

GENERAL ASSEMBLY OF NORTH CAROLINA
1995 SESSION

CHAPTER 418
SENATE BILL 525

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 should include provisions for long-term care and may 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, including comprehensive preventive care coverage, 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.
- (3) Any amount in an employee's medical and health care account that is unspent at the end of the year will belong to the employee with no restrictions on the purposes for which it may be used. Of any interest derived from the deposit of the funds held in trust for the health care accounts for all employees, one-half of the interest shall belong to the employee and one-half of the interest may be paid to the State to fund indigent health care.
- (4) The amount in an employee's medical and health care account will not be subject to State taxation while it remains in the account, any amount spent from the account for medical and health care will be totally exempt from State income taxation, and any amount spent from the account for any purpose other than medical and health care will be fully subject to State income taxation, including any appropriate interest and penalties.

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

Sec. 2. The State Health Director shall notify the Commissioner of Insurance of the minimum requirements for the plan required to be prepared by this act. The Commissioner of Insurance shall prepare a proposed plan incorporating these minimum requirements. The Secretary of the Department of Human Resources and the Secretary of the Department of Environment, Health, and Natural Resources shall provide the Commissioner of Insurance with any data or other information maintained by the Departments that would benefit the Commissioner of Insurance in preparing the proposed plan. The information provided shall include review of medical care savings plans developed by other states. The Commissioner of Insurance shall submit the proposed plan to the State Health Director no later than November 1, 1995, and the State Health Director shall consult with the Secretary of Revenue, persons representing the views of physicians, hospitals, health insurance companies, and health maintenance organizations, and any other agencies or entities as necessary to develop the plan. These agencies and entities consulted by the State Health Director shall provide full cooperation as requested.

Sec. 3. The State Health Director may revise the proposed plan, as necessary, and shall submit a report with a final plan, including alternative approaches to accomplishing the purposes of the plan, to the General Assembly on the first day of the 1996 Session of the General Assembly. The report shall include any proposed legislation necessary to implement the plan in North Carolina.

Sec. 4. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 11th day of July, 1995.

Dennis A. Wicker
President of the Senate

Harold J. Brubaker
Speaker of the House of Representatives