

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2757

Short Title: Health Insurance/Local Pilot. (Local)

Sponsors: Representatives Hurley; Coleman and Dockham.

Referred to: Local Government I, if favorable, Insurance.

May 29, 2008

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE RANDOLPH COUNTY CHAMBERS OF
2 COMMERCE TO ESTABLISH A FIVE-YEAR HEALTH INSURANCE PILOT
3 PROJECT IN RANDOLPH COUNTY TO PROVIDE A MODEL FOR
4 AFFORDABLE EMPLOYER-BASED HEALTH INSURANCE.
5

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** Notwithstanding any other provision of law to the contrary,
8 the Chambers of Commerce in Randolph County may establish and implement a
9 five-year health insurance pilot project ("Pilot Project"), the goal of which is to reduce
10 the number of uninsured North Carolinians and to reduce the cost of health insurance
11 for all purchasers of health insurance in the Pilot Project area. The Pilot Project must
12 comply with the following:

- 13 (1) The products for which the pooling of small and large groups would
14 occur are fully insured.
- 15 (2) The insurance is issued through a group master contract with a bona
16 fide association as defined in G.S. 58-68-25 or a trust or other legal
17 entity that is capable of entering into a group master contract.
- 18 (3) The pooling arrangement requires that all small employers with fewer
19 than 100 employees desiring to join be accepted, and that all eligible
20 employees of each employer who elects coverage through the
21 participating employers be included in the pool.
- 22 (4) Each employer participating in the pooling arrangement and its
23 employees are offered the same benefit plan.

24 **SECTION 1.(b)** The Pilot Project authorized under Section 1 of this act may
25 contain the following components:

- 26 (1) Use of matching funds from State, federal, and private sources to
27 subsidize private health insurance premiums paid by eligible small
28 employers and low-wage employees participating in the Pilot Project.

- 1 (2) Offer a health benefits package with defined tiers of benefits and
2 premium payment mechanisms as optional alternatives to the standard,
3 large group health benefits package to be applied to eligible small
4 employers in achieving affordable health insurance premiums for
5 employees and employers.

6 **SECTION 1.(c)** The premium rates charged to individuals covered under
7 employers participating in the group master contract are not subject to
8 G.S. 58-50-130(b) when the rates are based on a community rate that reflects the
9 participating public employers, nonprofit employers, for-profit employers, and eligible
10 small employers participating in the pool. Such community rate may be adjusted for the
11 benefit plan option selected by the participating employer or individual employee, for
12 family composition, and for age and gender in order to determine premium.

13 **SECTION 1.(d)** The large risk pool authorized in this section shall not be
14 established and a group master insurance contract shall not be executed with an insurer
15 unless and until reviewed and approved by the Department of Insurance. Department
16 approval shall be given if the Department determines that the pool satisfies the
17 requirements of Section 1 of this act and that the group master contract, certificates of
18 coverage, and premium rates of the insurer desiring to issue the coverage satisfy all
19 applicable requirements of Chapter 58 of the General Statutes.

20 **SECTION 1.(e)** The Department of Insurance shall evaluate the Pilot Project
21 and submit a report on its evaluation to the Joint Legislative Health Care Oversight
22 Committee. The report shall be submitted 15 months prior to the expiration of the
23 five-year term of the Pilot Project and shall also include a recommendation as to
24 whether the Pilot Project should be extended, made permanent, or expire at the end of
25 its fifth year. The Department may submit interim reports as it deems appropriate, and
26 may recommend to the Joint Legislative Health Care Oversight Committee early
27 termination of the Pilot Project if it determines that the Pilot Project's continuation is not
28 in the public's interest or is detrimental to the small group health insurance market.

- 29 (1) Based on information provided by the Pilot Project and other sources,
30 the Department of Insurance shall evaluate the aspects of the Pilot
31 Project's performance and impacts that the Department deems
32 necessary to ascertain the benefits and drawbacks of the Pilot Project,
33 including, but not limited to, the impact that the Pilot Project has upon:
34 a. The premiums and number of covered lives in the small group
35 health insurance market;
36 b. The percentage of large and small employers offering employee
37 health insurance through the Pilot Project, the small group
38 market, the large group market, or self-funded plans; and
39 c. The number of working uninsured in the Pilot Project area.

- 40 (2) The evaluation may also examine the impact of the following features
41 of the Pilot Project upon the cost of premiums, if employed as part of
42 the Pilot Project:

- 43 a. Unique disease management and health promotion initiatives.

1 b. Approaches employed to achieve prudent and appropriate use
2 of high-technology health care resources among those covered
3 through the Pilot Project.

4 c. Any other unique aspects of the Pilot Project.

5 **SECTION 1.(f)** G.S. 105-129.16E applies to eligible small businesses that
6 provide health benefits under the Pilot Project authorized under this section.

7 **SECTION 2.(a)** G.S. 105-129.16E(a) reads as rewritten:

8 "(a) Credit. – A small business that provides health benefits for all of its eligible
9 employees during the taxable year is allowed a credit to offset its costs in providing
10 health benefits for its eligible employees. For the purposes of this subsection, a taxpayer
11 provides health benefits if it pays at least fifty percent (50%) of the premiums for a
12 health benefit plan sold by a small employer carrier under Part 5 of Article 50 of
13 Chapter 58 of the General Statutes or if its employees have qualifying existing
14 coverage.

15 The credit is equal to a dollar amount per eligible employee whose total wages or
16 salary received from the business does not exceed forty thousand dollars (\$40,000) on
17 an annual basis. The dollar amount is two hundred fifty dollars (\$250.00), not to exceed
18 the taxpayer's costs of providing health benefits for the employee during the taxable
19 year."

20 **SECTION 2.(b)** This section is effective for taxable years beginning on or
21 after January 1, 2008.

22 **SECTION 3.** This act is effective when it becomes law. Section 1 of this act
23 expires June 30, 2013. This act applies to Randolph County only.