmen:

- Increases the minimum age to qualify for licensure as a bail bondsman or a runner from 18 to 21 years of age.
- Lengthens the time within which a bondsman is required to return collateral after termination of liability on the bond from 72 hours to 15 days.

- Directs the Commissioner to return the portion of the security deposit in excess of that required to secure outstanding bond liability in the event of death, permanent incapacitation, or other circumstance resulting in the return of a bondsman's license.
- Grants bondsmen access to the Administrative Office of the Court's civil records.

This act became effective August 5, 2015, and applies to applications for licenses filed on or after that date.

H652 - Right to Try Act for Terminally Ill Patients (SL 2015-137)

S.L. 2015-137 establishes a process by which eligible patients who are terminally ill may obtain access to investigational drugs, biological products, and devices so long as various requirements are met.

This act became effective October 1, 2015.

H706 - Building Code/Rustic Cabins (SL 2015-19)

S.L. 2015-19 modifies the regulation of open air camp cabins under the North Carolina Building Code. "Open air camp cabin" means a single-story structure that (i) has three walls consisting of at least twenty percent (20%) screened openings no more than 44 inches above the floor; (ii) has no heating or cooling system; (iii) is occupied for no more than 150 days within any rolling 365-day time span; and (iv) accommodates 36 or fewer persons.

This act provides that for open air camp cabins, the Building Code Council must not enforce requirements more stringent than the following:

- The open air camp cabin must have at least two remote unimpeded exits, but lighted exit signs are not required.
- The open air camp cabin is not required to have plumbing or electrical systems, but if the cabin has these systems, then the provisions of the Building Code otherwise applicable to those systems apply.
- Smoke detectors and handheld fire extinguishers may be required as otherwise provided in the Building Code, but no requirement for a sprinkler system may be imposed.

The Building Code Council must amend the Building Code to be consistent with these provisions.

This act became effective May 14, 2015.

H765 - Regulatory Reform Act of 2015, Sec. 4.38: Study Flood Elevations and Building Height Requirements (SL 2015-286)

Sec. 4.38 of S.L. 2015-286 directs the Department of Insurance, the Department of Public Safety, and the Building Code Council to jointly study how flood elevations and building heights for structures are established and measured in the coastal region of the State. The Departments and Council must

specifically consider how flood elevations and coastal building height requirements affect flood insurance rates and how height calculation methods might be made more consistent and uniform in order to provide flood insurance rate relief. The Departments and Council must engage a broad group of stakeholders in the conduct of this study and jointly report the results of the study, including any legislative recommendations, by March 1, 2016, to the 2015 General Assembly.

This section became effective October 22, 2015.

S119 - GSC Technical Corrections 2015, Sec. 45: Affiliate Transfer of Policies (SL 2015-264)

Sec. 45 of S.L. 2015-264 provides that delivery of a new policy by an insurer is not a refusal to renew if delivered by the same insurer or an affiliate or subsidiary of the insurer with financial strength as good the insurer issuing the superseded policy.

This section became effective October 1, 2015, and expires June 30, 2016.

S195 - Motor Vehicle Service Agreement Amendments (SL 2015-283)

S.L. 2015-283 does the following:

- Defines ancillary anti-theft protection program and ancillary anti-theft protection program warranty.
- Clarifies what is included in motor vehicle service agreements.
- Clarifies that ancillary anti-theft protection programs and warranties and motor vehicle service agreements are not contracts of insurance.
- Makes conforming changes to related statutes.

This act became effective October 1, 2015.

S487 - Health Choice Technical Revisions (SL 2015-96)

S.L. 2015-96 amends various obsolete statutes governing the Health Insurance Program for Children (North Carolina Health Choice), as recommended by the Department of Health and Human Services.

This act became effective June 19, 2015.

S665 - Unclaimed Life Insurance Benefits (SL 2015-236)

S.L. 2015-236 requires an insurance company that is authorized to transact life insurance business in North Carolina to determine, semi-annually, if that insurer's records of in-force policies, annuities, and account owners cross-match with any record in the United States Social Security Administration's death

master file or a similar database, with some exceptions. Upon a match, the insurer is required to engage in a good-faith effort to verify the death and locate any beneficiaries.

Generally, this act became effective October 1, 2015.

S694 - Reagan's Rule/Enforce Pharmacy Benefits Management, Sec. 2: Penalties for Pharmacy Benefit Managers (SL 2015-273)

Sec. 2 of S.L. 2015-273 expressly grants the Commissioner of Insurance enforcement authority over Pharmacy Benefits Managers (PBMs), allowing the Commissioner to impose a monetary penalty of between \$100 and \$1,000 per day for each prescription drug resulting from the PBM's failure to comply with the requirements pertaining to maximum allowable cost required by law (G.S. 58-56A-5). The Commissioner may also petition the Superior Court of Wake County for an order directing the PBM to pay restitution if the Commissioner finds that a violation of the laws pertaining to pharmacy benefits management (Article 56A of Chapter 58 of the General Statutes) has occurred.

This section becomes effective July 1, 2016.

[The section of S.L. 2015-273 that pertains to childhood diabetes education is summarized in the HEALTH AND HUMAN SERVICES subject area.]