

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 612\*

Short Title: Area MH/Managed Care.

(Public)

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Sponsors: Representatives Alexander, Easterling; Church, Cunningham, Kuczmarski, McLaughlin, and Rogers.

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Referred to: Health and Human Services.

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March 29, 1993

A BILL TO BE ENTITLED

1 AN ACT TO PERMIT AREA MENTAL HEALTH AUTHORITIES TO SERVE AS  
2 MANAGED CARE PROVIDERS.  
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4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 58-50-50 reads as rewritten:

6 **"§ 58-50-50. Preferred provider; definition.**

7 The term 'preferred provider' as used in Articles 1 through 64 of this Chapter with  
8 respect to contracts, organizations, policies or otherwise means a person, who has  
9 contracted for, or a provider of health care services who has agreed to accept special  
10 reimbursement or other terms for health care services from any person; or an insurer  
11 subject to the provisions of Articles 1 through 64 of this Chapter or other applicable law  
12 for health care services on a fee for service basis, or in exchange for providing health  
13 care services to beneficiaries of a plan administered pursuant to Articles 1 through 64 of  
14 this ~~Chapter~~-Chapter, except that the term 'preferred provider' as used in Articles 1  
15 through 64 of this Chapter with respect to contracts, organizations, policies, or  
16 otherwise does not apply to any prepaid health service or capitation arrangement  
17 implemented or administered by the Department of Human Resources or its  
18 representatives, pursuant to 42 U.S.C. § 1396n or Chapter 108A of the General Statutes,  
19 or to any provider of health care services participating in such a prepaid health service  
20 or capitation arrangement. Except where specifically prohibited either by G.S. 58-50-  
21 55 or by regulations promulgated by the Department of Insurance, not inconsistent with  
22 Articles 1 through 64 of this Chapter, the contractual terms and conditions for special

1 reimbursements shall be those which the insurer, health care provider and the preferred  
2 provider find to be mutually agreeable."

3 Sec. 2. G.S. 58-67-10(b) reads as rewritten:

4 "(b) (1) It is specifically the intention of this section to permit such  
5 persons as were providing health services on a prepaid basis on July  
6 1, 1977, or receiving federal funds under Section 254(c) of Title 42,  
7 U.S. Code, as a community health center, to continue to operate in  
8 the manner which they have heretofore operated.

9 (2) Notwithstanding anything contained in this Article to the contrary, any  
10 person can provide health services on a fee for service basis to  
11 individuals who are not enrollees of the organization, and to enrollees  
12 for services not covered by the contract, provided that the volume of  
13 services in this manner shall not be such as to affect the ability of the  
14 health maintenance organization to provide on an adequate and timely  
15 basis those services to its enrolled members which it has contracted to  
16 furnish under the enrollment contract.

17 (3) This Article shall not apply to any employee benefit plan to the extent  
18 that the Federal Employee Retirement Income Security Act of 1974  
19 preempts State regulation thereof.

20 (3a) This Article does not apply to any prepaid health service or capitation  
21 arrangement implemented or administered by the Department of  
22 Human Resources or its representatives, pursuant to 42 U.S.C. § 1396n  
23 or Chapter 108A of the General Statutes, or to any provider of health  
24 care services participating in such a prepaid health services or  
25 capitation arrangement.

26 (4) Except as provided in paragraphs (1), (2), ~~and (3)-(3)~~, and (3a) of this  
27 subsection, the persons to whom these paragraphs are applicable shall  
28 be required to comply with all provisions contained in this Article."

29 Sec. 3. G.S. 108A-55(b) reads as rewritten:

30 "(b) Payments shall be made only to intermediate care facilities, hospitals and  
31 nursing homes licensed and approved under the laws of the State of North Carolina or  
32 under the laws of another state, or to pharmacies, physicians, dentists, optometrists or  
33 other providers of health-related services authorized by the Department. Payments may  
34 also be made to such fiscal intermediaries and to ~~such~~ the capitation or prepaid health  
35 service contractors as may be authorized by the Department. Arrangements under  
36 which payments are made to capitation or prepaid health services contracts are not  
37 subject to the provisions of Chapter 58 of the General Statutes or of Article 3 of Chapter  
38 143 of the General Statutes."

39 Sec. 4. (a) The catch line of G.S. 143-48 reads as rewritten:

40 "**§ 143-48. State policy; cooperation in promoting the use of small, minority,**  
41 **physically handicapped and women contractors; purpose; required**  
42 **annual reports—reports; exemption of application for capitation or**  
43 **prepaid health services."**

44 (b) G.S. 143-48 is amended by adding a new subsection to read:

1        "(c) The provisions of this Article do not apply to any capitation or prepaid health  
2 service arrangement implemented or administered by the Department of Human  
3 Resources or its representatives, pursuant to 42 U.S.C. § 1396n or Chapter 108A of the  
4 General Statutes."

5                Sec. 5. This act becomes effective July 1, 1993, and applies to arrangements  
6 implemented or administered on or after that date.