

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

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**HOUSE BILL 1463\***  
**Second Edition Engrossed 6/10/04**  
**Senate Commerce Committee Substitute Adopted 6/23/04**  
**Fourth Edition Engrossed 6/28/04**

Short Title: Health Insurance Innovations Commission.

(Public)

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Sponsors:

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Referred to:

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May 17, 2004

A BILL TO BE ENTITLED

1 AN ACT TO ESTABLISH THE NORTH CAROLINA HEALTH INSURANCE  
2 INNOVATIONS COMMISSION.  
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4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Findings and Purpose. – The General Assembly finds that a  
6 crisis exists in the availability and affordability of adequate health insurance coverage  
7 for small business owners and employees in this State. These findings indicate that  
8 greater than fifty percent (50%) of the statewide workforce is employed by small  
9 business, that there are 1,154,000 North Carolinians who are not covered by health  
10 insurance, and that more than sixty percent (60%) of these citizens either own or work  
11 for a small business, or are the dependent of a small business owner or employee. The  
12 findings further indicate that 16 health insurance carriers left the North Carolina small  
13 group health coverage market in 2001, an all-time high, that virtually no small group  
14 health insurance carriers have entered the North Carolina market in the last two years,  
15 and that dramatic increases in premium rates are the primary reason for the alarming  
16 decrease in availability of health insurance coverage for small business. The purpose of  
17 this act is to quickly and effectively address this crisis through the collaborative efforts  
18 of persons involved in and affected by the declining availability of health insurance for  
19 the State's small employer workforce. It is the intent of the General Assembly to  
20 achieve this purpose through the establishment of the North Carolina Health Insurance  
21 Innovations Commission in accordance with this act.

22 **SECTION 2.** Commission Established. – There is established the North  
23 Carolina Health Insurance Innovations Commission. The Commission shall consist of  
24 28 members, appointed as follows:

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

1           (2) Thirteen 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           (3) Two members of the Health and Wellness Trust Fund Commission, as  
5 established in G.S. 147-86.32, appointed by the chair of the Health and  
6 Wellness Trust Fund Commission.

7           The appointing authorities as provided in subdivisions (1) and (2) of this  
8 section shall ensure that members of the Commission are representative of the  
9 following: health insurers, physicians licensed to practice in this State, hospitals located  
10 in this State, businesses with fewer than 50 employees and businesses with 50  
11 employees or more, persons without health insurance or advocates of the uninsured,  
12 insurance brokers or agents, health researchers and policy experts, nurses, and health  
13 educators. The appointing authorities shall also ensure that appointments reflect  
14 representation among the regions of the State.

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

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

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

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

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

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

42           **SECTION 3.(b)** The Commission shall consider the following issues and  
43 strategies in developing regional demonstration projects and other approaches to address  
44 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.** Temporary 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 adopt temporary  
43 rules to allow implementation of the programs, plans, or products. Any new program,  
44 plan, or product shall be reported to the Joint Legislative Commission on Governmental

1 Operations 30 days prior to its implementation. Nothing herein shall be deemed to  
2 increase the power of the Commissioner as otherwise authorized by law.

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.