

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2229

Short Title: Health Insurance Pool Pilot Program. (Local)

Sponsors: Representatives Goforth, Rapp, Fisher, Thomas (Primary Sponsors); and Insko.

Referred to: Insurance, if favorable, Finance.

May 20, 2008

A BILL TO BE ENTITLED

1
2 AN ACT TO AUTHORIZE THE ESTABLISHMENT OF A HEALTH INSURANCE
3 PILOT DEMONSTRATION PROJECT ENCOMPASSING BUNCOMBE
4 COUNTY AND COUNTIES CONTIGUOUS TO BUNCOMBE COUNTY TO
5 PROVIDE A MODEL FOR AFFORDABLE EMPLOYER-BASED HEALTH
6 INSURANCE .

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** Notwithstanding any other provision of law to the contrary,
9 Buncombe County and the counties contiguous to Buncombe County may establish and
10 implement a five-year health insurance demonstration project ("Demonstration
11 Project"), the goal of which is to reduce the number of uninsured North Carolinians and
12 to reduce the cost of health insurance for all purchasers of health insurance in the
13 Demonstration Project area. The Demonstration Project must comply with the
14 following:

- 15 (1) The products for which the pooling of small and large groups would
16 occur are fully insured.
17 (2) The pooling arrangement requires that all small employers desiring to
18 join be accepted, and that all employees of each employer be included
19 in the pool.

20 **SECTION 1.(b)** The Demonstration Project authorized under Section 1 of
21 this act may contain the following components:

- 22 (1) Use of matching funds from State, federal, and private sources to
23 subsidize private health insurance premiums paid by eligible small
24 employers and low-wage employees participating in the
25 Demonstration Project.
26 (2) Offer a health benefits package with defined tiers of benefits and
27 premium payment mechanisms as optional alternatives to the standard,
28 large group health benefits package to be applied to eligible small

1 employers in achieving affordable health insurance premiums for
2 employees and employers.

- 3 (3) The establishment of a community-rated large-risk pool among
4 participating public employers, nonprofit employers, for-profit
5 employers, and eligible small employers to purchase appropriate fully
6 insured health benefits at competitive uniform premium prices that
7 share the risk of catastrophic losses equitably among all participants.
8 The large risk pool authorized in this subdivision shall not be
9 established unless and until reviewed and approved by the Department
10 of Insurance.

11 **SECTION 1.(c)** Based on information provided by the Demonstration
12 Project and other sources, the Department of Insurance shall evaluate the Demonstration
13 Project to determine the following:

- 14 (1) The impact on the number of uninsured persons in the Demonstration
15 Project area and the cost and source of their care.
16 (2) The impact of unique, local structures for disease management and
17 health promotion modeled in Buncombe County among large
18 employers on the health and costs for enrollees through small
19 employers.
20 (3) Approaches to achieve prudent and appropriate use of high technology
21 health care resources to the population enrolled in the Demonstration
22 Project among large and small employers.
23 (4) Integration of primary care for the increased insured population with
24 the ongoing programs of care for the remaining uninsured to enhance
25 access, improve quality and continuity of care.
26 (5) The impact on the cost of care to uninsured and insured populations in
27 the piloted communities.
28 (6) Other information and data requested by the Department of Insurance
29 to ascertain the benefits and drawbacks of the Demonstration Project.

30 **SECTION 1.(d)** G.S. 105-129.16E applies to eligible small businesses that
31 provide health benefits under the Demonstration Project authorized under this section.

32 **SECTION 2.(a)** G.S. 105-129.16E(a) reads as rewritten:

33 "(a) Credit. – A small business that provides health benefits for all of its eligible
34 employees during the taxable year is allowed a credit to offset its costs in providing
35 health benefits for its eligible employees. For the purposes of this subsection, a taxpayer
36 provides health benefits if it pays at least fifty percent (50%) of the premiums for ~~health~~
37 ~~care coverage that equals or exceeds the minimum provisions of the basic health care~~
38 ~~plan of coverage recommended by the Small Employer Carrier Committee pursuant to~~
39 G.S. 58-50-125a health benefit plan sold by a small employer carrier under Part 5 of
40 Article 50 of Chapter 58 of the General Statutes or if its employees have qualifying
41 existing coverage.

42 The credit is equal to a dollar amount per eligible employee whose total wages or
43 salary received from the business does not exceed forty thousand dollars (\$40,000) on
44 an annual basis. The dollar amount is two hundred fifty dollars (\$250.00), not to exceed

1 the taxpayer's costs of providing health benefits for the employee during the taxable
2 year."

3 **SECTION 2.(b)** This section is effective for taxable years beginning on or
4 after January 1, 2008.

5 **SECTION 3.** This act is effective when it becomes law. Section 1 of this act
6 expires June 30, 2013.