

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**HOUSE DRH70716-LN-356A (5/14)**

Short Title: Health Insurance/Local Pilot. (Local)

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Sponsors: Representative Hurley.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE RANDOLPH COUNTY CHAMBERS OF  
COMMERCE TO ESTABLISH A FIVE-YEAR HEALTH INSURANCE PILOT  
PROJECT IN RANDOLPH COUNTY TO PROVIDE A MODEL FOR  
AFFORDABLE EMPLOYER-BASED HEALTH INSURANCE.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** Notwithstanding any other provision of law to the contrary, the Chambers of Commerce in Randolph County may establish and implement a five-year health insurance pilot project ("Pilot Project"), 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 Pilot Project area. The Pilot Project must comply with the following:

- (1) The products for which the pooling of small and large groups would occur are fully insured.
- (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 is capable of entering into a group master contract.
- (3) The pooling arrangement requires that all small employers with fewer than 100 employees desiring to join be accepted, and that all eligible employees of each employer who elects 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 1.(b)** The Pilot Project authorized under Section 1 of this act may contain the following components:

- 1 (1) Use of matching funds from State, federal, and private sources to  
2 subsidize private health insurance premiums paid by eligible small  
3 employers and low-wage employees participating in the Pilot Project.  
4 (2) Offer a health benefits package with defined tiers of benefits and  
5 premium payment mechanisms as optional alternatives to the standard,  
6 large group health benefits package to be applied to eligible small  
7 employers in achieving affordable health insurance premiums for  
8 employees and employers.

9 **SECTION 1.(c)** The premium rates charged to individuals covered under  
10 employers participating in the group master contract are not subject to  
11 G.S. 58-50-130(b) when the rates are based on a community rate that reflects the  
12 participating public employers, nonprofit employers, for-profit employers, and eligible  
13 small employers participating in the pool. Such community rate may be adjusted for the  
14 benefit plan option selected by the participating employer or individual employee, for  
15 family composition, and for age and gender in order to determine premium.

16 **SECTION 1.(d)** The large risk pool authorized in this section shall not be  
17 established and a group master insurance contract shall not be executed with an insurer  
18 unless and until reviewed and approved by the Department of Insurance. Department  
19 approval shall be given if the Department determines that the pool satisfies the  
20 requirements of Section 1 of this act and that the group master contract, certificates of  
21 coverage, and premium rates of the insurer desiring to issue the coverage satisfy all  
22 applicable requirements of Chapter 58 of the General Statutes.

23 **SECTION 1.(e)** The Department of Insurance shall evaluate the Pilot Project  
24 and submit a report on its evaluation to the Joint Legislative Health Care Oversight  
25 Committee. The report shall be submitted 15 months prior to the expiration of the  
26 five-year term of the Pilot Project and shall also include a recommendation as to  
27 whether the Pilot Project should be extended, made permanent, or expire at the end of  
28 its fifth year. The Department may submit interim reports as it deems appropriate, and  
29 may recommend to the Joint Legislative Health Care Oversight Committee early  
30 termination of the Pilot Project if it determines that the Pilot Project's continuation is not  
31 in the public's interest or is detrimental to the small group health insurance market.

- 32 (1) Based on information provided by the Pilot Project and other sources,  
33 the Department of Insurance shall evaluate the aspects of the Pilot  
34 Project's performance and impacts that the Department deems  
35 necessary to ascertain the benefits and drawbacks of the Pilot Project,  
36 including, but not limited to, the impact that the Pilot Project has upon:  
37 a. The premiums and number of covered lives in the small group  
38 health insurance market;  
39 b. The percentage of large and small employers offering employee  
40 health insurance through the Pilot Project, the small group  
41 market, the large group market, or self-funded plans; and  
42 c. The number of working uninsured in the Pilot Project area.

- 1           (2)    The evaluation may also examine the impact of the following features
- 2                   of the Pilot Project upon the cost of premiums, if employed as part of
- 3                   the Pilot Project:
- 4                   a.     Unique disease management and health promotion initiatives.
- 5                   b.     Approaches employed to achieve prudent and appropriate use
- 6                         of high-technology health care resources among those covered
- 7                         through the Pilot Project.
- 8                   c.     Any other unique aspects of the Pilot Project.

9           **SECTION 1.(f)** G.S. 105-129.16E applies to eligible small businesses that

10 provide health benefits under the Pilot Project authorized under this section.

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

12           "(a)   Credit. – A small business that provides health benefits for all of its eligible

13 employees during the taxable year is allowed a credit to offset its costs in providing

14 health benefits for its eligible employees. For the purposes of this subsection, a taxpayer

15 provides health benefits if it pays at least fifty percent (50%) of the premiums for a

16 health benefit plan sold by a small employer carrier under Part 5 of Article 50 of

17 Chapter 58 of the General Statutes or if its employees have qualifying existing

18 coverage.

19           The credit is equal to a dollar amount per eligible employee whose total wages or

20 salary received from the business does not exceed forty thousand dollars (\$40,000) on

21 an annual basis. The dollar amount is two hundred fifty dollars (\$250.00), not to exceed

22 the taxpayer's costs of providing health benefits for the employee during the taxable

23 year."

24           **SECTION 2.(b)** This section is effective for taxable years beginning on or

25 after January 1, 2008.

26           **SECTION 3.** This act is effective when it becomes law. Section 1 of this act

27 expires June 30, 2013. This act applies to Randolph County only.