

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1043
Insurance Committee Substitute Adopted 5/20/93

Short Title: Medical Care Savings Plan.

(Public)

Sponsors:

Referred to: Appropriations.

May 5, 1993

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.
- (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

1 restrictions on the purposes for which it may be used. Of any interest
2 derived from the deposit of the funds held in trust for the health care
3 accounts for all employees, one-half of the interest shall belong to the
4 employee and one-half of the interest may be paid to the State to fund
5 indigent health care.

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

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

17 Sec. 2. The State Health Director shall notify the Commissioner of Insurance
18 of the minimum requirements for the plan required to be prepared by this act. The
19 Commissioner of Insurance shall prepare a proposed plan incorporating these minimum
20 requirements and the State Health Director shall provide the Commissioner of Insurance
21 with any data maintained by the Division of Health that would benefit the
22 Commissioner of Insurance in preparing the proposed plan. The Commissioner of
23 Insurance shall submit the proposed plan to the State Health Director no later than
24 November 1, 1993, and the State Health Director shall consult with the Secretary of
25 Revenue, the North Carolina Medical Society, Blue Cross and Blue Shield of North
26 Carolina, and any other agencies or entities as necessary to develop the plan. These
27 agencies and entities consulted by the State Health Director shall provide full
28 cooperation as requested.

29 Sec. 3. The State Health Director shall revise the proposed plan, as
30 necessary, and submit a report with a final plan to the General Assembly on the first day
31 of the 1994 Session of the General Assembly. The report shall include any proposed
32 legislation necessary to implement the plan in North Carolina.

33 Sec. 4. There is appropriated from the General Fund to the Department of
34 Environment, Health, and Natural Resources the sum of five thousand dollars (\$5,000)
35 for the 1993-94 fiscal year to implement the provisions of this act.

36 Sec. 5. This act is effective upon ratification.