

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 525

Short Title: Medical Care Savings Plan.

(Public)

Sponsors: Senators Forrester, Hoyle, and Carpenter.

Referred to: Pensions and Retirement/Insurance/State Personnel

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

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

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

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

19 Sec. 2. The State Health Director shall notify the Commissioner of Insurance
20 of the minimum requirements for the plan required to be prepared by this act. The
21 Commissioner of Insurance shall prepare a proposed plan incorporating these minimum
22 requirements. The Secretary of the Department of Human Resources and the Secretary of
23 the Department of Environment, Health, and Natural Resources shall provide the
24 Commissioner of Insurance with any data maintained by the Departments that would
25 benefit the Commissioner of Insurance in preparing the proposed plan. The
26 Commissioner of Insurance shall submit the proposed plan to the State Health Director
27 no later than November 1, 1995, and the State Health Director shall consult with the
28 Secretary of Revenue, the North Carolina Medical Society, Blue Cross and Blue Shield
29 of North Carolina, and any other agencies or entities as necessary to develop the plan.
30 These agencies and entities consulted by the State Health Director shall provide full
31 cooperation as requested.

32 Sec. 3. The State Health Director shall revise the proposed plan, as necessary,
33 and submit a report with a final plan to the General Assembly on the first day of the 1996
34 Session of the General Assembly. The report shall include any proposed legislation
35 necessary to implement the plan in North Carolina.

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