

This Act shall be known as the Regional Health Care Voluntary Purchasing Alliance Act.

The purpose of this Act is to improve the fairness, efficiency and competition in the pricing and delivering of health care coverage for employers with no more than [insert number] employees. It does so by allowing for the establishment by the state of regional purchasing entities that are referred to as purchasing alliances through which eligible small employers, and self-employed individuals can purchase health coverage. Another goal is to avoid jurisdictional confusion and unnecessary and ex (d)-5 (.4 (o)-n(s)-3.4 (n) all employees to join together solely for the of procuring health insurance and operates as an exception to existing false group or fictitious group addition, the intent of the Act is to avoid creating an undue burden on small employers w



: States without a statutory definition of dependent may wish to use the following definition:

“Dependent” means a spouse; an unmarried child under the age of [nineteen (19)] years; an unmarried child who is a full-time student under the age of [insert maximum age] and who is financially dependent upon the enrollee; and an unmarried child of any age who is medically certified as disabled and dependent upon the enrollee.

If using the suggested definition, states should insert a maximum age for student dependents that is consistent with other state laws. States also may wish to include other individuals defined as dependents by state law. The term child above is not intended to be limited to natural children of the enro

- R. "Qualified carrier" means a carrier designated by the state board to offer a qualified health benefit plan to purchasing alliances and for the purposes of this Act shall include carriers that are authorized to offer dental benefits pursuant to [insert reference to applicable state statutes dealing with dental-only carriers] for the limited purpose of enabling dental-only carriers to offer dental benefits through an alliance, either in conjunction with a small group carrier or on a stand-alone basis. These

- A. A state purchasing alliance oversight board is established within the office of the commissioner and shall provide oversight of the purchasing alliances.

The state board is established within the office of the commissioner to capitalize on the existing expertise that is needed to establish purchasing alliance operations in each of the following categories:

- ( ) Three (3) members, including: one who is a manager of a member small employer and one who is an employee enrollee of the purchasing alliance.
- ( ) Two (2) members, including: one who is an employer of the purchasing alliance and one who is an employee enrollee of the purchasing alliance.

- H. The state board shall meet at least quarterly at the times and places it determines. The meeting and procedures shall be governed by the procedures and policies set forth in [insert citation to state open meetings law]

- (3) Coordinate the qualification of small group carriers eligible to respond to the request for





To assure efficient and cost effective interactions between a regional purchasing alliance and its member



- (3) Of the initially appointed members of each purchasing alliance board, five (5) members shall be designated to serve two-year terms and the remaining four (4) members shall serve four-year terms. Thereafter, the term of an elected member shall be four (4) years.
  - (4) Vacancies on the purchasing alliance board shall be filled for the remaining period of the term by a majority vote of the remaining purchasing alliance board members. A member who was appointed after the beginning of a term may serve for the remainder of that term and until a qualified successor is elected for a new term.
  - (5) A member who serves two (2) consecutive full four-year terms may not be re-elected for four (4) years after completion of those terms.
  - (6) The purchasing alliance board shall elect officers from among its members every two (2) years. Officers may not serve more than two (2) consecutive terms in an office.
  - (7) Each purchasing alliance board shall adopt bylaws. The bylaws shall be subject to review and approval by the state board.
- B. The purchasing alliance board shall meet at least quarterly at times and places as it determines necessary to operate in accordance with this Act. The meetings shall be governed by the procedures and policies set forth in Section [insert reference to existing state open meetings law].
- C. A purchasing alliance board member or members of their households may not be employed by, be a consultant for, be a member of the board of directors of, be affiliated with an agent of, or otherwise be a representative of a carrier or other insurer, a health care provider or agent or broker. This provision shall not preclude a purchasing alliance board member from purchasing coverage through an alliance.
- D. The purchasing alliance board members shall be subject to the provisions of [insert section of state law which controls the ethics of public officials].

States should review their

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- A. In addition to other powers granted to nonprofit corporations under state law, a purchasing alliance shall have the following powers and duties:

- (a) Establish procedures and mechanisms for billing and collection of premiums from member small employers (including any share of the premium paid by employee enrollees); and
  - (b) Establish procedures for annual open enrollment periods;
- (10) Impose reasonable fees upon member small employers for necessary costs incurred in connection with the operation of the purchasing alliance;
  - (11) Provide that in the event a member small employer terminates coverage purchased through the purchasing alliance, the former member small employer shall be ineligible to purchase a health benefit plan through the purchasing alliance for a period of twelve (12) months, except as permitted by the state board for good cause;
  - (12) Contract, as authorized by the state board, with qualified, independent third parties for services necessary to carry out the powers and duties of the purchasing alliance, including contracts with agents and brokers to assist in contracting with participating carriers and member small employers and to assist the purchasing alliance in educational, marketing, service, grievance and administrative activities. Unless permission is specifically granted by the purchasing alliance board, a third party hired may not release, publish or otherwise use information to which the third party has access under its contract. Except with the express written approval of the state board, no entity may act, directly or through an affiliated company, in a purchasing alliance service area both as a participating carrier and a third party under contract to the purchasing alliance;

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- (2) Exclude a small employer or eligible employee or dependent of an eligible employee from membership in the purchasing alliance who agrees to pay fees for membership and the premium for coverage through the purchasing alliance and who abides by the bylaws and rules of the purchasing alli

- (2) Provide for the collection and reporting to the state board and to the appropriate







- D. The state board shall actively supervise the purchasing alliances and participating carriers to ensure that actions taken affecting market competition are not for private interest, but to accomplish the legislative intent of this Act.
- E. A purchasing alliance, its employees and agents, and participating carriers are exempt from state antitrust law for an act or omission which is permitted or required in accordance with this Act.

The state board shall make a report not later than [insert date] to the governor, commissioner and the legislature of at least the following:

- A. The progress achieved in assuring affordable health care coverage to employees of member small employers;
- B. The possible need, if any, for financial incentives or other mechanisms to increase participation in the purchasing alliance;
- C. The benefits, if any, of exclusive purchasing of health insurance through the purchasing alliance for all small employers who choose to purchase health coverage; and
- D. The need to provide choices of additional or supplemental benefit designs beyond the basic and standard benefit plans; and
- E. Other changes in the law or procedure that would approve the overall efficiency, further reduce costs and improve fairness.

This Act shall be effective [insert date].

Each state should draft to be consistent with that state's procedures for establishing an effective date.

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*Chronological Summary of Actions (all references are to the Proceedings of the NAIC).*

*1995 Proc. 2nd Quarter 2, 36, 555, 588, 609-619, 639 (adopted).*

*1996 Proc. 2nd Quarter 10, 30, 732, 768, 777-779 (amended).*