

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 1580

Short Title: State Health Plan Changes. (Public)

Sponsors: Representative Wright (By Request).

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

June 6, 2002

A BILL TO BE ENTITLED

1
2 AN ACT TO PROVIDE THAT THE TEACHERS' AND STATE EMPLOYEES'
3 COMPREHENSIVE MAJOR MEDICAL PLAN PROVIDES BENEFITS ON A
4 CALENDAR YEAR BASIS, TO PROVIDE FOR AN ALTERNATIVE BENEFIT
5 DESIGN FOR OFFICE VISITS UNDER THE PLAN, AND TO MAKE
6 CONFORMING CHANGES TO DEDUCTIBLES AND AGGREGATE
7 MAXIMUMS.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.(a)** G.S. 135-40.1(7b) reads as rewritten:

10 "(7b) Fiscal Year. – The period beginning ~~July 1 and ending June 30~~ of the
11 ~~succeeding calendar year.~~ January 1 and ending December 31."

12 **SECTION 1.(b)** Effective January 1, 2003, G.S. 135-40.1(2) reads as

13 rewritten:

14 "(2) Deductible. – Deductible shall mean an amount of covered expenses
15 during a fiscal year which must be incurred after which benefits
16 (subject to the deductible) becomes payable. The deductible for an
17 employee, retired employee and/or his or her dependents shall be ~~three~~
18 ~~hundred fifty dollars (\$350.00)~~ three hundred seventy-five dollars
19 (\$375.00) for each fiscal year, unless the employee or retired
20 employee chooses the alternative benefit design option available under
21 G.S. 40.4(a1), in which case the individual and aggregate deductibles
22 and 80%/20% coinsurance amounts under that subsection apply.

23 The deductible applies separately to each covered individual in
24 each fiscal year, subject to an aggregate maximum of ~~one thousand~~
25 ~~fifty dollars (\$1,050)~~ one thousand one hundred twenty-five dollars
26 (\$1,125) per employee and child(ren) or employee and family
27 coverage contract in any fiscal year.

1 If two or more family members are injured in the same accident
2 only one deductible is required for charges related to that accident
3 during the benefit period."

4 **SECTION 1.(c)** Effective January 1, 2003, the first paragraph of G.S.
5 135-40.6 reads as rewritten:

6 "The benefits provided in this section are subject to a deductible of ~~three hundred~~
7 ~~fifty dollars (\$350.00)~~ three hundred seventy-five dollars (\$375.00) per covered
8 individual to an aggregate maximum of ~~one thousand fifty dollars (\$1,050)~~ one
9 thousand one hundred twenty-five dollars (\$1,125) per employee and child(ren) or
10 employee and family coverage contract per fiscal year and are payable on the basis of
11 eighty percent (80%) by the Plan and twenty percent (20%) by the covered individual
12 up to a maximum of ~~one thousand five hundred dollars (\$1,500)~~ one thousand six
13 hundred dollars (\$1,600) out-of-pocket per fiscal year. The aggregate maximum
14 out-of-pocket required of individuals covered by this section shall not be more than four
15 thousand ~~five eight~~ hundred dollars (~~\$4,500~~) (~~\$4,800~~) per employee and child(ren) or
16 employee and family coverage contract per fiscal year. The provisions of this section
17 apply unless the employee chooses the alternative benefit design available under G.S.
18 40.4(a1), in which case the individual and aggregate deductibles and 80%/20%
19 coinsurance amounts under that subsection apply."

20 **SECTION 1.(d)** Effective January 1, 2003, G.S. 135-40.8(a) reads as
21 rewritten:

22 "(a) For the balance of any fiscal year after each eligible employee, retired
23 employee, or dependent satisfies the cash deductible, the Plan pays eighty percent
24 (80%) of the eligible expenses outlined in G.S. 135-40.6. The remaining twenty percent
25 (20%) is paid by the covered individual until ~~one thousand five hundred dollars (\$1,500)~~
26 one thousand six hundred dollars (\$1,600) per covered individual up to an aggregate of
27 four thousand ~~five eight~~ hundred dollars (~~\$4,500~~) (~~\$4,800~~) per employee and child(ren)
28 or employee and family coverage contract per fiscal year in excess of the deductible has
29 been paid out of pocket. The Plan then pays one hundred percent (100%) of the
30 remaining covered expenses."

31 **SECTION 1.(e)** Effective for the period commencing July 1, 2002, and
32 ending December 31, 2002, the deductibles and aggregate maximums applicable under
33 Article 3 of Chapter 135 of the General Statutes are as follows:

- 34 (1) Notwithstanding G.S. 135-40.1(2), 135-40.4(a), and 135-40.6, the
35 deductible per covered individual shall be two hundred dollars
36 (\$200.00) to an aggregate maximum of six hundred dollars (\$600.00)
37 per employee and child(ren) or employee and family coverage.
38 (2) Notwithstanding G.S. 135-40.8, the maximum out-of-pocket
39 expenditure per covered individual is eight hundred dollars (\$800.00)
40 to an aggregate of two thousand four hundred dollars (\$2,400) per
41 employee and child(ren) or employee and family coverage contract in
42 excess of the deductible.

- 1 (3) Notwithstanding G.S. 135-40.5(g), Plan members shall not be assessed
2 more than one thousand three hundred fifty dollars (\$1,350) per person
3 in co-payments for outpatient prescription drugs.
- 4 (4) Notwithstanding G.S. 135-40.6(8)n., maximum benefits for
5 chiropractic X rays, manipulations, and modalities shall be one
6 thousand fifty dollars (\$1,050).
- 7 (5) Notwithstanding G.S. 135-40.5(e) for routine diagnostic examinations,
8 the maximum amount payable under G.S. 135-40.5(e) is eighty dollars
9 (\$80.00).
- 10 (6) Notwithstanding G.S. 135-40.6(8)p., charges for outpatient diabetes
11 self-care programs shall not exceed one hundred sixty dollars
12 (\$160.00).
- 13 (7) Notwithstanding G.S. 135-40.7B(d), chemical dependency and mental
14 health benefits subject to G.S. 135-40.7B are subject to recertification
15 of outpatient visits beyond 14 visits.

16 **SECTION 2.(a)** Effective January 1, 2003, G.S. 135-40.4(a) reads as
17 rewritten:

18 "(a) In the event a covered person, as a result of accidental bodily injury, disease
19 or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts
20 described in G.S. 135-40.5 through G.S. 135-40.9.

21 The Plan is divided into two parts. The first part includes certain benefits which are
22 not subject to a deductible or coinsurance. The second part is a comprehensive plan and
23 includes those benefits which are subject to both a ~~three hundred fifty dollar (\$350.00)~~
24 three hundred seventy-five dollar (\$375.00) deductible for each covered individual to an
25 aggregate maximum of ~~one thousand fifty dollars (\$1,050)~~ one thousand one hundred
26 twenty-five dollars (\$1,125) per employee and child(ren) or employee and family
27 coverage contract and coinsurance of 80%/20%. There is a limit on out-of-pocket
28 expenses under the second part.

29 Notwithstanding the provisions of this Article, the Executive Administrator and
30 Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical
31 Plan may contract with providers of institutional and professional medical care and
32 services to established preferred provider networks. The terms pertaining to
33 reimbursement rates or other terms of consideration of any contract between hospitals,
34 hospital authorities, doctors or other medical providers, or a pharmacy benefit manager
35 and the Plan shall not be a public record under Chapter 132 of the General Statutes for a
36 period of thirty months after the date of the expiration of the contract. Provided,
37 however, nothing in this subsection shall be deemed to prevent or restrict the release of
38 any information made not a public record under this subsection to the State Auditor, the
39 Attorney General, the Director of the State Budget, the Plan's Executive Administrator,
40 and the Committee on Employee Hospital and Medical Benefits solely and exclusively
41 for their use in the furtherance of their duties and responsibilities. The design, adoption,
42 and implementation of the preferred provider contracts and networks are not subject to
43 the requirements of Chapter 143 of the General Statutes, provided that for any hospital
44 preferred provider network all hospitals will have an opportunity to contract with the

1 Plan if they meet the contract requirements. The Executive Administrator and Board of
2 Trustees shall, under the provisions of G.S. 135-39.5(12), pursue such preferred
3 provider contracts on a timely basis and shall make reports as requested to the President
4 of the Senate, the President Pro Tempore of the Senate, the Speaker of the House of
5 Representatives, and the Committee on Employee Hospital and Medical Benefits on its
6 progress in negotiating the preferred provider contracts. The Executive Administrator
7 and Board of Trustees shall implement a refined diagnostic-related grouping or
8 diagnostic-related grouping-based reimbursement system for hospitals as soon as
9 practicable, but no later than January 1, 1995."

10 **SECTION 2.(b)** Effective January 1, 2003, G.S. 135-40.4 is amended by
11 adding the following new subsection to read:

12 "(a1) As an alternative to the individual and aggregate deductibles and 80%/20%
13 coinsurance provided under the second part of the Plan as described in subsection (a) of
14 this section, an employee may choose an alternative benefit design for himself or herself
15 and his or her enrolled spouse and dependent children, as follows:

- 16 (1) An individual and aggregate deductible and 80%/20% coinsurance
17 shall not apply to the services covered under G.S. 135-40.8(c3); and
18 (2) Coverage is not provided for the first twenty-five dollars (\$25.00) of
19 allowable charges for the services covered under G.S. 135-40.8(c3);
20 and
21 (3) An annual deductible of four hundred twenty-five dollars (\$425.00)
22 shall apply to all services covered by the Plan except those provided
23 under G.S. 135-40.8(c3) to an aggregate maximum of one thousand
24 two hundred seventy-five dollars (\$1,275) per employee and child(ren)
25 or employee and family coverage contract per fiscal year; and
26 (4) Coinsurance of 80%/20% shall apply to all services covered by the
27 Plan except those provided under G.S. 135-40.8(c3) to the aggregate
28 maximum applicable under G.S. 135-40.8(a)."

29 **SECTION 3.** This act becomes effective July 1, 2002.