

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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**SENATE BILL 1223*
Commerce Committee Substitute Adopted 6/8/04
Third Edition Engrossed 6/9/04**

Short Title: Health Insurance Innovations Commission.

(Public)

Sponsors:

Referred to:

May 20, 2004

A BILL TO BE ENTITLED

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 is 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 24 members, appointed as follows:

- (1) Twelve members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. Upon appointment, the Speaker shall designate a cochair.

- 1 (2) Twelve members appointed by the General Assembly upon the
2 recommendation of the President Pro Tempore of the Senate. Upon
3 appointment, the President Pro Tempore shall designate a cochair.

4 The appointing authorities shall ensure that members of the Commission are
5 representative of the following: three who represent health insurers, three physicians
6 licensed to practice in this State, three who represent hospitals located in this State, two
7 who represent businesses with fewer than 50 employees, two who represent businesses
8 with 50 employees or more, one who represents insurance brokers or agents, and one
9 who represents health researchers and policy experts. The appointing authorities shall
10 also ensure that appointments reflect representation among the regions of the State.

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

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

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

- 41 (1) Feasibility of establishing chronic disease management programs
42 similar to those that are working successfully in this State and other
43 states.

- 1 (2) The cost-effectiveness of existing and proposed health insurance
2 coverage mandates.
- 3 (3) Promoting collaboration among providers, insurers, government
4 agencies, and consumers to improve health care affordability.
- 5 (4) Promoting consumer education about available insurance products and
6 promoting education of small business owners about the available
7 insurance products, available services to assist them in understanding
8 and selecting appropriate insurance plans, and current small business
9 tax benefits regarding health insurance deductions.
- 10 (5) Review and evaluate "consumer-driven" benefit plans.
- 11 (6) Increasing efforts and resources to educate and motivate consumers to
12 use health care resources appropriately.
- 13 (7) Rewarding technological innovation based on quality and
14 evidence-based outcomes that provide increased value to consumers
15 over existing treatments.
- 16 (8) Encourage case management of high utilizers.
- 17 (9) Promoting evidence-based medicine.

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

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

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

6 **SECTION 7.** Nothing in this act obligates the General Assembly to
7 appropriate funds to implement this act. This act becomes effective July 1, 2004.