

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 525
House Committee Substitute Favorable 6/29/95

Short Title: Medical Care Savings Plan.

(Public)

Sponsors:

Referred to:

March 29, 1995

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE STATE HEALTH DIRECTOR TO PREPARE A
MEDICAL AND HEALTH BENEFITS PLAN.

The General Assembly of North Carolina enacts:

Section 1. The State Health Director shall prepare a medical and health care plan that will help provide for persons in North Carolina whose employers pay all or part of the cost of medical and health care benefits for their employees, incentives to forego unnecessary medical treatment and to shop for the best value in cases where treatment is necessary. The plan should include provisions for long-term care and may contain the following components:

- (1) Employers may set aside, each year, in an account for each of their employees a certain percentage of the amount that they currently or would spend for medical and health care benefits for each employee. This account will be an allowance for medical and health care for the employee during that year.
- (2) Employers shall retain a sufficient percentage of the amount that they currently or would spend for medical and health care benefits for each employee to purchase or self-fund major medical and health care benefits, including comprehensive preventive care coverage, for all

1 employees which will pay one hundred percent (100%) of the cost of
2 any portion of an employee's medical and health care that exceeds the
3 amount in the employee's medical and health care account.

4 (3) Any amount in an employee's medical and health care account that is
5 unspent at the end of the year will belong to the employee with no
6 restrictions on the purposes for which it may be used. Of any interest
7 derived from the deposit of the funds held in trust for the health care
8 accounts for all employees, one-half of the interest shall belong to the
9 employee and one-half of the interest may be paid to the State to fund
10 indigent health care.

11 (4) The amount in an employee's medical and health care account will not
12 be subject to State taxation while it remains in the account, any amount
13 spent from the account for medical and health care will be totally
14 exempt from State income taxation, and any amount spent from the
15 account for any purpose other than medical and health care will be fully
16 subject to State income taxation, including any appropriate interest and
17 penalties.

18 (5) Employers that provide medical and health care benefits to their
19 employees in accordance with the plan will receive State tax credits
20 against their income for the cost of these medical and health care
21 benefits for each year that these benefits are provided.

22 Sec. 2. The State Health Director shall notify the Commissioner of Insurance
23 of the minimum requirements for the plan required to be prepared by this act. The
24 Commissioner of Insurance shall prepare a proposed plan incorporating these minimum
25 requirements. The Secretary of the Department of Human Resources and the Secretary of
26 the Department of Environment, Health, and Natural Resources shall provide the
27 Commissioner of Insurance with any data or other information maintained by the
28 Departments that would benefit the Commissioner of Insurance in preparing the proposed
29 plan. The information provided shall include review of medical care savings plans
30 developed by other states. The Commissioner of Insurance shall submit the proposed plan
31 to the State Health Director no later than November 1, 1995, and the State Health
32 Director shall consult with the Secretary of Revenue, persons representing the views of
33 physicians, hospitals, health insurance companies, and health maintenance organizations,
34 and any other agencies or entities as necessary to develop the plan. These agencies and
35 entities consulted by the State Health Director shall provide full cooperation as requested.

36 Sec. 3. The State Health Director may revise the proposed plan, as necessary,
37 and shall submit a report with a final plan, including alternative approaches to
38 accomplishing the purposes of the plan, to the General Assembly on the first day of the
39 1996 Session of the General Assembly. The report shall include any proposed legislation
40 necessary to implement the plan in North Carolina.

41 Sec. 4. This act is effective upon ratification.