

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2003**

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**HOUSE BILL 1463\***

Short Title: Health Insurance Innovations Commission. (Public)

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Sponsors: Representatives C. Wilson, LaRoque, Church (Primary Sponsors); Allred, Bordsen, Daughtridge, Decker, Jones, Warner, Barnhart, Glazier, Gorman, and Steen.

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Referred to: Insurance.

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May 17, 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, six upon the recommendation of each of the Speakers of the House of

1 Representatives. Upon appointment each speaker shall designate a  
2 cochair.

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

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

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

16 (1) Adopt procedures and implement other administrative requirements  
17 necessary to carry out its duties under this act.

18 (2) Identify and evaluate comprehensively the problems small employers  
19 face when they attempt to obtain health insurance coverage for  
20 themselves and their employees, and consider the impact these  
21 problems have for large employees and the communities they serve.

22 (3) Initiate regional demonstration projects to pilot innovative health care  
23 plans and products to address the problems identified. Innovative  
24 products may include piloted community education programs targeted  
25 at top illnesses in an effort to increase early detection of these  
26 illnesses. Innovative plans may also include piloted programs targeted  
27 at increasing the demand for health insurance coverage by both  
28 employers and employees through the use of policy incentives.  
29 Innovative plans and products are subject to the approval of the  
30 Commissioner of Insurance as provided in Section 5 of this act.

31 (4) Develop clear and substantive recommendations for actions that must  
32 be taken by health insurance carriers, health care providers,  
33 government, small business employers, large business employers,  
34 consumers and consumer groups, in order to improve the availability  
35 and affordability of small employer health insurance coverage within  
36 the next three years.

37 (5) Provide a report on the Commission's activities to the 2005 General  
38 Assembly, Regular Session 2006, upon its convening. Reports to the  
39 General Assembly shall include proposed legislation necessary to  
40 carry out the purposes of this act.

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

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

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

36 **SECTION 5.** Waiver of Rules. – The Commissioner of Insurance shall  
37 review all pilot programs and innovative plans and products proposed by the North  
38 Carolina Health Insurance Innovations Commission. If the Commissioner determines  
39 that the proposed programs, plans, or products are in the interest of the citizens of this  
40 State and are not contrary to the public policy of this State, then the Commissioner may  
41 approve them. If the approved programs, plans, or products are in conflict with or  
42 contrary to rules adopted by the Commissioner, the Commissioner may waive the rules  
43 adopted by the Commissioner to allow implementation of the programs, plans, or

1 products. Waivers granted by the Commissioner under this section shall expire three  
2 years from the date the waiver is granted or December 31, 2008, whichever occurs first.

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

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