

**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**

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 26 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           The appointing authorities shall ensure that members of the Commission are  
5           representative of the following: three who represent health insurers, three physicians  
6           licensed to practice in this State, three who represent hospitals located in this State, two  
7           who represent businesses with fewer than 50 employees, two who represent businesses  
8           with 50 employees or more, two persons without health insurance or who advocate for  
9           the uninsured, one who represents insurance brokers or agents, and one who represents  
10          health researchers and policy experts. The appointing authorities shall also ensure that  
11          appointments reflect representation among the regions of the State.

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

- 14          (1) Adopt procedures and implement other administrative requirements  
15          necessary to carry out its duties under this act.  
16          (2) Identify and evaluate comprehensively the problems small employers  
17          face when they attempt to obtain health insurance coverage for  
18          themselves and their employees and consider the impact these  
19          problems have for large employees and the communities they serve.  
20          (3) Initiate regional demonstration projects to pilot innovative health care  
21          plans and products to address the problems identified. Innovative  
22          products may include piloted community education programs targeted  
23          at top illnesses in an effort to increase early detection of these  
24          illnesses. Innovative plans may also include piloted programs targeted  
25          at increasing the demand for health insurance coverage by both  
26          employers and employees through the use of policy incentives.  
27          Innovative plans and products are subject to the approval of the  
28          Commissioner of Insurance as provided in Section 5 of this act.  
29          (4) Develop clear and substantive recommendations for actions that must  
30          be taken by health insurance carriers, health care providers,  
31          government, small business employers, large business employers,  
32          consumers, and consumer groups, in order to improve the availability  
33          and affordability of small employer health insurance coverage within  
34          the next three years.  
35          (5) Provide a report on the Commission's activities to the 2005 General  
36          Assembly, Regular Session 2006, upon its convening. Reports to the  
37          General Assembly shall include proposed legislation necessary to  
38          carry out the purposes of this act.

39          **SECTION 3.(b)** The Commission shall consider the following issues and  
40          strategies in developing regional demonstration projects and other approaches to address  
41          the rising cost of health care:

- 42          (1) Feasibility of establishing chronic disease management programs  
43          similar to those that are working successfully in this State and other  
44          states.

- 1 (2) The cost-effectiveness of existing and proposed health insurance  
2 coverage mandates.
- 3 (3) Promoting collaboration among providers, insurers, government  
4 agencies, and consumers to improve health care affordability.
- 5 (4) Promoting consumer education about available insurance products and  
6 promoting education of small business owners about the available  
7 insurance products, available services to assist them in understanding  
8 and selecting appropriate insurance plans, and current small business  
9 tax benefits regarding health insurance deductions.
- 10 (5) Review and evaluate "consumer driven" benefit plans.
- 11 (6) Increasing efforts and resources to educate and motivate consumers to  
12 use health care resources appropriately.
- 13 (7) Rewarding technological innovation based in quality and  
14 evidence-based outcomes that provide increased value to consumers  
15 over existing treatments.
- 16 (8) Encourage case management of high utilizers.
- 17 (9) Promoting evidence-based medicine.

18 **SECTION 4.** Meetings; Staff; Funding. – Members shall serve an initial  
19 two-year term and may be reappointed for an additional two-year term. The  
20 Commission shall secure federal or private funds to conduct meetings, hire professional  
21 staff, support demonstration plans and products, and cover any other costs incurred by  
22 the Commission in carrying out its duties under this act. The Department of Insurance  
23 shall, at the request of the Commission, provide technical assistance in the preparation  
24 of grant proposals for federal and other non-State funding to support the work of the  
25 Commission, in the preparation of forms, and in other related matters. The Commission  
26 may meet in the Legislative Building or the Legislative Office Building, as approved by  
27 the Legislative Services Commission, or at any other location deemed appropriate by  
28 the Health Insurance Innovations Commission. The Commission may enter into  
29 agreements and allocate federal or private funds obtained by the Commission with the  
30 University of North Carolina at Charlotte and other public or private entities to provide  
31 meeting space, professional services and support staff, and other services necessary for  
32 the Commission to carry out its duties and responsibilities under this act.

33 **SECTION 5.** Temporary Rules. – The Commissioner of Insurance shall  
34 review all pilot programs and innovative plans and products proposed by the North  
35 Carolina Health Insurance Innovations Commission. If the Commissioner determines  
36 that the proposed programs, plans, or products are in the interest of the citizens of this  
37 State and are not contrary to the public policy of this State, then the Commissioner may  
38 approve them. If the approved programs, plans, or products are in conflict with or  
39 contrary to rules adopted by the Commissioner, the Commissioner may adopt temporary  
40 rules to allow implementation of the programs, plans, or products. Any new program,  
41 plan, or product shall be reported to the Joint Legislative Commission on Governmental  
42 Operations 30 days prior to its implementation. Nothing herein shall be deemed to  
43 increase the power of the Commissioner as otherwise authorized by law.

1           **SECTION 6.** Funds obtained by the North Carolina Health Innovations  
2 Commission for operations and programs of the Commission shall be deposited with the  
3 State Treasurer for credit to the Legislative Services Office. The Legislative Services  
4 Office shall allocate these funds for reimbursement to the Commission for operation and  
5 program costs incurred.

6           **SECTION 7.** Nothing in this act obligates the General Assembly to  
7 appropriate funds to implement this act. This act becomes effective July 1, 2004.