

**APPLICATION FOR HMO CERTIFICATE OF
AUTHORITY**

**North Carolina Department of Insurance
Life and Health Division
1201 Mail Service Center
Raleigh, NC 27699-1201
(919) 807-6055**

Revised 2019

ABOUT THE HMO CERTIFICATE OF AUTHORITY PROCESS

The North Carolina Department of Insurance (Department) is the only agency in North Carolina responsible for the regulation of Health Maintenance Organizations. Many separate Divisions within the Department play a role in the ongoing regulation. In some instances, more than one Division will be involved in a particular regulatory issue, but in other instances, you may deal with only one Division.

Life and Health Division: (919) 807-6055

This Division is responsible for coordinating the review of Certificate of Authority applications and making the final recommendation as to whether or not the Commissioner should grant requested modifications.

Also, this Division is responsible for reviewing member forms and benefit design, including the Master Group Contract, Evidence or Certificate of Coverage, Benefit Riders, Enrollment Forms, Change Forms and marketing and advertising materials.

Actuarial Services Division: (919) 807-6649

This Division is responsible for reviewing premium rate setting methodologies and rating assumptions. Review will also rely upon financial condition and Financial Feasibility Plan.

Financial Analysis & Receivership Division: (919) 807-6140

This Division is responsible for reviewing the financial solvency issues, including the Financial Feasibility Plan, Insolvency Protection Plan and Financial Statements. This Division is also responsible for determining levels of working capital and reserves appropriate to the application submitted, the review of incorporation documents, and the review of management, custodial and potentially other agreements.

Pre-Application Meeting

If the applicant has not scheduled and/or already participated in a pre-application meeting with the NCDOI you must contact the Life and Health Division to schedule an informational meeting to review the licensure process and requirements. This meeting is essential for the successful completion of the application. This meeting is most productive when scheduled once you have begun to complete the application, but well prior to submission, in order that you may have prepared specific and informed questions. The application may be impacted by the answers received during the meeting.

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

MINIMUM FINANCIAL REQUIREMENTS

The following is a summary of minimum financial requirements for starting an HMO in North Carolina. Please note all requirements are **minimums**. Determinations regarding appropriate levels of working capital and reserves are made on a case by case basis and are dictated to a large degree by the three-year plan presented in the application.

MINIMUM FINANCIAL REQUIREMENTS	FULL SERVICE HMO	SINGLE SERVICE HMO	STATUTORY REFERENCE
Working Capital	\$ 1,500,000	\$100,000	NCGS 58-67-20
Deposit	\$ 500,000	\$ 25,000	NCGS 58-67-25
Reserves (after one year of operation)	gross annual collections from membership	Same as Full Service HMO	NCGS 58-67-40 Repealed
Net Worth	\$1,000,000	\$ 50,000	NCGS 58-67-110

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

INSTRUCTIONS FOR FILING AN APPLICATION FOR NORTH CAROLINA HMO CERTIFICATE OF AUTHORITY

In an effort to reduce the processing time for the issuance of a HMO certificate of authority, the North Carolina Department of Insurance (NCDOI) has prepared these guidelines which may be used to assist the applicant in completion of an HMO application.

The application references North Carolina statutes and regulations, which must be met by the applicant in order to receive an HMO certificate of authority. Please be advised this list is not all-inclusive and it is recommended the applicant contact the publisher for a complete reference of applicable statutes and regulations.

General Statutes of North Carolina - Insurance, Chapters 58 and 58A - The Michie Company
(800) 446-3410

North Carolina Regulations - National Insurance Law Service
(800) 423-5910

GENERAL FILING REQUIREMENTS

The North Carolina Department of Insurance (NCDOI) has prepared this guideline and checklist to help applicants prepare their applications in a manner that promotes prompt and thorough review by the NCDOI. **This guideline is not all-inclusive.** Each Exhibit or sections submitted to the NCDOI must be accompanied by the appropriate supporting documentation, in the order requested. All forms should be filled out completely unless otherwise stated. The NCDOI will not accept an incomplete application. The application cannot be amended once submitted, except for specific changes requested by the NCDOI.

The application and all of its contents will become public information immediately upon submission. The NCDOI is authorized to protect only legitimate trade secrets from public view. The NCDOI approves trade secret, confidential information on a section by section basis, rather than entire documents. Therefore, written information must be submitted that identifies the specific areas to be classified as confidential. In order to have material classified as trade secret and thereby confidentially maintained by the Department, an applicant must:

1. Indicate clearly the specific information to be treated as a trade secret;
2. Submit a written memorandum to the Life and Health Division explaining why this information qualifies as a trade secret pursuant to North Carolina General Statute (NCGS) Chapter 24, Article 66, Section 152 and Article 132 Section 1.2. This information must include specific explanations as to how and why the area meets the definition of trade secret and not a restatement of the definition itself (e.g. how economic value could be obtained)

The explanation and the indicated materials will be reviewed by the Life and Health Division and legal counsel to determine if it meets the criteria as outlined in NCGS 24-66-152 and 132-1.2. The applicant will be notified of the decision rendered.

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

Historically, little information included in the application has been determined to qualify as a trade secret.

The application must be prepared as follows:

- The filing must be submitted electronically via SERFF
- Filing fee of \$500.00 must be submitted
- The application must be labeled properly with the applicant's name
- A cover letter must be submitted with the application
The filing must include cover sheets to identify the 20 separate exhibits describing the contents of the application
- The applicant must maintain the original copy of all signed documents with original signatures.

APPLICATION REVIEW PROCESS

The application filing will be available to each of the above listed Divisions. Once received by each Division, the application will be assigned to a particular analyst in each Division. Public filing components will be accessible from the North Carolina Public Window Portal pursuant to NCGS § 132-1.

Within the Life and Health Division, an application will be assigned to analysts, which will then become the primary point of contact for routine matters relating to the review of that section of the application. The analyst will be assigned to that Company, assuring continuity during the licensure process.

The Life and Health Division and the Actuarial Services Division will concurrently review applications. The applicant will receive correspondence from each Division and at this point responses should be directed to the particular Division regarding its questions and concerns, via SERFF. The Financial Evaluation Division conducts a preliminary review of the application, however this review cannot be completed until rating methodologies and projections are secured and finalized by the Actuarial Services Division.

Applicants are required to respond as soon as possible but no later than 90 days of receiving correspondence from any Division. If the response is not received within this time frame, the application may be closed.

The entire application will be approved at one time. Approval for use of all submitted items is granted through receipt of a Certificate of Authority. Rates, member forms, provider contracts, etc. are not separately approved prior to the date the applicant receives its Certificate of Authority. Applicants may not contract with employer groups prior to receiving its Certificate of Authority.

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

PRE-LICENSURE SITE VISIT

The Market Regulation Division as part of the licensure process may conduct a site visit. This site visit occurs rather late in the application process, once it has been determined that the submission is a viable application. This site visit usually takes one to two days, depending on the scope and location of Company operations. During the site visit, the Division attempts to accomplish a number of goals, including:

1. Providing an update on the Certificate of Authority application review progress.
2. Meeting key individuals that will be involved in the development and management of the proposed HMO, including individuals involved in administration, health systems development, medical management programs and claims administration.
3. Obtaining detailed information regarding the proposed operation of the HMO, including the provision of legal services, risk management program, provider relations, member services, network adequacy, claims administration, utilization management, quality management, credentialing, etc. This typically takes the form of presentations conducted by key personnel from each operational area of the proposed HMO.
4. Observing a demonstration of the automated management and information systems, including claims administration and reporting capabilities.
5. Discussing issues and questions about the application.

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

APPLICATION FOR HMO CERTIFICATE OF AUTHORITY

Life and Health Division
North Carolina Department of Insurance
1201 Mail Service Center
Raleigh, NC 27699-1201

Assigned to:	Date Received:
	Returned:
Qualified and accepted:	Application Fee Received:

APPLICANT INFORMATION

Applicant's Name: _____

Applicant's Address: _____

Domestic or Foreign Application: _____

If Foreign Company, please provide Federal Tax Identification Number _____

If Foreign Company, please provide the NAIC Code Number _____

List all Affiliate Companies (if applicable): _____

Counsel Name, Address, Phone Number: _____

Name of Contact Person Responsible for Application, Address, Phone Number: _____

Proposed Date of Initial HMO Operations: _____
(Date)

Is it the applicant's intention to apply for Federal HMO qualification after receiving a NC Certificate of Authority? **(circle yes or no)**

Is it the applicant's intention to serve Medicare after receiving a NC Certificate of Authority? **(circle yes or no)**

Is it the applicant's intention to serve Medicaid after receiving a NC Certificate of Authority? **(circle yes or no)**

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

Is it the applicant's intention to serve the small group market after receiving a NC Certificate of Authority? If yes, do not include small group filing with this application, as applicant must first receive its certificate of authority. **(circle yes or no)**

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

APPLICATION CHECKLIST FOR CERTIFICATE OF AUTHORITY FOR HEALTH MAINTENANCE ORGANIZATIONS

(Company Name)

is herewith submitting the following in support of its application for a Certificate of Authority to operate a Health Maintenance Organization pursuant to [Chapter 58, Article 67](#) of the North Carolina General Statutes.

I. Application Forms:

Date
Certified

Application to do business in North Carolina (HMO/APP/BUS)	_____
Application for HMO Licensure (HMO/APP/LIC)	_____
Biographical Affidavit (HMO/BIO)	_____
(Complete one form per officer and board member)	_____
Power of Attorney for Sale of Securities (HMO/POA/SEC)	_____
Power of Attorney for Legal Representation (HMO/POA/LGL)	_____

II. Material Specified in [NCGS 58-67-10](#) and [58-67-11](#):

(1) Basic organizational document	_____
(2) Bylaws, rules, regulations, etc.	_____
(3) Names, addresses and positions of officers and board members	_____
(4) Provider contracts and administrative contracts	_____
(5) Description of HMO operations	_____
(6) Evidence of Coverage	_____
(7) Group Contracts	_____
(8) Financial Statements	_____
(9) Financial Feasibility Plan including three years financial forecasts	_____
(10) Power of Attorney (HMO/POA/LGL above)	_____
(11) Description of Service Area	_____
(12) Description of insolvency protection provisions	_____
(13) Description of grievance procedures	_____
(14) Description of claims system	_____
(15) Description of provider credentialing plan	_____
(16) Description of utilization review program	_____
(17) Description of quality assurance program	_____
(18) Description of provider availability standards	_____
(19) Description of provider accessibility standards	_____

III. \$500.00 Application Fee Specified in [NCGS 58-67-160](#)

Signature of Preparer

Date

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

STATE OF NORTH CAROLINA
COUNTY OF WAKE

POWER OF ATTORNEY

Know All Men By These Presents, that _____ (“the Company”), as partial consideration for a certificate of authority to do business in North Carolina, irrevocably appoints for itself, its heirs, assigns and successors, the Insurance Commissioner of the State of North Carolina (“the Commissioner”) as its true and lawful attorney in North Carolina, upon whom all processes of law against the Company in any action, cause, or legal proceeding of any sort whatsoever may be served, subject to and in accordance with the laws of North Carolina. The Company further agrees that all such lawful processes against it which are served upon the Commissioner shall be deemed valid personal service upon the Company and shall be of the same force and validity as if personally served upon the Company.

In Witness Whereof, _____ has hereto affixed its corporate seal, attested to by the official signatures of the President and Secretary thereof, at _____, this ____ day of _____, ____.

County Of _____
State Of _____

PRESIDENT

NOTARY PUBLIC

Commission Expires: _____

(Seal)

County Of _____
State Of _____

SECRETARY

NOTARY PUBLIC

Commission Expires: _____

(Seal)

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

STATE OF NORTH CAROLINA
COUNTY OF WAKE

POWER OF ATTORNEY

Know All Men By These Presents, that _____ (“the Company”) hereby irrevocably appoints for itself, its heirs, assigns and successors, the Insurance Commissioner of the State of North Carolina (“the Commissioner”), in the name of and on behalf of said Company, its true and lawful attorney to sell and transfer any securities or assets currently on deposit or to be deposited in the future by said Company with the Commissioner, said sale or transfer being made by the Commissioner for any purpose which the Commissioner in his discretion deems necessary, including but not limited to the payment of any liability or liabilities of the Company.

In Witness Whereof, _____ has hereto affixed its corporate seal, attested to by the official signatures of the President and Secretary thereof, at _____, this ____ day of _____, ____.

County Of _____
State Of _____

PRESIDENT

NOTARY PUBLIC
Commission Expires: _____

(Seal)

County Of _____
State Of _____

SECRETARY

NOTARY PUBLIC
Commission Expires: _____

(Seal)

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

BIOGRAPHICAL AFFIDAVIT

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority. The affiant may be required to provide additional information during the third-party verification process if they have attended a foreign school or lived and worked internationally.

(Print or Type)

Full name, address and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names).

In connection with the above-named entity, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS "NO" OR "NONE," SO STATE.

1. Affiant's Full Name (Initials Not Acceptable):
First: _____ Middle: _____ Last: _____

2. a. Are you a citizen of the United States?

Yes No

b. Are you a citizen of any other country?

Yes No

If yes, what country? _____

3. Affiant's occupation or profession: _____

4. Affiant's business address: _____

Business telephone: _____

Business Email: _____

5. Education and training:

<u>College/University</u> <u>Obtained</u>	<u>City/State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree</u>
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<u>Graduate Studies</u> <u>Obtained</u>	<u>College/University</u>	<u>City/State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree</u>
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<u>Other Training: Name</u> <u>Obtained</u>	<u>City/State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree/Certification</u>
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Applicant Company Name: _____
FEIN: _____

NAIC No. _____

Note: If affiant attended a foreign school, please provide full address and telephone number of the college/university. If applicable, provide the foreign student Identification Number and/or attach foreign diploma or certificate of attendance to the Biographical Affidavit Personal Supplemental Information.

List of memberships in professional societies and associations:

<u>Name of Society/Association</u>	<u>Contact Name</u>	<u>Address of Society/Association</u>	<u>Telephone Number of Society/Association</u>
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_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

7. Present or proposed position with the Applicant Company: _____

8. List complete employment record for the past twenty (20) years, whether compensated or otherwise (up to and including present jobs, positions, partnerships, owner of an entity, administrator, manager, operator, directorates or officerships). Please list the most recent first. Attach additional pages if the space provided is insufficient. It is only necessary to provide telephone numbers and supervisory information for the past ten (10) years. Additional information may be required during the third-party verification process for international employers.

Beginning/Ending Dates (MM/YY): _____ - _____ Employer's Name: _____

Address: _____ City: _____ State/Province: _____

Country: _____ Postal Code: _____ Phone: _____ Offices/Positions Held: _____

Type of Business: _____ Supervisor/Contact: _____

Beginning/Ending Dates (MM/YY): _____ - _____ Employer's Name: _____

Address: _____ City: _____ State/Province: _____

Country: _____ Postal Code: _____ Phone: _____ Offices/Positions Held: _____

Type of Business: _____ Supervisor/Contact: _____

Beginning/Ending Dates (MM/YY): _____ - _____ Employer's Name: _____

Address: _____ City: _____ State/Province: _____

Country: _____ Postal Code: _____ Phone: _____ Offices/Positions Held: _____

Type of Business: _____ Supervisor/Contact: _____

Beginning/Ending

Applicant Company Name: _____ NAIC No. _____
FEIN: _____

Dates (MM/YY): _____ - _____ Employer's Name: _____

Address: _____ City: _____ State/Province: _____

Country: _____ Postal Code: _____ Phone: _____ Offices/Positions Held: _____

Type of Business: _____ Supervisor/Contact: _____

9. a. Have you ever been in a position which required a fidelity bond?

Yes No

If any claims were made on the bond, give details: _____

b. Have you ever been denied an individual or position schedule fidelity bond, or had a bond canceled or revoked?

Yes No

If yes, give details: _____

10. List any professional, occupational and vocational licenses (including licenses to sell securities) issued by any public or governmental regulatory body having jurisdiction over the license (s) issued. If your professional license number is your Social Security Number (SSN) or embeds your SSN or any sequence of more than five numbers that are reasonably identifiable as your SSN, then write SSN for that portion of the professional license number that is represented by your SSN. (For example, "SSN", "12-SSN-345" or "1234-SSN" (last 6 digits)). Attach additional pages if the space provided is insufficient.

Organization/Issuer of License: _____ Address: _____

City: _____ State/Province: _____ Country: _____ Postal Code: _____

License Type: _____ License #: _____ Date Issued (MM/YY): _____

Date Expired (MM/YY): _____ Reason for Termination: _____

Non-Insurance Regulatory Phone Number (if known): _____

Organization/Issuer of License: _____ Address: _____

City: _____ State/Province: _____ Country: _____ Postal Code: _____

License Type: _____ License #: _____ Date Issued (MM/YY): _____

Date Expired (MM/YY): _____ Reason for Termination: _____

Non-Insurance Regulatory Phone Number (if known): _____

11. In responding to the following, if the record has been sealed or expunged, and the affiant has personally verified that the record was sealed or expunged, an affiant may respond "no" to the question. Have you ever:

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

- a. Been refused an occupational, professional, or vocational license or permit by any regulatory authority, or any public administrative, or governmental licensing agency?
Yes No
- b. Had any occupational, professional, or vocational license or permit you hold or have held, been subject to any judicial, administrative, regulatory, or disciplinary action?
Yes No
- c. Been placed on probation or had a fine levied against you or your occupational, professional, or vocational license or permit in any judicial, administrative, regulatory, or disciplinary action?
Yes No
- d. Been charged with, or indicted for, any criminal offense(s) other than civil traffic offenses?
Yes No
- e. Pled guilty, or nolo contendere, or been convicted of, any criminal offense(s) other than civil traffic offenses?
Yes No
- f. Had adjudication of guilt withheld, had a sentence imposed or suspended, had pronouncement of a sentence suspended, or been pardoned, fined, or placed on probation, for any criminal offense(s) other than civil traffic offenses?
Yes No
- g. Been subject to a cease and desist letter or order, or enjoined, either temporarily or permanently, in any judicial, administrative, regulatory, or disciplinary action, from violating any federal, state law or law of another country regulating the business of insurance, securities or banking, or from carrying out any particular practice or practices in the course of the business of insurance, securities or banking?
Yes No
- h. Been, within the last ten (10) years, a party to any civil action involving dishonesty, breach of trust, or a financial dispute?
Yes No
- i. Had a finding made by the Comptroller of any state or the Federal Government that you have violated any provisions of small loan laws, banking or trust company laws, or credit union laws, or that you have violated any rule or regulation lawfully made by the Comptroller of any state or the Federal Government?
Yes No
- j. Had a lien or foreclosure action filed against you or any entity while you were associated with that entity?
Yes No

If the response to any question above is yes, please provide details including dates, locations, disposition, etc. Attach a copy of the complaint and filed adjudication or settlement as appropriate.

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

12. List any entity subject to regulation by an insurance regulatory authority that you control directly or indirectly. The term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting securities of any other person. _____

If any of the stock is pledged or hypothecated in any way, give details. _____

13. Do [Will] you or members of your immediate family individually or cumulatively subscribe to or own, beneficially or of record, 10% or more of the outstanding shares of stock of any entity subject to regulation by an insurance regulatory authority, or its affiliates? An “affiliate” of, or person “affiliated” with, a specific person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

Yes No

If yes, please identify the company or companies in which the cumulative stock holdings represent 10% or more of the outstanding voting securities.

If any of the shares of stock are pledged or hypothecated in any way, give details.

14. Have you ever been adjudged a bankrupt?

Yes No

If yes, provide details: _____

15. To your knowledge has any company or entity for which you were an officer or director, trustee, investment committee member, key management employee or controlling stockholder, had any of the following events occur while you served in such capacity?

- a. Been refused a permit, license, or certificate of authority by any regulatory authority, or governmental-licensing agency?

Yes No

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

b. Had its permit, license, or certificate of authority suspended, revoked, canceled, non-renewed, or subjected to any judicial, administrative, regulatory, or disciplinary action (including rehabilitation, liquidation, receivership, conservatorship, federal bankruptcy proceeding, state insolvency, supervision or any other similar proceeding)?

Yes No

c. Been placed on probation or had a fine levied against it or against its permit, license, or certificate of authority in any civil, criminal, administrative, regulatory, or disciplinary action?

Yes No

If the answer to any of the above is yes, please indicate and give details. When responding to questions (b) and (c), affiant should also include any events within twelve (12) months after his or her departure from the entity. _____

Note: If an affiant has any doubt about the accuracy of an answer, the question should be answered in the positive and an explanation provided.

Dated and signed this _____ day of _____, 20____ at _____. I hereby certify under penalty of perjury that I am acting on my own behalf and that the foregoing statements are true and correct to the best of my knowledge and belief.

___ I hereby acknowledge that I may be contacted to provide additional information regarding international searches.

(Signature of Affiant)

State of: _____ County of: _____

The foregoing instrument was acknowledged before me this ___ day of _____, 20___ by _____, and:

who is personally known to me, or

who produced the following identification: _____ .

[SEAL]

Notary Public

Printed Notary Name

My Commission Expires

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

**BIOGRAPHICAL AFFIDAVIT
Supplemental Personal Information**

(Print or Type)

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority. The affiant may be required to provide additional information during the third-party verification process if they have attended a foreign school or lived and worked internationally.

Full name, address, and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names).

1. Affiant's Full Name (Initials Not Acceptable): First: _____ Middle: _____
Last: _____

IF ANSWER IS "NONE," SO STATE.

2. Have you ever used any other name, including first, middle or last name, nickname, maiden name or aliases?

Yes No

If yes, give the reason if any, if none indicate such, and provide the full name(s) and date(s) used.

<u>Beginning/Ending</u> <u>Date(s) Used (MM/YY)</u>	<u>Name(s)</u> <u>Specify: First, Middle or Last Name</u>	<u>Reason (If none, indicate such)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Note: Dates provided in response to this question may be approximate. Parties using this form understand that there could be an overlap of dates when transitioning from one name to another. If applicable, provide the foreign student Identification Number and/or attach foreign diploma or certificate of attendance to the Biographical Affidavit Personal Supplemental Information.

3. Affiant's Social Security Number: _____

4. Government Identification Number if not a U.S. Citizen: _____

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

5. Foreign Student ID# (if applicable) : _____

6. Date of Birth: (MM/DD/YY) : _____ Place of Birth, City: _____
State/Province: _____ Country: _____

7. Name of Affiant's Spouse (if applicable) : _____

8. List your residences for the last ten (10) years starting with your current address, giving:

<u>Beginning/Ending Dates (MM/YY)</u>	<u>Address Postal Code</u>	<u>City</u>	<u>State/ Province</u>	<u>Country</u>

Note: Dates provided in response to this question may be approximate, except for current address. Parties using this form understand that there could be an overlap of dates when transitioning from one address to another.

Dated and signed this _____ day of _____, 20____ at _____
_____. I hereby certify under penalty of perjury that I am acting on my own behalf and that the foregoing statements are true and correct to the best of my knowledge and belief.

___ I hereby acknowledge that I may be contacted to provide additional information regarding international searches.

(Signature of Affiant)

State of: _____ County of: _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by _____, and:

who is personally known to me, or

who produced the following identification: _____

[SEAL]

Notary Public

Printed Notary Name

My Commission Expires

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

DISCLOSURE AND AUTHORIZATION CONCERNING BACKGROUND REPORTS
(All states except California, Minnesota and Oklahoma)

This Disclosure and Authorization is provided to you in connection with pending or future application(s) of _____ [company name] (“Company”) for licensure or a permit to organize (“Application”) with a department of insurance in one or more states within the United States. Company desires to procure a consumer or investigative consumer report (or both) (“Background Reports”) regarding your background for review by a department of insurance in any state where Company pursues an Application during the term of your functioning as, or seeking to function as, an officer, member of the board of directors or other management representative (“Affiant”) of Company or of any business entities affiliated with Company (“Term of Affiliation”) for which a Background Report is required by a department of insurance reviewing any Application. Background Reports requested pursuant to your authorization below may contain information bearing on your character, general reputation, personal characteristics, mode of living and credit standing. The purpose of such Background Reports will be to evaluate the Application and your background as it pertains thereto. To the extent required by law, the Background Reports procured under this Disclosure and Authorization will be maintained as confidential.

You may obtain copies of any Background Reports about you from the consumer reporting agency (“CRA”) that produces them. You may also request more information about the nature and scope of such reports by submitting a written request to Company. To obtain contact information regarding CRA or to submit a written request for more information, contact _____ [company’s designated person, position, or department, address and phone].

Attached for your information is a “Summary of Your Rights Under the Fair Credit Reporting Act.”

AUTHORIZATION: I am currently an Affiant of Company as defined above. I have read and understand the above Disclosure and by my signature below, I consent to the release of Background Reports to a department of insurance in any state where Company files or intends to file an Application, and to the Company, for purposes of investigating and reviewing such Application and my status as an Affiant. I authorize all third parties who are asked to provide information concerning me to cooperate fully by providing the requested information to CRA retained by Company for purposes of the foregoing Background Reports, except records that have been erased or expunged in accordance with law.

I understand that I may revoke this Authorization at any time by delivering a written revocation to Company and that Company will, in that event, forward such revocation promptly to any CRA that either prepared or is preparing Background Reports under this Disclosure and Authorization. This Authorization shall remain in full force and effect until the earlier of (i) the expiration of the Term of Affiliation, (ii) written revocation as described above, or (iii) six (6) months following the date of my signature below.

A true copy of this Disclosure and Authorization shall be valid and have the same force and effect as the signed original.

(Printed Full Name and Residence Address)

(Signature) _____ (Date)

State of: _____ County of: _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by _____, and:

who is personally known to me, or who produced the following identification:

[SEAL]

Notary Public

Printed Notary Name

My Commission Expires

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

TO: Life and Health Division
North Carolina Department of Insurance
1201 Mail Service Center
Raleigh, NC 27699-1201

FORM MAY BE DUPLICATED WITHOUT MODIFICATION

Applicant Company Name: _____
FEIN: _____

NAIC No. _____

APPLICATION FORMS

- Complete all application forms in full
- Application forms should not be executed if the applicant is applying to be licensed as a **domestic** HMO and therefore, is not incorporated. Such forms should be executed at the time the Company becomes incorporated.
- Applicants will receive information during the licensure process regarding the process and timing for incorporating and capitalizing the Company. The draft Articles of Incorporation may be submitted to the Secretary of State by the Financial Evaluation Division when the application is near approval. Detailed instructions for capitalizing the Company will be sent with the Certificate of Authority.

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EXHIBITS

The following exhibits are required pursuant to [NCGS 58-67-10](#) and [58-67-11](#). The exhibits should be clearly labeled as Exhibit 1, 2, 3 etc. Any attachments to the Exhibit should be labeled 1a, 1b, 1c etc., and referenced accordingly.

Applicant Company Name: _____
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EXHIBIT 1: BASIC ORGANIZATIONAL DOCUMENT

- Articles of Incorporation, bylaws and other organizational documents should be filed with the application if a company is to be a North Carolina Corporation. All filings for incorporation will be made with the Department of Insurance. The Department may make filings with the Secretary of State.
- This exhibit should contain all basic organizational documents including any amendments to the articles of incorporation or associations, partnership agreement, or other applicable documents and articles of amendments from the Secretary of State.
- In order to secure executed contracts with providers the Company may incorporate as a general business corporation while the application is pending.
- When the Company nears licensure the Articles of Incorporation must be amended and should state that the primary purpose of the company is to function as a Health Maintenance Organization.
- At the time that the applicant is incorporated during the application process, the applicant must obtain a federal tax identification number and provide the Department with that number.

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EXHIBIT 2: BYLAWS, RULES, REGULATIONS, ETC.
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This exhibit typically includes bylaws or rules and regulations or similar documents regulating the conduct of the internal affairs of the applicant. The documents should be certified copies.

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EXHIBIT 3: NAMES, ADDRESSES AND POSITIONS OF OFFICERS AND BOARD
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- This exhibit should list the names, addresses, and official positions of persons who are to be responsible for the conduct of the affairs of the applicant, including all members of the board of directors, board of trustees, executive committee, or other governing board or committee, the principal officers in the case of a corporation, and the partners or members in the case of a partnership or association. **Label Exhibit 3a**
- A biographical affidavit has been supplied in Section I. Application Forms must be completed and signed for each officer, director and person responsible for operation of the plan. All questions must be answered and if the question is not applicable, or the answer is none, please so indicate. **Label Exhibit 3b**
- The list of Officers and Board members should be consistent with the Company's proposed Bylaws, including number of board members and number and title of officers.
- Throughout the process, provide the Department with updates, including applicable biographical affidavits, as officers and board members change or are added.

EXHIBIT 4: PROVIDER CONTRACTS / ADMINISTRATIVE CONTRACTS

This exhibit must contain a copy of any contract form made or to be made between any class of providers and the HMO and a copy of any contract form made or to be made between third party administrators, marketing consultants, or persons listed in Exhibit 3.

Any management or administrative agreements entered into pursuant to [NCGS-58-67-30](#) and/or [NCGS 58-19](#) must be submitted for review and approval prior to use. Such contracts should clearly outline the obligations of both parties including the services to be provided to the HMO and the fee to be paid by the HMO. Services to be provided to the HMO should be outlined in terms of operational areas, support staff, etc. **Prior to issuance of a license, the Department must receive executed copies of any management or administrative agreement.**

- Review the statutes and regulations that are applicable to this exhibit ([NCGS 58-50-270 through NCGS 58-50-300](#) and [11 NCAC 20.0200](#)) which outline the provisions which must be included in all provider contracts
- Review the regulations provided with this exhibit which outline the provisions which must be included in all intermediary contracts
- **Provider contracts must be secured prior to the Department granting a Certificate of Authority.** Included is a detailed memorandum, which details the approval requirements the applicant must meet prior to securing contracts with providers. **The Life and Health Division will notify the applicant when approval has been authorized to execute contracts with providers.**
- When approval has been granted to execute contracts with providers, the applicant must provide monthly updates to the Department on Excel spreadsheets, of progress made.

Please also note the following:

- Mandatory, binding arbitration for members is prohibited by [NCGS 58-3-35](#). Therefore, binding arbitration for members should not be referenced in provider contracts.
- Because the Department strongly discourages HMOs from practicing subrogation, provider contracts should not reference it either.
- HMOs are discouraged from filing for bankruptcy under federal code in North Carolina, pursuant to [NCGS 58-67-5 \(f\)](#) which defines an HMO as a domestic insurance company for purposes of USC 11, the federal bankruptcy code. This statute places HMOs under the jurisdiction of the Commissioner of Insurance. In addition, [NCGS 58-67-145](#) outlines provisions for rehabilitation, liquidation or conservation of HMOs. Therefore, provider contracts should reference the more general term “insolvency,” rather than bankruptcy.
- Contracts should be in the true, legal name of the Company, as provided by [NCGS 58-3-50](#).
- No language that has the potential to be interpreted as limiting physician actions or communications with members that is consistent with their professional or ethical responsibilities will be permitted. In addition, program requirements for credentialing, utilization management, etc. may not contain such provisions.

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- If provider administrative manuals or provider handbooks are referenced within and made a part of the provider contracts, these documents must be submitted for review.
- All exhibits and addendums referenced in the contracts should be submitted for review.

EXHIBIT 5: DESCRIPTION OF HMO OPERATIONS

This exhibit should contain a detailed description of how the applicant intends to operate its HMO. The description should include, but is not limited to the following information:

- General background information on the applicant and/or parent (where applicable) if licensed as an insurer in other states
- If the applicant is filing as a domestic North Carolina HMO, it is the Department's preference that it establish a home office in North Carolina upon licensure and must maintain its financial and accounting records in North Carolina. All correspondence from the Department will be addressed to that North Carolina office.
- A description of proposed operations including claims processing and payment, utilization management, quality management, enrollment and billing, customer service, provider relations, etc.
- The city and state where each operation will be performed (e.g. location of affiliate or branch office what will perform claims processing)
- Affiliates and/or intermediaries who will perform operations on behalf of the applicant if known
- The type of HMO the applicant will operate (e.g. group, staff, IPA)
- The products to be offered (e.g. triple option, point of service, vision, dental)
- Management Information Systems to be employed and location of these systems
- Submit a description of the marketing strategies to be implemented
- Types of markets the applicant will concentrate on (i.e., large, small group etc..)

ORGANIZATIONAL CHARTS

- Include in this exhibit separate corporate organizational charts which clearly identify the relationships between the applicant and any affiliates.
- Include a chart(s) showing the internal organizational structure of the applicant's management [Officers] and administrative staff [Day-to-Day CEO, Medical Director (when hired) CFO, VPs, Secretary, etc..].
- If the applicant intends to establish the HMO as a domestic North Carolina corporation and will be more than 10 percent owned by any person or Company, it will meet the definition of a holding company and will have to comply with the provisions of Articles 18 and 19 of the North Carolina General Statutes, Chapter 58. Such application for holding company must be submitted within 30 days after having received a license.

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EXHIBIT 6 and EXHIBIT 7 EVIDENCE OF COVERAGE AND MASTER GROUP CONTRACT

The Evidence of Coverage(s) must be provided in this section that are to be issued to enrollees and any group agreement which is to issued to employers, unions, trustees, or other organizations.

Documents that are part of the Evidence of Coverage may include: certificate issued to each enrolled subscriber of a group, group and non-group applications for coverage, non-group agreement, group subscriber enrollment form, riders, endorsements, amendments and any form that is attached or made part of the evidence of coverage.

Please provide a table, in the format shown below, indicating the form number, which has been assigned to each member form submitted. If the type of form is not applicable to your plan to be offered please state n/a in the form number box.

TYPE OF FORM	FORM NUMBER(S)
Group Agreement	
Subscriber Certificate	
Non-Group Agreement	
Group Application	
Non-Group Application	
Group Subscriber Enrollment Form	
Riders	
Endorsements	
Amendments	
Letters of Agreement	
Other	

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General Form Information

Questions relating to **rates, policy forms, advertising filings, etc.** should be directed to the Life and Health Division.

Each filing is assigned to an analyst for review within 24 hours of its receipt in the Life and Health Division. Assignments are made daily.

A manager in the Life and Health Division maintains a list of analysts and their respective assigned filings. Applicants are asked to deal directly with the assigned analyst on all questions relating to a particular filing.

Please use restraint in making inquiries regarding the status of your filing. We realize it is important to you and will respond as promptly as possible, within an administratively established schedule. To expedite all inquiries regarding the status of a filing, please know the SERFF Tracking Number of your filing.

If applicants wish to be assured their filing has been received and assigned, please check the progress of the filing via SERFF by using the SERFF Tracking Number.

The flesch readability score should be provided for all policy filings. ([NCGS 58-38-30](#))

The form number must be on the lower left corner of all forms. The form number must be unique to that form and must include a prefix or suffix if needed. ([11 NCAC 12.0329\(3\)\(d\)](#) and [11 NCAC 20.0205](#))

After a Company is licensed, all future rate filings must be made via SERFF. [[11 NCAC 12.0307\(a\)\(5\)](#)]

When contracting for PPO or TPA services, the filing letter must state the full name of the organization and its date of registration/licensing with the Life and Health Division ([NCGS 58-56-51](#)). If the insurer is not contracting with an outside entity, the filing letter must include an appropriate explanation.

An application or enrollment form used in the business of insurance in North Carolina must be filed for approval. ([NCGS 58-3-150\(a\)](#), [NCGS 58-50-5](#) and [11 NCAC 12.0326](#))

The Department's website address is www.ncdoi.com. Forms and filing information related to the licensure of HMOs can be located at:

[http://www.ncdoi.com/LH/Licensing, Renewals and Other - HMO.aspx#Filing](http://www.ncdoi.com/LH/Licensing_Renewals_and_Other_-_HMO.aspx#Filing)

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FORM COMPLIANCE

The following list of North Carolina General Statutes and North Carolina Regulations has been compiled to assist you in drafting your member forms. The applicant may review the aforementioned books or the internet for a more comprehensive list.

NCGS 58-2-100 – office of Commissioner a public office; records, etc., subject to inspection.

NCGS 58-2-132 – examination reports.

NCGS 58-3-35 – stipulations as to jurisdiction and limitation of actions; settlement through arbitration cannot be more restrictive than permitted by law. The right to pursue legal action through the courts cannot be eliminated.

NCGS 58-3-50 – companies must do business in own name; emblems, insignias, etc.

NCGS 58-3-121 – discrimination against coverage of certain bones and joints prohibited.

NCGS 58-3-122 – anesthesia and hospital charges necessary for dental procedures for young children, persons with serious mental or physical conditions, and persons with significant behavioral problems.

NCGS 58-3-150 - all policy forms, contracts, and certificates must be filed with and approved by the Commissioner prior to use.

NCGS 58-3-150(b) - out of state trust or association business issued or issued for delivery to residents of this State must be filed with and approved by the Commissioner prior to issue.

NCGS 58-3-168- coverage for postmastectomy inpatient care.

NCGS 58-3-169 -required coverage for minimum hospital stay following birth.

NCGS 58-3-170 – requirements for maternity coverage.

NCGS 58-171 – uniform claim forms.

NCGS 58-3-172 – notice of claim denied.

NCGS 58-3-174 – coverage for bone mass measurement for diagnosis and evaluation of osteoporosis or low bone mass.

NCGS 58-3-176 – treatment discussions not limited.

NCGS 58-3-177 – uniform prescription drug identification cards.

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NCGS 58-3-178 – coverage for prescription contraceptive drugs or devices and for outpatient contraceptive services; exemption for religious employers.

NCGS 58-3-179 – coverage for colorectal cancer screening.

NCGS 58-3-181 – synchronization of prescription refills.

NCGS 58-3-190 - coverage required for emergency care.

NCGS 58-3-192 – coverage for autism spectrum disorder.

NCGS 58-3-200 - miscellaneous insurance and managed care coverage and network provisions.

NCGS 58-3-215 – genetic information in health insurance.

NCGS 58-3-220 – mental health equity requirement and minimum required benefits.

NCGS 58-3-221 – access to nonformulary and restricted access prescription drugs.

NCGS 58-3-223 – managed care access to specialist care.

NCGS 58-3-225 – prompt claim payments under health benefit plans.

NCGS 58-3-227 – health plans fee schedules.

NCGS 58-3-228 – coverage for extra prescriptions during a state of emergency or disaster.

NCGS 58-3-230 – uniform provider credentialing.

NCGS 58-3-231 – payment under locum tenens arrangements.

NCGS 58-3-235 – selection of specialist as primary care provider.

NCGS 58-3-240 – direct access to pediatrician for minors.

NCGS 58-3-245 – provider directories; cost tools for insured.

NCGS 58-3-247 – insurance identification card.

NCGS 58-3-250 – payment obligations for covered services.

NCGS 58-3-255 – coverage of clinical trials.

NCGS 58-3-260 – insurance coverage for newborn hearing screening mandated.

NCGS 58-3-265 – prohibition on managed care provider incentives.

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NCGS 58-3-270 – coverage for surveillance tests for women at risk for ovarian cancer.

NCGS 58-3-275 – closure of a block of business.

NCGS 58-3-280 – coverage for the diagnosis and treatment of lymphedema.

NCGS 58-3-285 – coverage for hearing aids.

NCGS 58-3-290 – nondependent child coverage defined; open enrollment.

NCGS 58-3-300 – health insurance issuers subject to certain requirements of federal law.

NCGS 58-33-85 – rebates and charges in excess of premium prohibited; exceptions.

NCGS 58-38-10 – readable insurance policies; scope of application

NCGS 58-38-20 - insurance policies and contracts format requirements.

NCGS 58-38-25 – Flesch scale analysis readability score; procedures.

NCGS 58-38-30 – Filing requirements; duties of the Commissioner; flesch readability score must meet or exceed 50.

NCGS 58-39-25 – notice of insurance information practices.

NCGS 58-39-27 – privacy notice and disclosure requirement exceptions.

NCGS 58-39-35 – content of disclosure authorization forms.

NCGS 58-39-55 – reasons for adverse underwriting decisions.

NCGS 58-39-60 – information concerning previous adverse underwriting decisions.

NCGS 58-39-65 – previous adverse underwriting decisions.

NCGS 58-50-5 - application; agent's certification statement.

NCGS 58-50-30 – right to choose services of certain providers.

NCGS 58-50-35 – notice of nonpayment of premium required before forfeiture.

NCGS 58-50-40 – willful failure to pay group insurance premiums; willful termination of a group health plan; notices to persons insured; penalty; restitution; examination of insurance transactions.

NCGS 58-50-45 - fiduciary notice required.

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NCGS 58-50-56 – insurers, preferred provider organizations, and preferred provider benefit plans.

NCGS 58-50-57 – offsets against provider reimbursement for workers' compensation payments forbidden.

NCGS 58-50-61 - requirements for utilization review and appeals.

NCGS 58-50-62 - required standards for insurer grievances procedures.

NCGS 58-50-75 – purpose, scope, and definitions of health benefit plan external review.

NCGS 58-50-77 – notice of right to external review.

NCGS 58-50-79 – exhaustion of internal grievance process.

NCGS 58-50-80 – standard external review.

NCGS 58-50-82 – expedited external review.

NCGS 58-50-84 – binding nature of external review decision.

NCGS 58-50-85 – approval of independent review organizations.

NCGS 58-50-87 – minimum qualifications for independent review organizations.

NCGS 58-50-89 – hold harmless for Commissioner, medical professionals, and independent review organizations.

NCGS 58-50-90 – external review reporting requirements.

NCGS 58-50-92 – funding of external review.

NCGS 58-50-93 – disclosure of external review procedure requirements.

NCGS 58-50-94 – selection of independent review organizations.

NCGS 58-50-110 – definitions as used in small employer group health insurance reform.

NCGS 58-50-112 – affiliated companies; HMOs.

NCGS 58-50-115 - health benefit plans subject to Small Group Health Reform (employer groups of 1-49).

NCGS 58-50-125 – health care plans; formation; approval; offerings.

NCGS 58-50-130 – required health care plan provisions.

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NCGS 58-50-131 – premium rates for health benefit plans; approval authority; hearing.

NCGS 58-50-270 – definitions applicable to contracts between health benefit plans and health care providers.

NCGS 58-50-275 – notice contact provisions.

NCGS 58-50-280 – contract amendments.

NCGS 58-50-285 – policies and procedures.

NCGS 58-50-290 – health benefit plans or insurers contracting for provision of dental services; no limitations on fees for noncovered services.

NCGS 58-50-295 – prohibited contract provisions related to reimbursement rates.

NCGS 58-50-300 – health benefit plans or insurers contracting for provision of vision services or materials; no limitation on fees for noncovered services or materials.

NCGS 58-51-15(a)(2)(b)- maximum pre-existing waiting period up to 12 months for individual and association plan. Credit for time accrued under previous coverage applies to the new plan.

NCGS 58-51-17 – portability for accident and health insurance.

NCGS 58-51-25 – policy coverage to continue as to mentally retarded or physically handicapped children; coverage of dependent students on medically necessary leave of absence.

NCGS 58-51-25(b) – Michelle’s law

NCGS 58-51-30 – policies to cover newborn infants, foster children, and adopted children.

NCGS 58-51-35 – insurers and others to afford coverage to mentally retarded and physically handicapped children.

NCGS 58-51-37 - pharmacy of choice requires that all willing pharmacies be given the opportunity to participate as contract providers, and prohibits the promotion of one participating pharmacy over another.

NCGS 58-51-38 - requires health benefit plan to allow each female plan participant or beneficiary age 13 or older direct access to participating obstetrician/gynecologist without prior referral.

NCGS 58-51-45 – policies to be issued to any person possessing the sickle cell trait or hemoglobin C trait.

NCGS 58-51-55 – no discrimination against mentally ill or chemically dependent individuals.

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NCGS 58-51-115 - defines health benefit plan and prohibits taking eligibility for Medicaid into consideration when issuing private health coverage.

NCGS 58-51-120 – coverage of children; regardless of when the child becomes eligible, no issuer may require enrollment within a certain time frame, if a parent is required by a court or administrative order to provide health benefit plan coverage for a child and the parent is eligible for family health benefit plan coverage.

NCGS 58-51-125 - adopted children must be treated as newborns mandate.

NCGS 58-53-1 through NCGS 58-53-40 – requirements for continuation and conversion privileges.

NCGS 58-53-45 through NCGS 58-53-115 – requirements for conversion privileges.

NCGS 58-54-10 - Medicare supplement and Medicare Select standards.

NCGS 58-56-26 – responsibilities of an insurer using the services of a third party administrator.

NCGS 58-56-51 - third party administrators must be licensed.

NCGS 58-62-26(a) – North Carolina Life and Health Insurance Guaranty Association members

NCGS 58-63-15 - Unfair methods of competition and unfair or deceptive acts or practices defined.

NCGS 58-67 – Health Maintenance Organization Act.

NCGS 58-67-5 – definitions applicable to the Health Maintenance Organization Act.

NCGS 58-67-10 - the establishment of health maintenance organizations.

NCGS 58-67-11 - additional HMO application information.

NCGS 58-67-30 – management and exclusive agreements; custodial agreements.

NCGS 58-67-35 – powers of health maintenance organizations.

NCGS 58-67-50(b)(1) - no schedule of premium shall be used until the demonstration is filed with and approved by the Commissioner.

NCGS 58-67-50(b)(2) - premium rates for an individual plan must be guaranteed for one year and at least forty-five days written notice must be given prior to a rate increase.

NCGS 58-67-70 – coverage for chemical dependency treatment.

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NCGS 58-67-74 - coverage for certain treatment of diabetes.

NCGS 58-67-75 - no discrimination against mentally ill or chemically dependent individuals and mandates for certain level of benefits for mental illness coverage for groups with more than 50 employees.

NCGS 58-67-76 – coverage for mammograms and cervical cancer screening.

NCGS 58-67-77 - coverage for prostate-specific antigen (PSA) tests.

NCGS 58-67-78 – coverage of certain prescribed drugs for cancer treatment.

NCGS 58-67-79 - coverage for reconstructive breast surgery following mastectomy.

NCGS 58-67-85 – master group contracts, filing requirement; required and prohibited provisions.

NCGS 58-67-88 – continuity of care.

NCGS 58-67-100 - conducting examinations as often as deemed necessary by the Commissioner.

NCGS 58-67-110 – protection against insolvency

NCGS 58-67-120 – continuation of benefits.

NCGS 58-67-125 – enrollment period.

NCGS 58-67-130 – replacement coverage.

NCGS 58-67-140 – Suspension or revocation of license.

NCGS 58-67-171 – other laws applicable to HMOs.

NCGS 58-67-175 – filings and reports as public documents.

NCGS 58-68-25 – Portability, Access, and Renewability Requirements; definitions; excepted benefits; employer size rule

NCGS 58-68-30 - requirements for increased portability through limitation on pre-existing condition exclusions for group health benefit plans.

NCGS 58-68-35 - prohibiting discrimination against individual participants and beneficiaries based on health status.

NCGS 58-68-40 - guaranteed availability of coverage for employees in the small group employer market.

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NCGS 58-68-45 - guaranteed renewability of coverage for employees in the group market.

NCGS 58-68-50 - disclosure of information by health insurers in the small group market.

NCGS 58-68-55 – exclusion of certain plans.

NCGS 58-68-60 - mandates availability of individual health insurance coverage to certain individuals with prior group coverage.

NCGS 58-68-65 – guaranteed renewability of individual health insurance coverage.

NCGS 58-68-70 – certification of coverage.

NCGS 90-21.22A - provisions for medical review committees acting within the scope of the functions of the committee.

11 NCAC 4.0319 - claim status report to members for claims not processed after 45 days after receipt of the initial claim by the insurer.

11 NCAC 12.0304 – sex discrimination on applications

11 NCAC 12.0317 – origin of sickness: description

11 NCAC 12.0319 – subrogation prohibited

11 NCAC 12.0320 – sound health shall be defined

11 NCAC 12.0321 – rate filing: HMO

11 NCAC 12.0323 – complication of pregnancy

11 NCAC 12.0324 – HIV and AIDS discrimination prohibited

11 NCAC 12.0326 – application for insurance required

11 NCAC 12.0329- submission requirements: form and rate filings

11 NCAC 12.0506 – mass marketing application

11 NCAC 12.0514 – coordination: group A/H contract benefits; group coverages

11 NCAC 12.0543 – policies containing a pre-existing condition exclusion

11 NCAC 12.0557 – policies containing a termination or cancellation provision

11 NCAC 12.0559 – precertification

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11 NCAC 12.0561 – deductibles and copayments based on real cost

11 NCAC 12.1300 – small employer group health coverage

11 NCAC 12.1400 – HMO: Point of Service

11 NCAC 12.1500 – Uniform claim forms

11 NCAC 16.0602 – HMO general filing requirements

11 NCAC 16.0603 – HMO rate filing data requirements

11 NCAC 16.0604 – Initial HMO rate filing data requirements and standards

11 NCAC 20.0100 – managed care scope and definitions

11 NCAC 20.0200 – contracts between network plan carriers and healthcare providers

11 NCAC 20.0300 – provider accessibility and availability

11 NCAC 20.0400 – network provider credentials

11 NCAC 20.0500 – HMO quality management programs

11 NCAC 20.0600 – significant modifications to HMO operations

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EXHIBIT 8: FINANCIAL STATEMENTS

This exhibit should include the applicant's most recent financial statements and the financial statements of all controlling entities. If audited financial statements are available for the applicant or its controlling entities, a copy of each should be provided with the application. Please be advised of the following:

- Other jurisdictions where the Company and/or its affiliates operate should be identified. A Certificate of Good Standing from other jurisdictions in which the Company operates should be presented.
- The working capital requirements of [NCGS 58-67-5\(j\)](#) are in addition to the statutory deposit required by [NCGS 58-67-25](#).
- If the applicant is filing as a foreign HMO, it must demonstrate compliance with [11 NCAC 11.0308](#) and must present statutory annual financial statement filings made with the state of domicile for the three years preceding the date of the application.

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EXHIBIT 9: FINANCIAL FEASIBILITY PLAN

This exhibit should include a financial feasibility plan, which includes detailed enrollment projections, the methodology for determining premium rates to be charged during the first 12 months of operations certified by an actuary or a recognized actuarial consultant, a projection of balance sheets, cash flow statements, showing any capital expenditures, purchase and sale of investments and deposits with the State, and income and expense statements anticipated from the start of operations until the organization has had net income for at least one year; and a statement as to sources of working capital as well as any other sources of funding. Please be advised of the following:

- The application should state the Company's initial source of capital and the method of capitalization. The Company will be required to provide documentation that the initial capital as required by the Department has been received prior to the issuance of their license.
- A copy of the financial projection worksheet (PROJ_36_withRBC.xls), required by 11 [NCAC 16.0604](#), is available through the Actuarial Services Division. All projections must be on a statutory basis and include detailed assumptions. The forecasts are to be prepared on a monthly basis and **include year-end totals** for the Financial Evaluation Divisions. Please note that there are separate income statements for large group, small group, Individual, Medicare and Medicaid business. All applicable sections of the worksheet must be completed, including the contingency reserve. An electronic copy of the completed projections must be included with the filing.
- The financial statements and projections filed must be on a statutory accounting basis based upon North Carolina law.

RATE COMPLIANCE

The application must include detailed rate development for all proposed benefit packages. It is important to note that once the Actuarial Services Division has approved the rates, the large group rates are “locked in” for at least the first 12 months of operation with membership enrollment. Small group rates may be changed subject to [NCGS 58-50-130](#), but no schedule of premiums may be used by a licensed HMO until it has been filed with and approved by the Department.

Please note the following points specifically related to rates:

- All HMOs are required to comply with General Filing Requirements outlined in 11 NCAC 16.0602 and 16.0603.
- All HMOs are required to specify the number of months that a rate will be guaranteed and all special cases must be identified in a manner consistent with [11 NCAC 16.0606\(2\)](#).
- In regard to extended rate guarantees, no HMO may issue a rate guarantee in excess of 12 months unless the rating methodology is filed with and approved by the Commissioner. The rate guarantee period must not exceed the term of any provider contract on which the rate is dependent and in no case may exceed 24 months.
- In regard to renewal rate caps, no HMO may guarantee a rate cap or specify a predetermined formula for a rate revision to a group for a future benefit period (beyond the current contract period). An anticipated rate cap may be stated but the HMO must specify that the rate is contingent upon the HMOs approved rating methodology and upon approval by the Commissioner. An HMO shall not state an anticipated rate cap for future benefit periods, which extend beyond approved financial projections.
- HMOs shall file actuarial data certified by an actuary and established in accordance with actuarial principles that are not excessive, inadequate or unfairly discriminatory.
- By law, the Commissioner must conduct an appropriate data analysis of all HMO rate submissions. Once the company has been licensed as an HMO, the Commissioner shall take action on the submission of all rate filings within 45 days of receipt, in accordance with [NCGS 58-67-50](#). If the Commissioner does not approve or disapprove the rate within 45 days, the rate shall be deemed approved. However, no HMO shall take action to deem a rate approved without first notifying the Commissioner in writing, pursuant to [11 NCAC 12.0307](#). **Rates are not subject to this “deemer” provision in cases in which the filer has not yet been issued an HMO Certificate of Authority.**
- Please note that approved rates shall only be applicable to that period of time forward of the date of approval.

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- An actuarial demonstration must accompany any form filing wherein a premium is charged. If the rate schedule for the product has received the Commissioner's prior approval, the filer must clarify and provide evidence of such approval.
- The Office of the Commissioner shall not tolerate any infraction of the law and shall vigorously pursue any HMO who violates the laws of this State. The penalty for implementing an unapproved rate shall result in fine and possible revocation of license. The Commissioner shall hold a public hearing on all such violations and impose the highest penalty allowed by law.
- The Actuarial Services Division acts as a consultant to the Department's Life and Health Division with respect to rates. If anytime during the process you need assistance, please contact the Life and Health Division first, unless contacted directly by the Actuarial Services Division.

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EXHIBIT 10: POWER OF ATTORNEY FORM (HMO/POA/LGL)

This exhibit must contain the power of attorney forms provided with the application. The forms should be duly executed by the applicant if not domiciled in this State. The first power of attorney form appoints the Commissioner and his successors in office, and duly authorized deputies, as the true and lawful attorney of such applicant in and for this State upon whom all lawful process in any legal action or proceeding against the HMO on a cause of action arising in this State may be served. The second power of attorney form allows the Commissioner to sell and transfer any securities or assets on deposit with the Commissioner for the purpose of paying any liability of the Company, including the payment of claims.

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EXHIBIT 11: SERVICE AREA

This exhibit should include a completed listing indicating , each county the applicant is proposing to serve. Additionally, a North Carolina Map should be provided which clearly indicates by way of shading or coloring all counties requested. Please be advised:

- **HMOs are licensed in North Carolina by county.** Please clearly indicate which counties are being requested. Changes in the requested service area after the application has been received will necessitate a new filing.
- A provider network must support each county requested. Signed provider contracts must be submitted to the Department during the review process.
- Failure to demonstrate an adequate network in a given county will result in that county being excluded from the service area. The deletion of counties from the service area is likely to result in a requirement for a revised financial feasibility plan.
- The Life and Health Division will review the availability and accessibility standards included in Exhibit 18 and 19 and determine if the applicant is meeting the standards set, taking into account urban and rural settings, as well as the provider to member ratios established by the applicant.
- Phased-in service areas are not permitted.
- Service area expansion requests cannot be made within the first 12 months of operation.

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EXHIBIT 12: INSOLVENCY PROTECTION PROVISIONS

This exhibit must provide the applicant's provisions for protection against insolvency pursuant to of [NCGS 58-67-110, 115 and 120](#).

If a reinsurance agreement is to be used to satisfy the provisions of [Article 67](#) (detailed below), a draft of that agreement must be filed with the application. The reinsurance agreement must be with an insurance company licensed to do business in North Carolina. The applicant must indicate that the reinsurance agreement is filed pursuant to which, if any of the following:

- [NCGS 58-67-110\(e\)](#) - Protection Against Insolvency.
- [NCGS 58-67-11\(B\)\(1\)\(b\)](#) - Hold Harmless Agreements or Special Deposit.
- [NCGS 58-67-120](#) - Continuance of Benefits.

Reinsurance agreements require the prior approval of the Department before execution. An executed copy of the agreement must be received prior to issuance of the applicant's license.

- If a Capital Maintenance Agreement is to be used to meet the provisions of [Article 67](#) (detailed below) a draft of the Agreement, which is in substantial compliance with the Department's model agreement (available upon request), must be filed with this exhibit. The current financial statements of the guarantor must be filed with the Agreement. The applicant must indicate that the agreement is filed pursuant to either, or both of the following:
 - [NCGS 58-67-110](#) - Protection Against Insolvency.
 - [NCGS 58-67-115\(B\)\(1\)\(b\)](#) - Hold Harmless Agreements or Special Deposit.

Agreements require the prior approval of the Department prior to execution. An executed copy of the agreement must be received prior to the issuance of the applicant's license.

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EXHIBIT 13: DESCRIPTION OF GRIEVANCE PROCEDURES

A member grievance procedure should be submitted which describes the internal grievance procedures to be utilized for the investigation and resolution of member complaints and grievances as provided for in [NCGS 58-50-62](#).

The applicant may only use one process, which addresses both utilization management appeals of noncertifications and member grievances. If so, the procedures must comply with [NCGS 58-50-61 and 58-50-62](#) for first and second level appeals and/or grievances.

Please submit samples of the following:

- letter to the member and, if applicable, to the member's provider acknowledging receipt of first level and second level grievances;
- written determination letter to member and, if applicable, to the member's provider for first level and second level grievances.

EXHIBIT 14: CLAIMS ADMINISTRATION

A description of the claims administration system should be submitted which clearly demonstrates compliance with provisions of [NCGS 58-3-172](#), [58-3-225](#), [58-63-15](#) and [11 NCAC 4.0319](#). The description should include the capabilities of the computer system for processing claims accurately and timely and in accordance with the requirement of the Company's various lines of business, provider payment methodologies, benefit plans and regulatory requirements. This description must also include samples of the claims administration computer system's capability of producing the following:

- an easily understandable explanation of benefits (EOB) form for members
- remittance advice (RA) form for participating providers
- written notification by electronic or paper mail to the claimant within 30 calendar days after receipt of a claim:
 - (1) payment of the claim.
 - (2) notice of denial of the claim.
 - (3) notice that the proof of loss is inadequate or incomplete.
 - (4) notice that the claim is not submitted on the form required by the health benefit plan, by the contract between the insurer and health care provider or health care facility, or by applicable law.
 - (5) notice that coordination of benefits information is needed in order to pay the claim.
 - (6) notice that the claim is pending based on nonpayment of fees or premiums. For purposes of this section, an insurer is presumed to have received a written claim five business days after the claim has been placed first-class postage prepaid in the United States mail addressed to the insurer or an electronic claim transmitted to the insurer or a designated clearinghouse on the day the claim is electronically transmitted. The presumption may be rebutted by sufficient evidence that the claim was received on another day or not received at all.

EXHIBIT 15: PROVIDER CREDENTIALING PLAN

This exhibit should contain all program documents, which have been developed in accordance with [NCGS 58-3-230](#) and [11 NCAC 20.0400](#). This may include but not be limited to: provider credentialing plan, credentialing policies, procedures and/or criteria provider/facility credentialing application, tools used to assess provider capabilities such as office assessments, provider profiles etc.

CREDENTIALING PLAN

A provider credentialing plan should be submitted which includes the following:

- Description of the organizational structure and staffing relative to credentialing activities
- Purpose, goals and objectives of the credentialing program
- Role of the Board of Directors, Clinical Director, Quality Management Personnel and any Committee
- Provider selection criteria and credentialing requirements
- Confidentiality of provider information
- Provision whereby Committee members will not review files of providers in which they have a conflict of interest
- Procedures for verification of provider and facility credentials, including, but not limited to (and where applicable):
 - License
 - DEA Certificate
 - Board Certification
 - Medical/Professional education and training, if not board certified
 - Professional liability insurance
 - Malpractice claim history
 - Hospital privileges
 - JCAHO accreditation
 - Medicare/Medicaid program certification
- Procedures for querying recognized monitoring sources, if such sources will be referenced, including but not limited to:
 - National Practitioner Data Bank
 - Medicare/Medicaid sanctions report
 - Federation of State Medical Boards
- Procedures for waiver of credentials in certain situations
- Site Visit to Provider Location if applicable
- Actions to be taken by the Committee
- Procedures for termination and an appeal mechanism for the provider
- Recredentialing policies and procedures which include coordination with:
 - utilization review
 - quality assurance

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- member services
- Procedures for maintaining oversight over any delegated credentialing activities. If responsibility for credentialing activities will not be delegated, this should be stated.
- If credentialing is delegated, need to outline requirements.

PROVIDER/FACILITY APPLICATION

Provider and facility applications should be submitted, which include the following:

- Personal information
- Practice information
- Education and training history
- Current license, registration or certification and the names of other states where the applicant is or has been licensed, registered or certified
- DEA registration number and prescribing restrictions, if any
- Specialty board certification or eligibility, if applicable
- Professional and hospital affiliations, if applicable
- Amount of professional liability coverage and any malpractice history
- History of disciplinary actions by medical organizations and regulatory agencies
- Felony or misdemeanor convictions
- Type of affiliation requested
- Conflict of interest
- Mental health/chemical dependency
- JCAHO accreditation, for facilities and if applicable
- Medicare and Medicaid certification, if applicable
- Statements regarding:
 - Application is true and correct
 - Authorization/Release to obtain information

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EXHIBIT 16: QUALITY MANAGEMENT PROGRAM

This exhibit should include all program documents which assure quality of care and health care services managed and provided through the health care plan in accordance with [11 NCAC 20.0500](#).

QUALITY MANAGEMENT PLAN

A quality management plan should be submitted which includes, but is not limited to the following:

- Description of the structure and organization relative to quality assurance functions
- Role of the Board of Directors, Clinical Director and Quality Management Personnel
- Integration with other HMO functional areas (i.e., utilization review, credentialing, member services, claims, etc.)
- Purpose, goals, objectives, functions of the program
- Specific services to be monitored
- Confidentiality of information
- Provision whereby reviews will not be performed by any individual with a conflict of interest
- Activities/studies/methodologies to be employed
 - Procedures for handling quality of care and service complaints, including corrective action plans
- Specific standards to be adopted and monitored
 - Procedures for dealing with providers who are frequent and/or flagrant abusers of HMOs quality of care program, including a provider appeal mechanism
- Provision for annual evaluation and update of the program
- Procedures for maintaining oversight over any delegated quality assurance activities. If responsibility for quality assurance activities will not be delegated, this should be stated.

EXHIBIT 17: UTILIZATION MANAGEMENT PROGRAM

A utilization review program document should be submitted which clearly demonstrates compliance with each provision of [NCGS 58-50-61](#) and [58-50-62](#). In addition, the following should be addressed:

- Selected key definitions that apply to utilization review or utilization management
- Policies and procedures for monitoring and evaluating the performance of third parties with which the insurer contracts to perform utilization review. Mechanisms to ensure compliance with legal requirements for utilization review.
- Scope and content of all delegated and nondelegated functions of the utilization review program which includes: procedures to evaluate medical necessity; data sources and clinical review criteria to be used in decision making; process for conducting appeals of noncertifications; mechanisms to ensure consistent application of criteria and compatible decisions; process of data collection and analytical methods to assess utilization; provisions to assure confidentiality of clinical and patient information in accordance with State and federal law; organizational structure (e.g., utilization review committee, quality assurance, or other committee) that periodically assesses utilization review activities and reports to insurer's governing body; the staff position functionally responsible for day-to-day program management; and methods of data collection and analysis to assess utilization and how that data is used to improve utilization review criteria.
- Operational requirements for the utilization review program
- Responsibilities of insurer and methods to provide for the following: routine assessment of utilization review program; procedures to coordinate the utilization review program with other medical management activity; telephone accessibility for covered persons and their providers to seek required preauthorizations; establishment of telephone accessibility standards, monitoring of actual telephone accessibility and corrective actions as indicated by at least monthly monitoring of average speed of answer and call abandonment rate; policies and procedures for requesting information necessary for utilization review; written procedures for making determinations and notifying covered persons of decisions; and written procedures to address the failure or inability of a provider or covered person to provide all information necessary for the review.
- Policies and procedures for the performance of various types of reviews, including precertification review, concurrent review and retrospective review
- Policies and procedures for the performance of standard and expedited appeals of noncertifications
- sample of noncertification letter to the member and the member's provider
- sample of letter to the member and, if applicable, to the member's provider acknowledging receipt of first level and second level appeals/grievances
- sample of written notification to the member of the second level review meeting date
- sample of written determination letter to member and, if applicable, to the member's provider for first level and second level appeals/grievances
- A clear and comprehensive description of utilization review procedures, including the procedures for appealing noncertifications and a statement of the rights and

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responsibilities of covered persons, including the voluntary nature of the appeals process, as described in the certificate of coverage and member handbook.

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EXHIBIT 18: PROVIDER AVAILABILITY STANDARDS

This exhibit should include the provider network and evidence of the ability of that network to provide all health care services to the applicant's prospective enrollees in accordance with [11 NCAC 20.0301 and 20.0304](#)

Provider availability standards must be submitted and should address the following:

- Each network plan carrier must establish a methodology to determine the size and adequacy of the provider network necessary to serve its members. The methodology must provide for the development of performance targets that address the following:
 1. The number and type of primary care physicians, specialty care providers, hospitals, and other provider facilities, as defined by the carrier;
 2. A method to determine when the addition of providers to the network will be necessary based on increases in the membership of the network plan carrier; and
 3. A method for arranging or providing health care services outside of the service area when providers are not available in the service area.

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EXHIBIT 19: ACCESSIBILITY STANDARDS

This exhibit should include the applicant's provider network and evidence of the ability of that network to provide all health care services to the applicant's prospective enrollees in accordance with [11 NCAC 20.0302](#) and [20.0304](#)

Provider accessibility standards must be submitted and should address the following:

- Each network plan carrier must establish performance targets for member accessibility to primary and specialty care physician services, hospital-based services, and health care services provided by non-physician providers. Written policies and performance targets must address the following:
 1. Proximity of network providers as measured by such means as driving distance or time a member must travel to obtain primary care, specialty care and hospital services, taking into account local variations in the supply of providers and geographic considerations;
 2. The availability to provide emergency services on a 24-hour, seven day per week basis;
 3. Emergency provisions within and outside of the service area; and
 4. The average or expected waiting time for urgent, routine and specialist appointments.
- HMOs must demonstrate that the services provided would be accessible in each county for which licensure is requested. In order to demonstrate the accessibility of the network, please submit the following:
 - Accessibility standards (i.e., ratio of physicians to members, drive time, distance to providers in terms of mileage, etc.)
 - A chart illustrating provider interest in all requested counties, broken down by county and provider specialty including mental health and ancillary. Hospital interest should also be included.

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EXHIBIT 20: DESCRIPTION OF EXTERNAL REVIEW PROCEDURES

External review procedures should be submitted which describes the health benefit plan's policies and procedures (including time frames) to be utilized to assure that covered persons have the opportunity for an independent external review of appeal decisions upholding a noncertification or second level grievance review decisions upholding a noncertification, as provided for in NCGS 58-50-61 and NCGS 58-50-62.

The applicant may only use one process that complies with the requirements of NCGS 58-50-75 through NCGS 58-50-94.

Please submit samples (templates) of each of the written notifications required by the provisions of NCGS 58-50-75 through NCGS 58-50-94.