

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH50222-LT-115 (4/8)

Short Title: Statewide Benefit Committee Established.

(Public)

Sponsors: Representatives Dockham and Owens (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A STATEWIDE STATE EMPLOYEE BENEFIT COMMITTEE TO EVALUATE AND PROVIDE A MENU OF PORTABLE SUPPLEMENTAL BENEFITS FOR ALL STATE EMPLOYEES, AS RECOMMENDED BY THE GOVERNOR'S COMMISSION TO PROMOTE GOVERNMENT EFFICIENCY AND SAVINGS ON STATE SPENDING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-31-60 reads as rewritten:

"§ 58-31-60. ~~Competitive selection of payroll~~ Payroll deduction insurance products paid for by State employees.

(a) ~~Employee Insurance State Employee Benefit Committee.~~ – The Department of Administration shall establish a State Employee Benefit Committee (hereinafter "Committee") ~~head of each State government employee payroll unit offering payroll deduction insurance products to employees shall appoint an Employee Insurance Committee~~ for the following purposes:

- (1) To review insurance products currently offered through payroll deduction to the all State employees ~~in the Employee Insurance Committee's payroll unit~~ to determine if those products meet the needs and desires of ~~employees in the Employee Insurance Committee's payroll unit.~~ State employees.
- (2) To select the types of insurance products that reflect the needs and desires of ~~employees in the Employee Insurance Committee's payroll unit.~~ all State employees.
- (3) To competitively select the best insurance ~~products of the types determined by the Employee Insurance Committee to reflect the needs and desires of the employees of that payroll unit.~~ products.

1 As used in this section, "insurance product" includes a prepaid legal services plan
2 registered under G.S. 84-23.1.

3 (b) ~~Appointment of Employee Insurance Committee Members.—The members~~
4 ~~of the Employee Insurance Committee shall be appointed by the head of the payroll~~
5 ~~unit.~~ State Employee Benefit Committee. – The Governor shall appoint the members of
6 the State Employee Benefit Committee. The Committee shall consist of not less than
7 five or more than nine individuals a majority of whom have been employed ~~in the~~
8 ~~payroll unit~~ by the State for at least one year. The committee members shall, except
9 where necessary initially to establish the rotation herein prescribed, serve three-year
10 terms with approximately one-third of the terms expiring annually. Committee
11 membership make-up shall fairly represent the work force ~~in the payroll unit~~ and be
12 selected without regard to any political or other affiliations. It shall be the duty of the
13 ~~payroll unit head to assure that the Employee Insurance Committee~~ Department of
14 Administration to assure that the Committee is completely autonomous in its selection
15 of insurance products and insurance companies and that no member of the ~~Employee~~
16 ~~Insurance Committee~~ has any conflict of interest in serving on the Committee. A
17 ~~committee on employee benefits elected or appointed by the faculty representative body~~
18 ~~of a constituent institution of The University of North Carolina shall be deemed~~
19 ~~constituted and functioning as an employee insurance committee in accordance with this~~
20 ~~section.—Any decision rendered by the Employee Insurance Committee where the~~
21 ~~autonomy of the Committee or a conflict of interest is questioned shall be subject to~~
22 ~~appeal pursuant to the Administrative Procedure Act, or in the case of departments,~~
23 ~~boards and commissions which are specifically exempt from the Administrative~~
24 ~~Procedure Act, pursuant to the appeals procedure prescribed for such department, board~~
25 ~~or commission.~~ Act.

26 (c) Payroll Deduction Slots. – Each payroll unit shall be entitled to not less than
27 four payroll deduction slots to be used for payment of insurance premiums for products
28 selected by the ~~Employee Insurance Committee~~ and offered to the employees of the
29 payroll unit. The ~~Employee Insurance Committee~~ shall select only one company per
30 payroll deduction slot. The Company selected by the ~~Employee Insurance Committee~~
31 shall be permitted to sell through payroll deduction only the products specifically
32 approved by the ~~Employee Insurance Committee~~. The assignment by the ~~Employee~~
33 ~~Insurance Committee~~ of a payroll deduction slot shall be for a period of not less than
34 two years unless the insurance company shall be in violation of the terms of the written
35 agreement specified in this subsection. The insurance company awarded a payroll
36 deduction slot shall, pursuant to a written agreement setting out the rights and duties of
37 the insurance company, be afforded an adequate opportunity to solicit employees of the
38 payroll unit by making such employees aware that a representative of the company will
39 be available at a specified time and at a location convenient to the employees.

40 Notwithstanding any other provision of the General Statutes, once an employee has
41 selected an insurance product for payroll deduction, that product may not be removed
42 from payroll deduction for that employee without his or her specific written consent.

43 When an employee retires from State employment and payroll deduction under this
44 section is no longer available, the insurance company may not terminate life insurance

1 products purchased under the payroll deduction plan without the retiree's specific
2 written consent solely because the premium is no longer deducted from payroll.

3 (c1) Procedure for Selection of Insurance Product Proposals. – All insurance
4 product proposals shall be sealed. The Committee shall open all proposals in public and
5 record them in the minutes of the Committee, at which time the proposals become
6 public records open to public inspection.

7 After the public opening, the Committee shall review the proposals, examining the
8 cost and quality of the products, the reputation and capabilities of the insurance
9 companies submitting the proposals, and other appropriate criteria. ~~The Committee shall~~
10 ~~determine which proposal, if any, would meet the needs and desires of the employees of~~
11 ~~that Committee's payroll unit and shall award a payroll deduction slot to the company~~
12 ~~submitting the proposal that meets those needs and desires.~~ The Committee may reject
13 any or all proposals.

14 A company may seek to modify or withdraw a proposal only after the public
15 opening and only on the basis that the proposal contains an unintentional clerical error
16 as opposed to an error in judgment. A company seeking to modify or withdraw a
17 proposal shall submit to the Committee a written request, with facts and evidence in
18 support of its position, prior to the award of the payroll deduction slot, but not later than
19 two days after the public opening of the proposals. The Committee shall promptly
20 review the request, examine the nature of the error, and determine whether to permit or
21 deny the request.

22 (d) Criminal Penalty. – It shall be a Class 3 misdemeanor for any State employee,
23 who has supervisory authority over any member of the ~~Employee Insurance Committee~~,
24 to attempt to influence the autonomy of any ~~Employee Insurance Committee~~ either in
25 the appointment of members to such Committee or in the operation of such Committee;
26 or for anyone to open a sealed insurance product proposal or disclose or exhibit the
27 contents of a sealed insurance product proposal, prior to the public opening of the
28 proposal. The Commissioner of Insurance shall have the authority to investigate
29 complaints alleging acts subject to the criminal penalty and shall report his findings to
30 the Attorney General of North Carolina."

31 **SECTION 2.** This act becomes effective July 1, 2004, and applies to the
32 insurance coverage deductible year for State employees beginning with July 1, 2005.