

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 1363

Short Title: Commissioner of Ins./Review Health Coverage. (Public)

Sponsors: Representative Allred.

Referred to: Rules, Calendar, and Operations of the House.

April 21, 2005

A BILL TO BE ENTITLED

1 AN ACT TO DIRECT THE COMMISSIONER OF INSURANCE TO REVIEW
2 HEALTH INSURANCE COVERAGE AND RATES PROVIDED BY
3 NONPROFIT HOSPITAL, MEDICAL AND DENTAL SERVICE
4 CORPORATIONS IN OTHER STATES AS COMPARED TO COVERAGE AND
5 RATES PROVIDED IN NORTH CAROLINA TO DETERMINE IF CHANGES
6 CAN BE MADE IN THIS STATE TO INCREASE AFFORDABLE COVERAGE.

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8 Whereas, health insurance coverage provided by large nonprofit hospital,
9 medical and dental service corporations operating in other states may be more extensive
10 and affordable than that available in North Carolina; and

11 Whereas, some states have negotiated contracts with nonprofit hospital,
12 medical and dental service corporations to expand affordable coverage; and

13 Whereas, excessive executive compensation may inhibit the ability of a
14 nonprofit hospital, medical and dental service corporation from expanding coverage
15 without increasing rates; and

16 Whereas, reserves required by law and contingent reserves should be
17 monitored regularly by the Commissioner of Insurance to ensure that excesses do not
18 accumulate and thereby impede improvements in coverage and premium rates; and

19 Whereas, when more citizens and employers are able to purchase affordable,
20 comprehensive health coverage, the result is to raise the number of citizens receiving
21 health care and lower the financial burden of providing care by the State, hospitals, and
22 other health care providers; Now, therefore,

23 The General Assembly of North Carolina enacts:

24 **SECTION 1.** The Commissioner of Insurance shall conduct a
25 comprehensive review of health insurance coverage provided by nonprofit hospital,
26 medical and dental service corporations operating in Pennsylvania, Michigan,
27 Maryland, and other states as compared to that coverage offered in North Carolina by
28 corporations subject to Article 65 of Chapter 58 of the General Statutes. The purpose of
29 the review is to determine whether changes need to be made in North Carolina law or

1 policy to ensure that nonprofit hospital, medical and dental corporations operating in
2 this State offer health care coverage that is as comprehensive and affordable as possible
3 to individual citizens and small employers. In conducting the review, the Commissioner
4 shall obtain, in as much detail as possible, the following information for each nonprofit
5 service corporation in each state, including North Carolina:

- 6 (1) The types of benefits offered, including applicable deductibles,
7 co-payments, coinsurance, and lifetime maximums;
- 8 (2) The claims experience in at least two of the last five years;
- 9 (3) The types of hospital, medical and dental plans offered and the average
10 premiums for individual and family coverage under each benefit plan;
- 11 (4) The average annual compensation, including fringe benefits, paid to
12 chief executives of each nonprofit service corporation in each state;
- 13 (5) The dollar or percentage amount of reserves required to be
14 accumulated or maintained by the nonprofit service corporation and
15 any other state laws or regulations pertaining to the accumulation or
16 expenditure of reserves;
- 17 (6) Other state laws and regulations governing nonprofit service
18 corporations that impact on the scope of health care coverage and
19 premium rates;
- 20 (7) Laws enacted or agreements executed in other states that facilitate the
21 purchase of employee coverage by small employers;
- 22 (8) The number of individuals enrolled in each benefit plan offered and
23 whether enrollment is increasing or declining over the past five years
24 and the reasons therefore; and
- 25 (9) Any other information that would assist the Commissioner of
26 Insurance and the General Assembly in determining whether certain
27 steps should be taken to maximize coverage and affordability available
28 in North Carolina from nonprofit hospital, medical and dental service
29 corporations.

30 Upon review of the information received, the Commissioner shall submit a
31 report of findings and recommendations, including proposed legislation, to the Regular
32 Session 2006 of the 2005 General Assembly not later than May 1, 2006, and to the
33 House of Representatives and Senate chairs of standing committees on insurance.

34 **SECTION 2.** This act is effective when it becomes law.