

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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HOUSE BILL 48

Short Title: Continuity of Care.

(Public)

Sponsors: Representatives Nye, Nesbitt, Cunningham, Edwards, Insko; Barnhart,  
Goodwin, Justus, Underhill, and Wainwright.

Referred to: Insurance.

February 5, 2001

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR CONTINUITY OF CARE IN HMO PLANS.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Article 67 of Chapter 58 of the General Statutes is amended by  
5 adding a new section to read:

6 "**§ 58-67-88. Continuity of care.**

7 (a) Definitions. – As used in this section:

8 (1) Ongoing special condition. –

9 a. In the case of an acute illness, a condition that is serious enough  
10 to require medical care or treatment to avoid a reasonable  
11 possibility of death or permanent harm.

12 b. In the case of a chronic illness or condition, a disease or  
13 condition that is life-threatening, degenerative, disabling; and  
14 requires medical care or treatment over a prolonged period of  
15 time.

16 c. Pregnancy.

17 d. Terminal illness.

18 (2) Terminal illness. – An individual is considered to have a terminal  
19 illness if the individual has a medical prognosis that the individual's  
20 life expectancy is six months or less.

21 (3) Terminated or termination. – Includes, with respect to a contract, the  
22 expiration or nonrenewal of the contract, but does not include a  
23 termination of the contract by an HMO for failure to meet applicable  
24 quality standards or for fraud.

25 (b) Termination of Provider. – If a contract between an HMO that is not a point-  
26 of-service plan and a health care provider is terminated, or benefits or coverage  
27 provided by a health care provider are terminated because of a change in the terms of

1 provider participation in a health benefit plan of an HMO that is not a point-of-service  
2 plan, and an individual who is covered by the plan and is terminally ill or undergoing  
3 treatment from the provider for an ongoing special condition at the time of the  
4 termination, the HMO shall:

5 (1) Notify the individual on a timely basis of the termination and of the  
6 right to elect continuation of coverage of treatment by the provider  
7 under this section.

8 (2) Subject to subsection (g) of this section, permit the individual to elect  
9 to continue to be covered with respect to treatment by the provider of  
10 the condition during a transitional period provided under this section.

11 (c) Transitional Period: In General. – Except as otherwise provided in  
12 subsections (d), (e), and (f) of this section, the transitional period under this subsection  
13 shall extend up to 90 days, as determined by the treating health care provider, after the  
14 date of the notice described in subdivision (b)(1) of this section of the provider's  
15 termination.

16 (d) Transitional Period: Scheduled Surgery, Organ Transplantation, or  
17 Institutional Care. – If surgery, organ transplantation, or institutional care was scheduled  
18 for an individual before the date of the announcement of the termination of the provider  
19 status under subdivision (b)(1) of this section or if the individual on that date was on an  
20 established waiting list or otherwise scheduled to have the surgery, transplantation, or  
21 institutional care, the transitional period under this subsection with respect to the  
22 surgery, transplantation, or institutional care shall extend beyond the period under  
23 subsection (c) of this section through the date of discharge of the individual after  
24 completion of the surgery, transplantation, or institutional care, and through  
25 postdischarge follow-up care related to the surgery, transplantation, or institutional care  
26 occurring within 90 days after the date of discharge.

27 (e) Transitional Period: Pregnancy. – If an insured has entered the second  
28 trimester of pregnancy on the date of the announcement of the termination of the  
29 provider status under subdivision (b)(1) of this section and the provider was treating the  
30 pregnancy before the date of the announcement of the termination, the transitional  
31 period with respect to provider's treatment of the pregnancy shall extend through the  
32 provision of postpartum care directly related to the delivery.

33 (f) Transitional Period: Terminal Illness. – If an insured was determined to be  
34 terminally ill at the time of a provider's termination of participation and the provider  
35 was treating the terminal illness before the date of termination, the transitional period  
36 shall extend for the remainder of the individual's life with respect to care directly related  
37 to the treatment of the terminal illness or its medical manifestations.

38 (g) Permissible Terms and Conditions. – An HMO may condition coverage of  
39 continued treatment by a provider under subdivision (b)(2) of this section upon the  
40 individual notifying the plan of the election of continued coverage and upon the  
41 provider agreeing to the following terms and conditions:

42 (1) The provider agrees to accept reimbursement from the HMO and  
43 individual involved, with respect to cost-sharing, at the rates applicable  
44 before the start of the transitional period as payment in full.

- 1           (2)    The provider agrees to adhere to the quality assurance standards of the  
2           HMO responsible for payment under subdivision (1) of this subsection  
3           and to provide to the HMO necessary medical information related to  
4           the care provided.
- 5           (3)    The provider agrees otherwise to adhere to the HMO's established  
6           policies and procedures for participating providers, including  
7           procedures regarding referrals and obtaining prior authorization,  
8           providing services pursuant to a treatment plan, if any, approved by the  
9           HMO, and member hold harmless provisions.
- 10          (4)    The insured notifies the HMO within 45 days of the date of the notice  
11          described in subdivision (b)(1) of this section.
- 12          (h)    Construction. – Nothing in this section:
- 13               (1)    Requires the coverage of benefits that would not have been covered if  
14               the provider involved remained a participating provider.
- 15               (2)    Requires an HMO to offer a transitional period when the HMO  
16               terminates a provider's contract for reasons relating to quality of care  
17               or fraud; and refusal to offer a transitional period under these  
18               circumstances is not subject to the grievance review provisions of G.S.  
19               58-60-62.
- 20               (3)    Prohibits an HMO from extending any transitional period beyond that  
21               specified in this section.
- 22          (i)    Disclosure of Right to Transitional Period. – Each HMO shall include a clear  
23          description of an insured's rights under this section in its evidence of coverage and  
24          summary plan description."

25               **SECTION 2.** If any section or provision of this act is declared  
26          unconstitutional, preempted, or otherwise invalid by the courts, it does not affect the  
27          validity of the act as a whole or any part other than the part so declared to be  
28          unconstitutional, preempted, or otherwise invalid.

29               **SECTION 3.** This act is effective when it becomes law. This act applies to  
30          all health benefit plans that are delivered, issued for delivery, or renewed on or after  
31          January 1, 2002.