

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 299*

Short Title: State Health Plan Administrative Changes.-AB (Public)

Sponsors: Representatives Dobson, Corbin, Clampitt, and Henson (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Insurance, if favorable, State Personnel

March 13, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO THE LAWS
3 RELATING TO THE NORTH CAROLINA STATE HEALTH PLAN FOR TEACHERS
4 AND STATE EMPLOYEES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 135-48.44(a) reads as rewritten:

7 "**§ 135-48.44. Cessation of coverage.**

8 (a) Coverage under this Plan of an employee and his or her surviving spouse or eligible
9 dependent children or of a retired employee and his or her surviving spouse or eligible dependent
10 children shall cease on the earliest of the following dates:

11 ...

12 (6) The last day of the month in which a covered individual is found to have
13 knowingly and willfully made or caused to be made a false statement or false
14 representation of a material fact regarding eligibility or enrollment information
15 or in a claim for reimbursement of medical services under the Plan. The State
16 Treasurer may make an exception to the provisions of this subdivision when
17 persons subject to this subdivision have had a cessation of coverage for a period
18 of five years and have made a full and complete restitution to the Plan for all
19 fraudulent claim amounts. Nothing in this subdivision shall be construed to
20 obligate the State Treasurer to make an exception as allowed for under this
21 subdivision.

22"

23 **SECTION 2.** G.S. 135-48.40(c)(2) reads as rewritten:

24 "(2) Employees and members of the General Assembly with 10 but less than 20
25 years of retirement service credit provided the employees were first hired on or
26 after October 1, 2006, and the members first took office on or after February 1,
27 2007. For such future retirees, the State shall pay fifty percent (50%) of the
28 Plan's total employer premiums. Individual retirees shall pay the balance of the
29 total premiums not paid by the ~~State~~State unless prohibited by law. The total
30 premium is the sum of the Plan's total employer premium contribution rate plus
31 the employee or retiree's contribution for individual and dependent coverage."

32 **SECTION 3.(a)** G.S. 135-48.42(a) reads as rewritten:

33 "(a) Except as otherwise required by applicable federal law, new employees must be given
34 the opportunity to enroll or decline enrollment for themselves and their dependents within 30 days
35 from the date of employment or from first becoming eligible on a partially contributory or other



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1 contributory basis. Coverage may become effective on the first day of the month following date of
2 entry on payroll or on the first day of the following month. New employees age 19 and older not
3 enrolling themselves and their dependents age 19 and older within 30 days, or not adding
4 dependents when first eligible as provided herein may enroll during annual enrollment, but may be
5 subject to a 12-month waiting period for preexisting health conditions, except for employees who
6 elect to change their coverage in accordance with rules established by the State Treasurer for
7 optional or alternative plans available under the Plan. Children born to covered employees ~~having~~
8 ~~coverage type (2) or (3), as outlined in G.S. 135-48.43(d) shall be automatically covered at the~~
9 ~~time of birth without any waiting period for preexisting health conditions. Children born to~~
10 ~~covered employees having coverage type (1) shall be automatically covered at birth without any~~
11 ~~waiting period for preexisting health conditions so long as the claims processor Plan receives~~
12 notification within 30 days of the date of birth ~~that the employee desires to change from coverage~~
13 ~~(1) to coverage type (2) or (3), provided that birth and the employee pays any additional premium~~
14 ~~required by the coverage type selected retroactive to the first day of the month in which the child~~
15 ~~was born."~~

16 **SECTION 3.(b)** This section becomes effective October 1, 2017, and applies to
17 children born to covered employees on or after that date.

18 **SECTION 4.** G.S. 135-48.5(a) reads as rewritten:

19 "(a) There are hereby established two health benefit trust funds, to be known as the Public
20 Employee Health Benefit Fund and the Health Benefit Reserve Fund for the payment of hospital
21 and medical benefits. As used in this section, the term "health benefit trust funds" refers to the
22 fund type described under G.S. 143C-1-3(a)(10).

23 All premiums, fees, charges, rebates, refunds or any other receipts including, but not limited
24 to, earnings on investments, occurring or arising in connection with health benefits programs
25 established by this Article, shall be deposited into the Public Employee Health Benefit Fund.
26 Disbursements from the Fund shall include any and all amounts required to pay the benefits and
27 administrative costs of such programs as may be determined by the Executive Administrator and
28 Board of Trustees.

29 Any unencumbered balance in excess of prepaid premiums or charges in the Public Employee
30 Health Benefit Fund at the end of each fiscal year shall be used ~~first, in the following order:~~

- 31 (1) ~~First, to provide an actuarially determined Health Benefit Reserve Fund for~~
32 ~~incurred but unrepresented claims, second, claims.~~
- 33 (2) ~~Second, up to fifty percent (50%) of any unencumbered balance remaining after~~
34 ~~providing for incurred but unrepresented claims may be set aside by the State~~
35 ~~Treasurer, subject to approval by the Board of Trustees, to reduce the State's~~
36 ~~unfunded actuarial accrued liability for post-employment retiree health benefits.~~
- 37 (3) ~~Third, to reduce the premiums required in providing the benefits of the health~~
38 ~~benefits programs, and third programs.~~
- 39 (4) ~~Fourth, to improve the plan, as may be provided by the General Assembly. State~~
40 ~~Treasurer, subject to approval by the Board of Trustees.~~

41 The balance in the Health Benefits Reserve Fund may be transferred from time to time to the
42 Public Employee Health Benefit Fund to provide for any deficiency occurring therein. The Public
43 Employee Health Benefit Fund and the Health Benefit Reserve Fund shall be deposited with the
44 State Treasurer and invested as provided in G.S. 147-69.2 and 147-69.3."

45 **SECTION 5.** G.S. 135-48.22 is amended by adding a new subdivision to read:

46 "(7) Approve set-asides to reduce the State's unfunded actuarial accrued liability for
47 post-employment retiree health benefits as provided in G.S. 135-48.5(a) and
48 G.S. 135-48.30(a)(18)."

49 **SECTION 6.** G.S. 135-48.30(a) is amended by adding a new subdivision to read:

50 "(18) Set aside funds from the Public Employee Health Benefit Fund to reduce the
51 State unfunded actuarial accrued liability for post-employment retiree health

1 benefits as provided in G.S. 135-48.5(a), subject to approval by the Board of
2 Trustees."
3 **SECTION 7.** G.S. 135-48.20 is amended by adding a new subsection to read:
4 "(n) Immunity. – Except to the extent provided under Article 31A of Chapter 143 of the
5 General Statutes and to the extent of insurance coverage purchased pursuant to G.S. 58-32-15, a
6 person serving on the Board of Trustees shall be immune individually from civil liability for
7 monetary damages for any act, or failure to act, arising out of that service, except where any of the
8 following apply:
9 (1) The person was not acting within the scope of that person's official duties.
10 (2) The person was not acting in good faith.
11 (3) The person committed gross negligence or willful or wanton misconduct that
12 resulted in damages or injury.
13 (4) The person derived an improper personal financial benefit, either directly or
14 indirectly, from the transaction.
15 (5) The person incurred the liability from the operation of a motor vehicle."
16 **SECTION 8.** This act is effective when it becomes law.