

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE DRH50085-RD-5 (11/14)

Short Title: Health Insurance Pool Pilot Program.

(Public)

Sponsors: Representatives Goforth, Fisher, Rapp, and Whilden (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE ESTABLISHMENT OF HEALTH INSURANCE PILOT
DEMONSTRATION PROJECTS IN INTERESTED COUNTIES TO PROVIDE A
MODEL FOR AFFORDABLE EMPLOYER-BASED HEALTH INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding any other provision of law to the contrary, health insurance demonstration projects ("Demonstration Projects") for large and small employees may be established by eligible sponsors ("Eligible Demonstration Project Sponsors"). Specific Demonstration Projects, the goal of which is to reduce the number of uninsured North Carolinians and to reduce the cost of health insurance for all purchasers of health insurance in the Demonstration Project areas, may begin not later than April 1, 2010, and may continue through December 31, 2014. Entities which are eligible under subdivisions (b)(1) and (b)(1a) of G.S. 58-51-80 to have issued a policy of group health insurance are Eligible Demonstration Project Sponsors. A Demonstration Project must comply with the following:

- (1) The products for any pooling of groups are fully insured by an insurer authorized to issue coverage in North Carolina.
- (2) The insurance is issued through a group master contract with a bona fide association as defined in G.S. 58-68-25 or a trust or other legal entity that, pursuant to G.S. 58-51-80, is capable of entering into a group master contract.
- (3) The pooling arrangement requires that all small employers desiring to join be accepted and that all eligible employees of each employer who elect coverage through the participating employers be included in the pool.
- (4) Each employer participating in the pooling arrangement and its employees are offered the same benefit plan.

SECTION 2. A Demonstration Project authorized under Section 1 of this act may contain the following components:

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



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

3 **SECTION 3.** The premium rates charged to individuals covered under employers
4 participating in the group master contract are not subject to G.S. 58-50-130(b) when the rates
5 are based on a community rate that reflects the experience of all the employers participating in
6 the pool. Such community rate may be adjusted in order to determine premiums for each
7 employee based only on the following factors: the benefit plan option selected by the
8 participating employer or individual employee, family composition, age, and gender.

9 **SECTION 4.** The large risk pool authorized in this act shall not be established and
10 a group master insurance contract shall not be executed with an insurer unless and until
11 reviewed and approved by the Department of Insurance. Department approval shall be given if
12 the Department determines that the pool satisfies the requirement of Section 1 of this act and
13 that the group master contract, certificates of coverage, and premium rates of the insurer
14 desiring to issue the coverage satisfy all applicable requirements of Chapter 58 of the General
15 Statutes.

16 **SECTION 5.(a)** The Demonstration Project Sponsor of each Demonstration
17 Project shall prepare an evaluation of their Demonstration Project. A report on each evaluation
18 shall be submitted to the Department of Insurance and to the Joint Legislative Health Care
19 Oversight Committee not later than February 1, 2014. The reports shall include a
20 recommendation as to whether the Demonstration Project authority should be extended, made
21 permanent, or expire on its scheduled expiration date. The Department of Insurance shall
22 evaluate the Demonstration Project authority, taking into account the impact that the
23 Demonstration Projects have on the overall insurance market. A report on the Department's
24 evaluation shall be submitted to the Joint Legislative Health Care Oversight Committee not
25 later than March 1, 2014. The report shall include a recommendation as to whether the
26 Demonstration Project authority should be extended, made permanent, or expire on its
27 scheduled expiration date.

28 The Department of Insurance and the Demonstration Project Sponsors may submit
29 interim reports to the Joint Legislative Health Care Oversight Committee. If the Commissioner
30 of Insurance determines that a specific Demonstration Project or the Demonstration Project
31 authority is not in the public's interest or is detrimental to the small group or large group health
32 insurance markets, the Commissioner may recommend early termination of a specific
33 Demonstration Project or the Demonstration Project authority to the Joint Legislative Health
34 Care Oversight Committee.

35 **SECTION 5.(b)** The evaluation performed by the Department of Insurance shall
36 analyze the impact that the Demonstration Projects have on the small and large group insurance
37 markets, both statewide and in the demonstration areas. The analysis shall include, but not be
38 limited to, consideration of the impact that the Demonstration Projects have had on the
39 following:

- 40 (1) Incurred loss ratios.
- 41 (2) Administrative costs.
- 42 (3) Annual premiums.
- 43 (4) Total number of covered groups and covered lives.
- 44 (5) Age and gender composition of covered lives.

45 **SECTION 5.(c)** The Department of Insurance may adopt rules concerning the
46 collection of pertinent data from all insurers covering small and large employer groups in the
47 State, whether through a Demonstration Project or through the traditional small and large group
48 markets, to conduct the evaluation authorized by this act. Data collected pursuant to this section
49 shall be the minimum that the Department deems necessary to perform its evaluation, and data
50 collection shall not occur more frequently than on an annual basis during the life of the
51 Demonstration Project authority.

1 **SECTION 5.(d)** The evaluation performed by each Demonstration Project Sponsor
2 shall address the following:

- 3 (1) The impact on the number of uninsured persons in the Demonstration
4 Project area and the cost and source of their care.
- 5 (2) The impact of any unique, local structures for disease management and
6 health promotion on the health and costs for enrollees through small
7 employers.
- 8 (3) Approaches to achieve prudent and appropriate use of high technology
9 health care resources to the population enrolled in the Demonstration Project
10 among large and small employers.
- 11 (4) Integration of primary care for the increased insured population with the
12 ongoing programs of care for the remaining uninsured to enhance access to
13 care and improve quality and continuity of care.
- 14 (5) The impact on the cost of care to uninsured and insured populations in the
15 Demonstration Project communities.

16 **SECTION 6.** This act is effective when it becomes law and expires December 31,
17 2014.