

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION

CHAPTER 765  
SENATE BILL 759

AN ACT TO AUTHORIZE THE FORMATION OF MULTIPLE EMPLOYER  
TRUSTS TO PROVIDE HEALTH INSURANCE.

The General Assembly of North Carolina enacts:

Section 1. The General Statutes of North Carolina are amended by adding a new Chapter to read:

"Chapter 58A.

"North Carolina Health Insurance Trust Commission.

"§ 58A-1. **Short title.**—This Chapter shall be known as and may be cited as the North Carolina Health Insurance Trust Commission Act.

"§ 58A-2. **Legislative intent.**—The General Assembly finds that there is insufficient group health insurance coverage available to employees of many small businesses in North Carolina, that uninsured employees of these small businesses represent a significant portion of the uncompensated costs of health care providers, and that uninsured individuals have impaired access to health care services and corresponding lower health status. It is the intent of the General Assembly that a Commission, to be known as the 'North Carolina Health Insurance Trust Commission', be organized for the purpose of assisting in making economic health insurance available to individuals employed by small businesses, and their dependents, who are presently uninsured.

"§ 58A-3. **Commission authorized, duties, program eligibility requirements, powers.**—(a) There is created the 'North Carolina Health Insurance Trust Commission', hereafter referred to as the 'Commission'.

(b) The Commission shall:

- (1) Facilitate the provision of group health insurance for employers with 25 or fewer employees, their employees, and their employees' families;
- (2) Arrange for the development of a health insurance benefit plan to provide coverage for primary and ambulatory health care and inpatient hospital care, including the development of pilot programs;
- (3) Establish administrative and accounting procedures for the operation of the Commission;
- (4) Establish employer and employee eligibility criteria for participation in the program;
- (5) Establish participation criteria governing eligibility of authorized insurers, authorized health maintenance organizations, and others, operating in accordance with the General Statutes, to participate in the program;

- (6) Establish procedures under which applicants to and participants in the program may have grievances reviewed by an impartial body and reported to the Commission;
- (7) Contract with authorized insurers to provide services to the Commission;
- (8) Develop and implement a plan to publicize the Commission, the eligibility requirements for the program, the procedures for enrollment in the program, and to maintain public awareness of the Commission and the program;
- (9) Secure staff necessary to properly administer the Commission. Staff costs shall be funded from grant funds, State and local matching funds, and other sources. The Commission shall be located in the Department of Insurance and shall be given necessary administrative support by the Department of Insurance;
- (10) Enter into contracts necessary to carry out the provisions of this Chapter; and
- (11) Provide an annual report to the General Assembly each year beginning not later than March 1, 1989.

(c) The Commission shall set business and employee eligibility standards which shall define limits on employers and employees eligible for participation in the program. Small businesses eligible for participation shall have 25 or fewer full-time employees. Employer eligibility standards shall include a provision that the employer must attest to not having offered or provided any other health insurance benefits in the two-year period prior to the employer's date of application to the program. The Commission shall make all necessary provisions to prevent the payment of or reimbursement for any claim or expense which may be covered under a separate health insurance or health care services plan under which an individual who participates in the program may be covered.

(d) The Commission shall have all powers necessary or convenient to carry out the purposes and provisions of this Chapter, including, but not limited to, the power to receive and accept grants, loans, and advances of funds from any public or private agency, for, or in aid of, the purpose of this act, and to receive and accept contributions, from any source, of money, property, labor, or any other thing of value, to be held, used, and applied for the purposes of this Chapter.

**"§ 58A-4. Commission composition; appointment; terms; reimbursement; and liability.**—(a) The Commission shall consist of ten members:

- (1) One member shall represent small businesses whose employees are eligible to participate in the program established by the Commission;
- (2) One member shall be a representative of an acute care hospital providing services to the program;
- (3) One member shall be a representative of a domestic health care insurer licensed pursuant to Chapter 57 of the General Statutes;
- (4) One member shall be a representative of a domestic health care insurer licensed pursuant to Chapter 58 of the General Statutes;

- (5) One member shall be the Secretary of Human Resources or his designee;
- (6) One member shall be the Commissioner of Insurance or his designee;
- (7) One member shall be a representative of the North Carolina business community whose company provides health insurance to its employees;
- (7a) One member shall be a representative of the public;
- (8) One member shall be a physician licensed to practice medicine in North Carolina and providing services to the program; and
- (9) One member shall be a representative of the public, be familiar with health insurance issues, and be an advocate of low and moderate income employees.

(b) The Commission shall be appointed by the General Assembly, in accordance with G.S. 120-121, in the following manner:

- (1) One representative of small business employers eligible to participate in the program shall be appointed for an initial term of three years;
- (1a) One person who shall be a representative of the public shall be appointed for an initial term of one year;
- (2) One domestic health care insurer licensed pursuant to Chapter 57 of the General Statutes shall be appointed for an initial term of two years; and
- (3) One physician licensed to practice medicine in North Carolina shall be appointed for an initial term of one year

upon the recommendation of the Speaker of the House of Representatives; and

- (1) One representative of an acute care hospital shall be appointed for an initial term of three years;
- (2) One domestic health care insurer licensed pursuant to Chapter 58 of the General Statutes shall be appointed for an initial term of two years;
- (3) One representative of the business community whose company provides health insurance to its employees shall be appointed for an initial term of two years; and
- (4) One representative who shall represent the public and who is familiar with health insurance issues to serve as an advocate for low and moderate income employees shall be appointed for an initial term of one year

upon the recommendation of the President of the Senate.

Initial one year terms shall expire June 30, 1988, initial two year terms shall expire June 30, 1989, and initial three year terms shall expire June 30, 1990.

After the initial terms expire, terms shall be for three years. Vacancies shall be filled in accordance with G.S. 120-122.

(c) Commission members may be reimbursed by the Commission for actual and necessary expenses incurred by them as members, in accordance with G.S. 138-5, but may not otherwise be compensated for their services.

(d) There shall be no liability on the part of, and no cause of action of any nature shall arise against any member of the Commission, its employees or agents for any action taken in good faith and without malice, in performance of their powers and duties under this Chapter.

**"§ 58A-5. Licensing, fiscal control.**—(a) The Commission is not an insurer. The Department of Insurance may require that any marketing representatives used and compensated by the Commission be licensed as representatives of insurance companies, health maintenance organizations, or other insurance providers, with whom the Commission may contract.

(b) The Commissioners shall have complete fiscal control over the Commission and shall be responsible for all Commission operations."

Sec. 2. G.S. 120-123 is amended by adding a new subdivision to read:

"(55) The North Carolina Health Insurance Trust Commission, as established by G.S. 58A-3."

Sec. 3. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 11th day of August, 1987.