

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

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

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

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

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

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

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

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

- 1 (1) The impact on the number of uninsured persons in the Demonstration
2 Project area and the cost and source of their care.
3 (2) The impact of any unique, local structures for disease management and
4 health promotion on the health and costs for enrollees through small
5 employers.
6 (3) Approaches to achieve prudent and appropriate use of high technology
7 health care resources to the population enrolled in the Demonstration Project
8 among large and small employers.
9 (4) Integration of primary care for the increased insured population with the
10 ongoing programs of care for the remaining uninsured to enhance access to
11 care and improve quality and continuity of care.
12 (5) The impact on the cost of care to uninsured and insured populations in the
13 Demonstration Project communities.
14 **SECTION 6.** This act is effective when it becomes law and expires December 31,
15 2014.