

Covering the Uninsured Task Force

Private Options
Draft Recommendations
15 Sep 2005

Topics

- Healthy North Carolina
- Small Group Reform/ Rating Bands
- Tiered Benefits

Note that the listed recommendations merely serve as a starting point for discussion.

Healthy North Carolina

- Background: Healthy North Carolina is a program based on Healthy New York. HNC was proposed in SB 255. Both programs have two major components:
 - A limited benefit, low cost insurance product targeted to certain individuals
 - The state bears some of the risk by reimbursing insurers 90 percent of claims in a risk corridor. This will tend to decrease the medical cost of the plan and therefore lower the premium.

Healthy North Carolina

■ Recommendation 1.1

The North Carolina General Assembly should consider adopting a Healthy North Carolina program that makes available affordable health insurance in North Carolina.

Healthy North Carolina

■ Recommendation 1.2 (Benefits)

The plan should be designed so that the benefits and associated cost-sharing to be offered should be closely aligned with current small group products in the commercial market. The benefit packages should include mental health services and an option for prescription drug coverage.

Healthy North Carolina

- Recommendation 1.3 (Eligibility)

Eligibility criteria should be modified to target low income residents of North Carolina, and to more clearly define the period of employment an individual must document in order to qualify for enrollment. The program design should incorporate a mechanism to prevent crowd-out via employers dropping coverage.

Healthy North Carolina

- Recommendation 1.4 (Incentives)

Experience with prior health insurance programs suggests that low incentives for brokers will lead to little enrollment in the program. Therefore, the state should develop incentives that encourage brokers sell the Healthy North Carolina product.

Healthy North Carolina

- Recommendation 1.5 (Financing)

Funding for Healthy North Carolina should be adequately appropriated, so as to instill confidence among insurers of the program's solvency.

Appropriation should be multi-year so as to encourage plans to invest in the development of products. The reinsurance corridor should ____ ?

Rating Bands / Small Group Reform

- Background: Small group reform was instituted in the 1990's. The current rating method is one of “adjusted community rating with rate bands”. The bands specify the amount the premium may vary from age, sex, and geographical adjustments from the base rate to the small group.

Rating Bands / Small Group Reform

■ Recommendation 2.1

A study should be undertaken to examine the impact of the Small Group Reform (of the 1990s) in North Carolina. In particular, it is important to understand how these reforms have affected insurance coverage in North Carolina with respect to premiums, equity in the cost and availability of group insurance with respect to an employer's industry, size, and geographic location.

Tiered Benefits

- Background: Employer focus group participants expressed interest in limited benefit health insurance plans (to keep costs down) that allow employees to purchase better plans. Such “tiered benefit” plans are not currently widely available in North Carolina.

Tiered Benefits

- Recommendation 3.1

Low-cost insurance products should be developed in response to focus group interest in insurance products that are more affordable, yet offer some primary care, hospitalization and drug coverage.

Tiered Benefits

- Recommendation 3.2 (Plan Approval)

The NC Department of Insurance should approve the development and sale of alternative products by private commercial insurance carriers such as limited benefit packages or tiered health insurance benefit packages. To allow development of these products, the North Carolina General Assembly should enact legislation waiving certain mandatory benefits for tiered benefit products.

Tiered Benefits

- Recommendation 3.3 (Incentives)

Commercial insurance carriers are encouraged to develop incentives for agents/brokers to sell tiered insurance benefit products.