

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**HOUSE BILL 1412**

Short Title: Health Insurance for Low-Income Citizens. (Public)

Sponsors: Representatives Faison, Jones (Primary Sponsors); Coleman, Wainwright, and Womble.

Referred to: Rules, Calendar, and Operations of the House.

April 21, 2005

A BILL TO BE ENTITLED  
AN ACT TO ESTABLISH A TRUST FUND TO PROVIDE HEALTH INSURANCE  
COVERAGE FOR LOW-INCOME NORTH CAROLINIANS.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 65 of Chapter 58 of the General Statutes is amended by adding a new section to read:

**"§ 58-65-134. Trust fund for low-income citizens.**

(a) There is established in the Office of State Treasurer a trust fund to provide health insurance coverage for low-income citizens of the State who do not qualify for Medicaid and who are not eligible for health care coverage through an employer. The fund shall be administered by the Department of Health and Human Services pursuant to rules adopted by the Department.

(b) It is the intent of the General Assembly that the funds provided pursuant to this section for health insurance for low-income North Carolinians be used to supplement, not supplant, existing funding of health and wellness programs. The State Treasurer shall hold the trust fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall be the custodian of the fund and shall invest its assets in accordance with G.S. 147-69.2 and G.S. 147-69.3. Investment earnings credited to the assets of the fund shall become part of the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fund for the next succeeding fiscal year. Payments from the fund shall be made on the warrant of the Secretary of Health and Human Services pursuant to rule.

(c) Every corporation established or existing under this Article shall calculate the ratio of its total adjusted capital to its authorized control level risk-based capital, hereinafter the "RBC Ratio", as of December 31. The calculation shall be made as soon as practicable each year but in no event later than March 1 of the next calendar year. If the RBC Ratio is greater than six hundred fifty percent (650%) and equals or exceeds one hundred million dollars (\$100,000,000), the corporation shall pay to the Office of

1 State Treasurer the amount of Total Adjusted Capital greater than the RBC Ratio of six  
2 hundred fifty percent (650%) within 10 days of the date the calculation is made. The  
3 State Treasurer shall credit the payment to the trust fund established in subsection (a) of  
4 this section.

5 (d) As used in this section:

6 (1) "Total adjusted capital" has the same meaning as set forth in  
7 G.S. 58-12-2(10) and is referenced as "total capital and surplus" on the  
8 National Association of Insurance Commissioners form for reporting  
9 liabilities, capital, and surplus that has been adopted by the  
10 Department of Insurance.

11 (2) "Authorized control level risk-based capital" has the same meaning as  
12 set forth in G.S. 58-12-2(7)c."

13 **SECTION 2.** The Department of Health and Human Services shall develop  
14 a proposal to administer the trust fund established for health insurance coverage for  
15 low-income North Carolinians established in this act. The Department shall submit the  
16 proposal, including legislative and administrative recommendations, to the 2006  
17 Regular Session of the 2005 General Assembly.

18 **SECTION 3.** This act is effective when it becomes law, and the first  
19 payment required in Section 1 of this act shall be made for the calendar year ending  
20 December 31, 2005, in accordance with G.S. 58-65-134.