

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 218*

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

Sponsors: Senators Krawiec, Hise, and Pate (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 9, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO THE LAWS
RELATING TO THE NORTH CAROLINA STATE HEALTH PLAN FOR TEACHERS
AND STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

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

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

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

...

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

...."

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

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

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

"(a) Except as otherwise required by applicable federal law, new employees must be given the opportunity to enroll or decline enrollment for themselves and their dependents within 30 days from the date of employment or from first becoming eligible on a partially contributory or other contributory basis. Coverage may become effective on the first day of the month following date of



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

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

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

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

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

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

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

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

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

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

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

49 "(18) Set aside funds from the Public Employee Health Benefit Fund to reduce the
50 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.