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HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
12/11/2014	House	Prefiled
12/11/2014	House	Referred to Committee on Labor, Commerce and Industry

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VERSIONS OF THIS BILL

12/11/2014

A BILL

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TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO ENACT THE "ACA ANTI-COMMANDEERING 13 ACT" BY ADDING ARTICLE 30 TO CHAPTER 1, TITLE 1 SO 14 AS TO PROVIDE DEFINITIONS, TO MAKE CERTAIN 15 FINDINGS REGARDING THE **PRINCIPLE** OF 16 ANTI-COMMANDEERING AND THE RIGHT OF STATES TO REFUSE TO USE STATE RESOURCES TO 18 ENFORCE FEDERAL LAWS, TO PROVIDE THAT A PUBLIC 19 OFFICIAL, OFFICER, OR EMPLOYEE OF A PUBLIC BODY 20 MUST NOT PARTICIPATE IN THE ESTABLISHMENT OF A 21 HEALTH INSURANCE EXCHANGE OR ENFORCE OR AID 22 IN THE ENFORCEMENT OF THE INDIVIDUAL AND 23 EMPLOYER HEALTH INSURANCE MANDATES OF THE 24 AFFORDABLE CARE ACT, TO PROVIDE THAT THESE 25 PROHIBITIONS DO NOT APPLY TO THE PROVISION OF 26 MEDICAID AT CURRENT LEVELS OF ELIGIBILITY, AND TO REFUSE TO PARTICIPATE IN THE EXPANSION OF 28 MEDICAID PURSUANT TO THE ACA: TO ENACT THE 29 "NAVIGATOR BACKGROUND CHECK ACT" BY ADDING 30 ARTICLE 21 TO CHAPTER 71, TITLE 38 SO AS TO PROVIDE 31 NECESSARY DEFINITIONS, TO PROVIDE CRITERIA FOR 32 REGISTRATION AS A HEALTH CARE INSURANCE 33 NAVIGATOR, TO REQUIRE REGISTRATION OF A PERSON 34 ACTING AS A HEALTH CARE INSURANCE NAVIGATOR, 35 TO PROVIDE RELATED DUTIES OF THE DEPARTMENT OF 36 INSURANCE AND THE DEPARTMENT OF HEALTH AND 37 HUMAN SERVICES, AND TO PROVIDE PENALTIES FOR A 38 VIOLATION; TO AMEND SECTION 38-3-110, AS AMENDED, 39 RELATING TO THE DUTIES OF THE CHIEF INSURANCE 40 COMMISSIONER, SO AS TO **REQUIRE** 41 COMMISSIONER TO TAKE ALL REASONABLE ACTION TO 42 LIMIT FEDERAL INTRUSION INTO THE REGULATION OF

1 INSURANCE IN THIS STATE; AND TO AUTHORIZE THE 2 GOVERNOR TO COMMUNICATE THE CONTENTS OF THIS 3 ACT TO OUR SISTER STATES AND REQUEST AN 4 EXPRESSION OF THEIR SENTIMENTS REGARDING THE 5 ACA. Be it enacted by the General Assembly of the State of South Carolina: 9 SECTION 1. Chapter 1, Title 1 of the 1976 Code is amended by 11 adding: 12 13 "Article 30 14 15 ACA Anti-Commandeering Act 16 Section 1-1-1900. This article may be cited as the 'ACA 17 18 Anti-Commandeering Act'. 19 20 Section 1-1-1905. For purposes of this article: 21 (1) 'ACA' means the Patient Protection and Affordable Care Act, signed by President Barack Obama on March 23, 2010, and any amendments thereto. 24 (2) 'Health insurance' means any policy of insurance that 25 meets the definition provided by Section 38-1-20. 26 (3) 'Health insurance exchange' means an American Health 27 Benefit Exchange established by the federal government, any state, or political subdivision of a state, or any other entity that may otherwise qualify to establish an exchange pursuant to the ACA.

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Section 1-1-1910. The General Assembly finds:

counties, municipalities, townships, and school districts.

(1) that significant portions of the ACA constitute an unprecedented overreach by the U.S. Congress and the federal government into areas of law and regulation that involve the exercise of powers and duties that are patently reserved to the states and the people themselves under the United States 41 Constitution;

(4) 'Public body' means any department of the State, any state board, commission, agency, and authority, and any public or

governmental body or political subdivision of the State, including

(2) that those portions of the ACA that require employers to provide and individuals to obtain health insurance are particularly offensive to the rights and freedoms of the residents of this State;

- (3) that pursuant to and in furtherance of the fundamental principle of state sovereignty, the federal government may not command our state's officers, agents, or employees to participate in the enforcement or facilitation of any federal program the General Assembly determines to be offensive to fundamental freedoms guaranteed to our state's residents;
- (4) that this right to be free from the commandeering hand of the federal government has been most notably recognized by the United States Supreme Court in *Printz v. United States* when the Court held: 'The Federal Government may neither issue directives requiring the states to address particular problems, nor command the states' officers, or those of their political subdivisions, to administer or enforce a federal regulatory program';
- (5) that the State has the duty and obligation to refuse to participate in the facilitation and enforcement of those provisions of the ACA that are patently offensive to the principle of state sovereignty and so significantly infringe upon the rights and freedom of all South Carolinians; and
- (6) that the anti-commandeering principles recognized by the U.S. Supreme Court in *Printz v. United States* are predicated upon the constitutional proposition that the State has the absolute and sovereign right to interpose and refuse to assist in the enforcement of any federal program, and the prohibitions contained in this article are a full and fair exercise of the sovereign power of this State in support of and in compliance with the anti-commandeering principles recognized by the U.S. Supreme Court in *Printz v. United States*;
- (7) that expanding Medicaid as described in 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII) would cost between \$600 million and \$1.9 billion of state funds between 2014 and 2020, and South Carolina should not expand under this ACA section, but should work to meet current commitments to current populations whom are the most vulnerable; and
- (8) that expanding Medicaid as described in 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII) does not address root causes of health issues and does not reform the health system.

Section 1-1-1915. (A) Notwithstanding any provision of law, regulation, rule, or order to the contrary, a public official, officer,

or employee of a public body, or any other person or entity during the provision of services on behalf of a public body, shall not:

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- 3 (1) implement or participate in the establishment of a health 4 insurance exchange by the State or a political subdivision of the State, or assist in the enrollment of any person in any health insurance exchange, or provide any other material support, participation, or assistance, with or to a federal agency or employee, or any other person acting on behalf of, in conjunction with, or in support of, any health insurance exchange offering health insurance to employers or residents of this State in order to facilitate any portion of Sections 1501 and 1513 of the ACA, 11 12 commonly known as the ACA's individual mandate to purchase insurance coverage and the ACA's employer mandate to provide health insurance coverage, respectively. This subsection does not prohibit a public official, officer, or employee of a public body 16 from engaging in incidental communication with a person in 17 response to a request or question concerning how the person may obtain health insurance, including, but not limited to, referring the person to a federal agency or federal agency's website that 20 provides information on or allows a person to enroll in a health 21 insurance exchange;
 - (2) enforce or aid in the enforcement of Section 1501 of the ACA requiring an individual to maintain minimum essential coverage, commonly known as the ACA's individual mandate to purchase insurance coverage;
 - (3) enforce or aid in the enforcement of Section 1513 of the ACA imposing a shared responsibility on employers who do not provide health insurance to full-time employees, commonly known as the employer's mandate to provide health insurance coverage;
 - (4) utilize any assets, state funds, or funds authorized or allocated by the State to any public body, in whole or in part, to engage in any activity that aids in the enforcement of any federal act, law, order, rule, or regulation intended to give effect to or facilitate the enforcement of Section 1501 or 1513 of the ACA;
 - (5) apply for, seek, or receive any public or private grant, allocation, donation, or funds of any kind to be used to support the enrollment of any person in any health insurance exchange offering health insurance to employers or residents of this State in order to facilitate any portion of Sections 1501 and 1513 of the ACA. However, this article does not prohibit the application, authorization, receipt, or expenditure of funds from a federal grant, federal grant program, or other source of federal funds that existed prior to March 23, 2010, that was initially applied for, authorized,

or received by or for a public body prior to the effective date of this article. This article does not prohibit the application, authorization, receipt, or expenditure of funds from a grant or grant program authorized or provided for by the ACA, if the grant application or program requirements are posted on the public body's website for a period of at least ten days and the public is provided a reasonable opportunity to comment, and the authorized person acting on behalf of the public body applying for the grant or grant program affirms in writing and under oath, that the funds received from the grant or grant program will not be used to facilitate the enrollment of a person in a health insurance 11 12 exchange, the grant or grant program does not obligate the State to take any action or obligate any state funds in order to receive the grant or grant program funds, and the grant or grant program does not require any change in state law or regulation; and

- (6) apply for or utilize any assets, state funds, or funds authorized or allocated by the State to any public body, in whole or in part, to engage in any activity that aids in the enforcement of any federal act, law, order, rule, or regulation intended to give effect to or facilitate the enforcement of any other portion of the ACA.
 - (B) The provisions of subsection (A) shall not apply to:
- (1) those portions of the ACA that set forth standards, regulations, or other requirements that must be discharged by the South Carolina Department of Health and Human Services in connection with providing Medicaid services to those who qualify for these services under the state standards that are currently in place, which do not and must not include those who would qualify under the Medicaid population expansion authorized by the ACA as set forth in 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII);
- (2) those portions of the ACA which provide the South Carolina Department of Health and Human Services with flexibility in administering the Medicaid program;
- (3) those portions of the ACA that set forth standards, regulations, or other requirements that must be discharged by providers of Medicare and Medicaid services in order to secure Medicare and Medicaid reimbursements;
- (4) those portions of the ACA that relate to or affect the discharge by the South Carolina Department of Revenue of its obligations pursuant to any shared or reciprocal programs between the State and the federal government, to include, but not be limited to, the State Income Tax Levy Program;

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- (5) those portions of the ACA and any enacting or subsequent standards, regulations, or other requirements that must be discharged by or have a material impact on the duties of the South Carolina Department of Insurance in connection with the regulation of the business of insurance in this State or that impact, or have the potential to impact, the regulation of the business of insurance in this State and the overall health of the health insurance marketplace, including the affordability and availability of coverage. This includes, but is not limited to, any activity resulting from the duties of the Director of Insurance, as amended by this act and promulgated pursuant to Section 38-3-110 and 12 Article 21, Chapter 71, Title 38 as it relates to the registration of navigators. This further includes activities related to consumer education and assistance on health insurance issues as long as the department does not enroll consumers in coverage offered through the health insurance exchange as prohibited under this section; and
 - (6) those portions of the ACA or any regulations or policies implemented pursuant to the ACA that relate to or affect the South Carolina Department of Social Services' obligations pursuant to shared or reciprocal programs, and grants such as Temporary Assistance for Needy Families (TANF), between the State and federal government, and activities undertaken in cooperation with other state or local public bodies that are permitted pursuant to this section.
 - (C) A violation of this section is considered sufficient cause to remove or terminate, as provided by law, a state officer, official, or employee.

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Section 1-1-1920. Notwithstanding the prohibitions in Section 1-1-1915, a public official, officer, or employee of a public body is not prohibited by this article from complying with federal laws and relevant statutes governing their respective obligations and responsibilities, including their responsibility to administer the Medicaid program and the insurance plans and benefits offered pursuant to Article 5, Chapter 11, Title 1 in compliance with federal statutes, regulations, and policies, nor does this act limit the South Carolina Department of Health and Human Services' ability to apply for, request, or otherwise develop innovation waivers as set forth in Section 1332 of the ACA. Further, the provisions contained in this article do not preclude a state agency that is authorized to adjust provisions contained in health and dental insurance plans offered or administered by the agency from adjusting the insurance plans it offers or administers to include

1 provisions that are similar to, or the same as, provisions that are contained in the ACA if the agency offering or administering the insurance plan makes a determination independent of the purported directives of the ACA, that the included provisions are in the best interests of those insured and do not threaten the insurance provider's fiscal stability.

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Section 1-1-1925. Notwithstanding any other provision of law, the State shall not establish, facilitate, implement, or participate in expanding Medicaid as described in 42 U.S.C. Section 1396a(a)(10)(A)(i)(VIII), which is commonly known as the expansion of the Medicaid program pursuant to the ACA."

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SECTION 2. Chapter 71, Title 38 of the 1976 Code is amended by adding:

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"Article 21

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Navigator Registration Act

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Section 38-71-2110. This article may be cited as the 'Navigator Registration Act'.

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Section 38-71-2120. The General Assembly finds:

- (1) that the provisions of the federal Patient Protection and Affordable Care Act have caused the formation of a federal health insurance exchange, which will operate in South Carolina under federal law and employ individuals or entities whose role will be to direct individuals and companies to health insurance policies on the health insurance exchange;
- (2) that state registration of these individuals and entities, to ensure that they are trained and knowledgeable in the subject matter of individual and group health insurance coverage, is necessary to avoid substantial risk to the health, safety, and welfare of the residents of this State;
- (3) that the U.S. Congress, in the McCarran-Ferguson Act of 36 1945, the Gramm-Leach-Bliley Act of 1999, and in other enactments, has declared that states should regulate the business of insurance and affirmed that the continued regulation of the insurance industry by the states was in the public's best interest;
 - (4) that the federal Centers for Medicare and Medicaid Services are charged with the legal duty of implementing certain aspects of the federal Patient Protection and Affordable Care Act and has recognized, through regulations including, but not limited

- to, the General Guidance on Federally facilitated Exchanges, p. 4, CMS 2012, and 77 Fed. Reg. 18309, 18448, published March 27, 2012, the responsibility of the states' departments of insurance in the licensure and regulation of a person, commonly referred to as a 'health care navigator,' who receives grant monies from the United States Department of Health and Human Services, a state or a health insurance exchange, or private money to perform an activity or duty identified in 42 U.S.C. Section 18031(i); and
 - (5) that the federal government providing navigators a role in the facilitation and implementation of the Patient Protection and Affordable Care Act is not absolute and does not prohibit complementary regulation of these individuals and their activities by states, and that the provisions of this article fairly balance the interests of the federal government in providing for the implementation of its program with the interests of the states in protecting their residents from fraudulent and unscrupulous acts by persons of questionable moral character.

Section 38-71-2130. For the purposes of this article:

- (1) 'Department' means the South Carolina Department of Insurance.
- (2) 'Navigator' means a person who is selected to perform the activities and duties identified in 42 U.S.C. Section 18031(i) and includes a person who receives grant monies from the United States Department of Health and Human Services, a state or a health insurance exchange, or private funds to perform an activity or duty identified in 42 U.S.C. Section 18031(i).
- (3) 'Exchange' means an American Health Benefit Exchange established by the federal government, any state, or political subdivision of a state, as provided for in the ACA.

Section 38-71-2140. Except as otherwise provided in this title, this chapter applies to any individual or entity registered as a navigator in South Carolina. It does not apply to licensed life, accident, and health insurance producers or licensed life and health insurance companies. This chapter does not apply to any individual or entity that provides assistance to consumers under, and in compliance with, state or federal authority other than 42 U.S.C. Section 18031(i) to the extent the individual or entity is providing assistance consistent with that state or federal authority.

Section 38-71-2150. An individual or entity shall not act as or purport to be a navigator in this State or provide the services of a

1 navigator unless the individual or entity registers with the 2 department by submitting an application and paying the following 3 registration and registration renewal fee of twenty-five dollars, if 4 the applicant is an individual, or one hundred dollars, if the 5 applicant is some other entity.

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Section 38-71-2160. The registration fee and registration renewal fee is nonrefundable and fully earned upon payment. All fees collected from navigators are to be used by the department to implement and enforce the requirements of this article and the provisions of Title 38.

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Section 38-71-2170. (A) To register as a navigator in South Carolina, an entity shall:

- (1) provide proof the entity is domiciled in the United States:
- (2) establish procedures for the handling of personally identifiable and nonpublic information;
- (3) provide the department with a copy of the entity's authority to operate in South Carolina;
- (4) designate an officer to act as the responsible party on behalf of the entity and to submit to a background check;
- (5) provide a list of individuals performing navigator services on behalf of, or under the supervision of, the entity on a form prescribed by the department;
- (6) provide proof that the individual has complied with the applicable federal education and registration requirements of the ACA and of this article;
- (7) provide and maintain on file with the department a current business address for notices and other regulatory information; and
- (8) complete and provide to the department a registration application which must be renewed biennially.
 - (B) To register as a navigator, an individual must:
 - (1) be at least eighteen years of age;
- (2) provide proof that the individual is a citizen of the United States and has complied with all state and federal laws pertaining to employment in South Carolina and the United States;
- (3) provide evidence that the individual is a person of good moral character and has not been convicted of a felony or any crime involving moral turpitude within the last ten years that is a ground for denial, suspension, or revocation;

(4) provide proof that the individual has complied with the applicable federal education and registration requirements of the ACA and of this article;

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- (5) provide and maintain on file with the department a current business address for notices and other regulatory information;
- (6) identify the navigator entity that the individual represents or is employed or associated with; and
- 9 (7) complete and provide the department with a navigator 10 registration application which must be renewed biennially.
 - (C) The department may deny, suspend, or revoke the registration of a navigator registered individual or entity if:
 - (1) the navigator is convicted of a felony offense;
 - (2) the navigator is convicted of a misdemeanor offense involving fraud or dishonesty;
 - (3) the department, after investigation, concludes that the navigator has provided false or fraudulent information to consumers or otherwise deceived or dealt unjustly with the residents of the State of South Carolina as defined in Section 38-43-130; or
 - (4) the navigator has engaged in intentional or negligent conduct that has resulted in the release of a consumer's personally identifiable information.
 - (D) An entity registered as a navigator shall report to the department all unauthorized releases of a consumer's personally identifiable information. The entity shall report this unauthorized release of personally identifiable information to the affected individual whose personal information was released within twenty-four hours after discovering, investigating, and verifying the breach.
- 31 (E) Notwithstanding another provision of law, a navigator shall 32 not sell, solicit, or negotiate insurance in this State for any class or 33 classes of insurance when assisting an individual with enrollment 34 or performing any other insurance navigator activities or duties 35 through a health insurance exchange established or operating in 36 this State, including an exchange established or operated by the 37 United States Department of Health and Human Services without 38 first being licensed as a producer in accordance with applicable 39 South Carolina law.
- 40 (F) A navigator and his administrative staff shall keep all 41 personally identifiable information secure pursuant to Title 45, Part 42 155 of the Code of Federal Regulations. The department shall

1 revoke the registration of a navigator who fails to comply with the requirements of this article.

(G) The department shall maintain a website for the purpose of providing the public with a complete list of all currently registered navigators in this State.

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Section 38-71-2180. A person acting as a navigator pursuant to 42 U.S.C. Section 18031(i) on the effective date of this act shall register within ninety days after the effective date of this act with the department as provided in this article in order to continue performing the duties and activities of a navigator in this State 12 after the effective date of this act. An entity that receives grant monies from the United States Department of Health and Human Services, a health insurance exchange, or private money to perform an activity or duty identified in 42 U.S.C. Section 18031(i) shall 16 register within ninety days of receiving the grant monies with the department as provided in this article in order to begin performing the duties and activities of a navigator in this State.

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Section 38-71-2190. An entity employing an individual as a navigator shall require that individual to register with the department within thirty days after successfully completing the federal education and registration requirements for navigators.

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Section 38-71-2200. An entity employing an individual registered as a navigator shall notify the department, in writing, of any change in the status of a navigator, including, but not limited to, suspension, termination, or resignation, within thirty days of the status change.

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Section 38-71-2210. A person who violates the provisions of this article shall be subject to the penalties and disciplinary action set forth in Section 38-2-10.

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Section 38-99-2220. Unless registered with the department as a navigator under this article, an entity or individual may not:

- 37 (1) use the term 'navigator' as part of an entity's name or website address or in an individual's title; or
 - (2) imply or represent that the entity or individual is a navigator in advertising or outreach material.

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Section 38-99-2230. The department may promulgate 43 regulations necessary to carry out the provisions of this article.

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Section 38-99-2240. The director or his designee is authorized to impose additional requirements on registrants or applicants for registration under this article through administrative action so long as those requirements are consistent with the requirements applicable to individual licensees of the department as set forth in statute or regulation.

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Section 38-99-2250. If a court of competent jurisdiction holds that any provision of this article or its application to any person or circumstance is invalid for any reason, the invalidity does not affect other provisions or applications of this article that can be given effect without the invalid provision or application."

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SECTION 3. Section 38-3-110 of the 1976 Code, as last amended by Act 191 of 2014, is further amended by adding an appropriately 16 numbered item to read:

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"() The director must take reasonable steps and all appropriate action to limit federal intrusion into the regulation of the business of insurance in this State. This includes, but is not limited to, regulation of the insurance products offered through any exchange or other insurance marketplace operating in the State pursuant to any federal act, regulation, or action, including the Patient Protection and Affordable Care Act of 2010 and its enacting regulations." 26

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SECTION 4. (A) The Governor is hereby authorized and requested to communicate this act to the legislatures of the several states, to assure them that this State considers the Union was 30 established for specified purposes, and particularly for those 31 32 specified in the United States Constitution to be friendly to the peace, happiness, and prosperity of all the states; that faithful to that Constitution, according to the plain intent and meaning in which it was understood and accorded to by the several states, the State of South Carolina is sincerely anxious for its preservation; 36 that it does also believe that to take from the states all of the 37 powers of self-government, and transfer them to a general and consolidated government, without regard to the special delegations and reservations solemnly agreed to by the states in that Constitution, is not for the peace, happiness, or prosperity of the 41 states; and that therefore, the State of South Carolina is determined, as it doubts not most of its sister states are, never to

submit to undelegated, and consequently unlimited, powers claimed to be possessed by any man or body of men.

3 (B) The Governor is hereby authorized and requested to call on 4 our sister states for an expression of their sentiments on the Patient Protection and Affordable Care Act of 2010, plainly declaring whether these acts are or are not authorized by the United States Constitution; that it is the position of the State of South Carolina that the Patient Protection and Affordable Care Act of 2010 amounts to an undisguised declaration that the Constitution is not meant to be the measure of the powers of the federal government, but that it will proceed in the exercise over the State of South 11 12 Carolina and its sister states of all powers whatsoever; that our sister states view this action as seizing the rights of the States and consolidating them in the hands of the federal government with a power assumed to bind the states, but in all cases whatsoever, by 16 laws made, not with their consent, but by others against their 17 consent; that this would be to surrender the form of government we have chosen, and to live under one deriving its powers from its own will, and not from our authority; and that the sister states recurring to their natural right, will concur with the State of South Carolina in declaring the Patient Protection and Affordable Care 21 22 Act of 2010 void, and of no force, and will each unite with the State of South Carolina in requesting its immediate repeal, and also pass legislation similar to this act within their own state 25 legislatures.

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SECTION 5. This act takes effect upon approval by the Governor.

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