

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

**SESSION LAW 2004-175
HOUSE BILL 1463**

**AN ACT TO ESTABLISH THE NORTH CAROLINA HEALTH INSURANCE
INNOVATIONS COMMISSION.**

The General Assembly of North Carolina enacts:

SECTION 1. Findings and Purpose. – The General Assembly finds that a crisis exists in the availability and affordability of adequate health insurance coverage for small business owners and employees in this State. These findings indicate that greater than fifty percent (50%) of the statewide workforce is employed by small business, that there are 1,154,000 North Carolinians who are not covered by health insurance, and that more than sixty percent (60%) of these citizens either own or work for a small business, or are the dependent of a small business owner or employee. The findings further indicate that 16 health insurance carriers left the North Carolina small group health coverage market in 2001, an all-time high, that virtually no small group health insurance carriers have entered the North Carolina market in the last two years, and that dramatic increases in premium rates are the primary reason for the alarming decrease in availability of health insurance coverage for small business. The purpose of this act is to quickly and effectively address this crisis through the collaborative efforts of persons involved in and affected by the declining availability of health insurance for the State's small employer workforce. It is the intent of the General Assembly to achieve this purpose through the establishment of the North Carolina Health Insurance Innovations Commission in accordance with this act.

SECTION 2. Commission Established. – There is established the North Carolina Health Insurance Innovations Commission. The Commission shall consist of 28 members, appointed as follows:

- (1) Fourteen members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. Of these appointments:
 - a. Two shall be physicians licensed to practice in this State.
 - b. One shall represent health insurers.
 - c. Two shall represent hospitals located in this State.
 - d. One shall represent businesses with fewer than 50 employees and one shall represent businesses with 50 or more employees.
 - e. One shall be a person without health insurance or an advocate for uninsured persons.
 - f. One shall represent insurance brokers or agents.
 - g. One shall be a member of the Health and Wellness Trust Fund Commission, as established in G.S. 147-86.32.The Speaker shall designate a co-chair.
- (2) Fourteen members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. Of these appointments:
 - a. One shall represent physicians licensed to practice in this State.
 - b. Two shall represent health insurers.
 - c. One shall represent hospitals located in this State.

- d. One shall represent businesses with fewer than 50 employees and one shall represent businesses with 50 or more employees.
- e. One shall be a person without health insurance or an advocate of uninsured persons.
- f. One shall represent health researchers and policy experts.
- g. One shall represent nurses.
- h. One shall be a member of the Health and Wellness Trust Fund Commission, as established in G.S. 147-86.32.

The President Pro Tempore shall appoint a co-chair.

The appointing authorities shall ensure that appointments reflect representation among the regions of the State.

SECTION 3.(a) Commission Duties and Responsibilities. – The Commission shall do the following:

- (1) Adopt procedures and implement other administrative requirements necessary to carry out its duties under this act.
- (2) Identify and evaluate comprehensively the problems small employers face when they attempt to obtain health insurance coverage for themselves and their employees and consider the impact these problems have for large employees and the communities they serve.
- (3) Initiate regional demonstration projects to pilot innovative health care plans and products to address the problems identified. Innovative products may include piloted community education programs targeted at top illnesses in an effort to increase early detection of these illnesses. Innovative plans may also include piloted programs targeted at increasing the demand for health insurance coverage by both employers and employees through the use of policy incentives. Innovative plans and products are subject to the approval of the Commissioner of Insurance as provided in Section 5 of this act.
- (4) Develop clear and substantive recommendations for actions that must be taken by health insurance carriers, health care providers, government, small business employers, large business employers, consumers, and consumer groups, in order to improve the availability and affordability of small employer health insurance coverage within the next three years.
- (5) Provide a report on the Commission's activities to the 2005 General Assembly, Regular Session 2006, upon its convening. Reports to the General Assembly shall include proposed legislation necessary to carry out the purposes of this act.

SECTION 3.(b) The Commission shall consider the following issues and strategies in developing regional demonstration projects and other approaches to address the rising cost of health care:

- (1) Feasibility of establishing chronic disease management programs similar to those that are working successfully in this State and other states.
- (2) The cost-effectiveness of existing and proposed health insurance coverage mandates.
- (3) Promoting collaboration among providers, insurers, government agencies, and consumers to improve health care affordability.
- (4) Promoting consumer education about available insurance products and promoting education of small business owners about the available insurance products, available services to assist them in understanding and selecting appropriate insurance plans, and current small business tax benefits regarding health insurance deductions.
- (5) Review and evaluate "consumer driven" benefit plans.

- (6) Increasing efforts and resources to educate and motivate consumers to use health care resources appropriately.
- (7) Rewarding technological innovation based in quality and evidence-based outcomes that provide increased value to consumers over existing treatments.
- (8) Encourage case management of high utilizers.
- (9) Promoting evidence-based medicine.

SECTION 4. Meetings; Staff; Funding. – Members shall serve an initial two-year term and may be reappointed for an additional two-year term. The Commission shall secure federal or private funds to conduct meetings, hire professional staff, support demonstration plans and products, and cover any other costs incurred by the Commission in carrying out its duties under this act. The Department of Insurance shall, at the request of the Commission, provide technical assistance in the preparation of grant proposals for federal and other non-State funding to support the work of the Commission, in the preparation of forms, and in other related matters. The Commission may meet in the Legislative Building or the Legislative Office Building, as approved by the Legislative Services Commission, or at any other location deemed appropriate by the Health Insurance Innovations Commission. The Commission may enter into agreements and allocate federal or private funds obtained by the Commission with the University of North Carolina at Charlotte and other public or private entities to provide meeting space, professional services and support staff, and other services necessary for the Commission to carry out its duties and responsibilities under this act.

SECTION 5. Temporary Rules. – The Commissioner of Insurance shall review all pilot programs and innovative plans and products proposed by the North Carolina Health Insurance Innovations Commission. If the Commissioner determines that the proposed programs, plans, or products are in the interest of the citizens of this State and are not contrary to the public policy of this State, then the Commissioner may approve them. If the approved programs, plans, or products are in conflict with or contrary to rules adopted by the Commissioner, the Commissioner may adopt temporary rules to allow implementation of the programs, plans, or products. Any new program, plan, or product shall be reported to the Joint Legislative Commission on Governmental Operations 30 days prior to its implementation. Nothing herein shall be deemed to increase the power of the Commissioner as otherwise authorized by law.

SECTION 6. Funds obtained by the North Carolina Health Innovations Commission for operations and programs of the Commission shall be deposited with the State Treasurer for credit to the Legislative Services Office. The Legislative Services Office shall allocate these funds for reimbursement to the Commission for operation and program costs incurred.

SECTION 7. Nothing in this act obligates the General Assembly to appropriate funds to implement this act. This act becomes effective July 1, 2004.
In the General Assembly read three times and ratified this the 17th day of July, 2004.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 5:03 p.m. this 2nd day of August, 2004