

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

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**HOUSE BILL 1062**

Short Title: Child Support/Health Coverage.

(Public)

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Sponsors: Representatives Berry; Gardner, McMahan, Morris, Preston, Reynolds, Russell, Shubert, Tolson, C. Wilson, and G. Wilson.

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Referred to: Human Resources, if favorable, Finance.

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April 21, 1997

**A BILL TO BE ENTITLED**

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2 **AN ACT TO REQUIRE THE DEPARTMENT OF HUMAN RESOURCES TO**  
3 **DEVELOP AND IMPLEMENT A PLAN FOR PROVIDING LOW-COST HEALTH**  
4 **INSURANCE COVERAGE TO CHILDREN WHOSE PARENTS ARE ORDERED**  
5 **TO PROVIDE MEDICAL SUPPORT UNDER ORDERS ENFORCED BY THE**  
6 **DEPARTMENT.**

7 The General Assembly of North Carolina enacts:

8       Section 1. (a) The Department of Human Resources shall develop and  
9 implement a program to provide low-cost health care coverage for children for whom the  
10 Department enforces child support orders. The purpose of the program is to increase the  
11 number of these children who have health care coverage by offering their parents a  
12 choice of health care plans the premiums for which are lower than that available through  
13 the employer or on the individual market. Persons eligible for the program are  
14 noncustodial parents who are under an order enforced by the Department to provide  
15 medical support for their dependent children. The program shall:

- 16       (1) Include procedures for soliciting proposals from private health insurers,  
17 including managed care companies, to participate in the program;  
18       (2) Provide for administration of benefits and premium collections by a  
19 Third Party Administrator selected by private health insurers;

- 1 (3) Ensure that access to the Plan is available to eligible children throughout  
2 the State; and
- 3 (4) Establish requirements for insurer participation that address the  
4 purposes of the program.
- 5 (b) Health care plans offered under the program shall include, but not be  
6 limited to, the following provisions:
- 7 (1) Guaranteed enrollment of all eligible children;
- 8 (2) Full health care coverage at a premium rate approved by the Department  
9 of Insurance that is lower than the average premium rate for coverage  
10 offered through the employer or on the individual market;
- 11 (3) The plan shall be the primary payor of health care costs of covered  
12 children, thereby reducing State Medicaid expenditures for these costs;
- 13 (4) Guaranteed continued coverage for children who move to another area  
14 of the State;
- 15 (5) No preexisting condition exclusions;
- 16 (6) The custodial parent may assume premium payment in the event the  
17 noncustodial parent becomes unemployed or defaults on premium  
18 payments;
- 19 (7) Coverage will be provided so long as eligibility requirements are met  
20 and premiums are paid; and
- 21 (8) Other provisions deemed necessary and appropriate to carry out the  
22 purpose of the program.

23 In developing the program the Department shall review similar programs in  
24 other states to determine the scope and success of those programs and the desirability and  
25 feasibility of implementing similar program components in North Carolina.

26 (c) The Department shall develop and conduct the program on a pilot basis.  
27 The Department shall report to the Joint Legislative Commission on Governmental  
28 Operations, the cochairs of the House of Representatives and Senate Appropriations  
29 Subcommittees on Human Resources, and the Fiscal Research Division on October 1,  
30 1997, and March 1, 1998, on the development and implementation of the pilot program.  
31 The report shall include recommendations on implementing the program statewide.

32 (d) The Department of Human Resources, its officials, staff, and employees,  
33 shall not be held civilly liable, personally or otherwise, for actions performed in  
34 connection with or arising from the implementation of the low-cost health care coverage  
35 program established under this section. This immunity is in addition to any other  
36 immunity from liability to which the Department and these individuals may be entitled.

37 Section 2. G.S. 108A-69 is amended by adding the following new subsection  
38 to read:

39 "(b1) If a parent is required by a court or administrative order to provide health  
40 benefit plan coverage for a child, and the parent's employer receives notice from the  
41 Department that the child is enrolled in a health care plan offered through a program  
42 administered by the Department, then the employer must withhold from the employee's  
43 compensation the employee's share of premiums for the coverage as indicated in the

1 notice, but not to exceed the maximum amount permitted to be withheld under section  
2 303(b) of the federal Consumer Protection Act, as amended. The employer must pay the  
3 amount withheld to the Third Party Administrator."

4 Section 3. G.S. 105-228.5(c) reads as rewritten:

5 "(c) Exclusions. – Every insurer, in computing the premium tax, shall exclude all of  
6 the following from the gross amount of premiums:

7 (1) All premiums received on or after July 1, 1973, from policies or  
8 contracts issued in connection with the funding of a pension, annuity, or  
9 profit-sharing plan qualified or exempt under section 401, 403, 404,  
10 408, 457 or 501 of the Code as defined in G.S. 105-228.90.

11 (2) Premiums or considerations received from annuities, as defined in G.S.  
12 58-7-15.

13 (3) Funds or considerations received in connection with funding  
14 agreements, as defined in G.S. 58-7-16.

15 (4) Premiums or considerations received from health care policies or  
16 contracts issued in connection with the program administered by the  
17 Department of Human Resources to provide low-cost health care  
18 coverage for children.

19 The gross amount of the excluded premiums, funds, and considerations shall be  
20 exempt from the tax imposed by this section."

21 Section 4. The Department of Human Resources shall develop a plan for  
22 collecting and retrieving data from child support orders filed by the clerks of court. The  
23 purpose of the plan is to enable the Department to readily ascertain how many children  
24 covered by support orders are covered under private health insurance and also are eligible  
25 for coverage under the State Medicaid program. The Department shall report on the  
26 development of this plan to the Joint Legislative Commission on Governmental  
27 Operations, the cochairs of the House of Representatives and Senate Appropriations  
28 Subcommittees on Human Resources, and the Fiscal Research Division no later than  
29 October 1, 1998. The report shall include recommendations on any appropriations or  
30 statutory changes needed to implement the plan.

31 Section 5. This act is effective when it becomes law.