

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 1274
Committee Substitute Favorable 5/13/09
Third Edition Engrossed 5/14/09
Senate Select Committee on Employee Hospital and Medical Benefits Committee
Substitute Adopted 7/30/09

Short Title: State Health Plan Blue Ribbon Task Force. (Public)

Sponsors:

Referred to:

April 9, 2009

1 A BILL TO BE ENTITLED
2 AN ACT MAKING TECHNICAL AND OTHER CHANGES PERTAINING TO THE STATE
3 HEALTH PLAN BLUE RIBBON TASK FORCE AND TO THE STATE HEALTH PLAN
4 FOR TEACHERS AND STATE EMPLOYEES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Section 7(b) of S.L. 2009-16 reads as rewritten:

7 "**SECTION 7.(b)** The Task Force shall consist of 15 members, appointed as follows:

- 8 (1) Six members by the ~~General Assembly upon the recommendation of~~
9 ~~the~~ Speaker of the House of Representatives, three of whom shall be
10 members of the House of Representatives, one shall be a public
11 schoolteacher, one shall be a State or covered local government retiree other
12 than a retired public schoolteacher, and one at-large. Of the three legislators
13 appointed to the Task Force, one shall be a member of the minority party.
14 (2) Six members by the ~~General Assembly upon the recommendation of~~
15 ~~the~~ President Pro Tempore of the Senate, three of whom shall be members of
16 the Senate, one shall be a State employee who is not a public schoolteacher,
17 one shall be a retired State public school employee, and one at-large. Of the
18 three legislators appointed to the Task Force, one shall be a member of the
19 minority party.
20 (3) One member by the Governor with expertise in the business of health
21 insurance or in administering health care services other than an insurance
22 company or third-party administrator or contractor of the Plan.
23 (4) The chair of the Board of ~~Directors~~ Trustees of the State Health ~~Plan~~ Plan or
24 the chair's designee.
25 (5) The Commissioner of Insurance or the Commissioner's designee."

26 **SECTION 2.** Effective December 31, 2010, Part 7 of S.L. 2009-16, as amended by
27 Section 1 of this act, is repealed.

28 **SECTION 3.(a)** G.S. 135-45.2(j) reads as rewritten:

29 "(j) No person shall be eligible for coverage as an employee or retired employee or as a
30 dependent of an employee or retired employee upon a finding by the Executive Administrator
31 or Board of Trustees or by a court of competent jurisdiction that the employee or dependent
32 knowingly and willfully made or caused to be made a false statement or false representation of
33 a material fact in a claim for reimbursement of medical services under the ~~Plan~~ Plan or in any
34 representation or attestation to the Plan.



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1 The Executive Administrator and Board of Trustees may make an exception to the
2 provisions of this subsection when persons subject to this subsection have had a cessation of
3 coverage for a period of five years and have made a full and complete restitution to the Plan for
4 all fraudulent claim amounts. Nothing in this subsection shall be construed to obligate the
5 Executive Administrator and Board of Trustees to make an exception as allowed for under this
6 subsection."

7 **SECTION 3.(b)** The last paragraph of Section 2(b) of S.L. 2009-16 reads as
8 rewritten:

9 "The Executive Administrator shall report to the Committee on Employee Hospital and
10 Medical Benefits recommendations the Plan may have for additional sanctions that may be
11 imposed when the Executive Administrator finds that a member intentionally makes a false
12 statement on a Plan document. The five-year cessation of coverage requirement of
13 G.S. 135-45.2(j) does not apply to the smoking cessation and weight management provisions of
14 this subsection."

15 **SECTION 3.(c)** G.S. 135-44.6 reads as rewritten:

16 "**§ 135-44.6. Premiums set.**

17 (a) The Executive Administrator and Board of Trustees shall, from time to time,
18 ~~establish premium rates for the Plan except as they may be established by the General~~
19 ~~Assembly in the Current Operations Appropriations Act, recommend to the General Assembly~~
20 ~~the establishment or adjustment of premium rates for the Plan and based on premium rates~~
21 ~~enacted by the General Assembly shall establish~~ adopt rules for payment of the premiums.
22 Premium rates shall be established for coverages where Medicare is the primary payer of health
23 benefits separate and apart from the rates established for coverages where Medicare is not the
24 primary payer of health benefits. The amount of State funds contributed for optional coverage
25 for employees and retirees on a partially contributory basis shall not be more than the Plan's
26 total noncontributory premium for Employee Only coverage, with the person selecting the
27 coverage paying the balance of the partially contributory premium not paid by the Plan. The
28 amount of State funds contributed shall not exceed the Plan's cost for Employee Only coverage.
29 The Executive Administrator and Board of Trustees shall not impose a partially contributory
30 premium until after it has consulted on the premium and the optional coverage design with the
31 Committee on Employee Hospital and Medical Benefits.

32 (b) The Executive Administrator and Board of Trustees shall establish separate
33 premium rates for the long-term care benefits provided by Part 4 of this Article if the benefits
34 are administered on a self-insured basis.

35 (c) Repealed by Session Laws 2008-107, s. 10.13(a), effective July 1, 2008.

36 (d) In setting premiums for firefighters, rescue squad workers, and members of the
37 national guard, and their eligible dependents, the Executive Administrator and Board of
38 Trustees shall establish rates separate from those affecting other members of the Plan. These
39 separate premium rates shall include rate factors for incurred but unreported claim costs, for the
40 effects of adverse selection from voluntary participation in the Plan, and for any other
41 actuarially determined measures needed to protect the financial integrity of the Plan for the
42 benefit of its served employees, retired employees, and their eligible dependents.

43 (e) The total amount of premiums due the Plan from charter schools as employing units,
44 including amounts withheld from the compensation of Plan members, that is not remitted to the
45 Plan by the fifteenth day of the month following the due date of remittance shall be assessed
46 interest of one and one-half percent (1 1/2%) of the amount due the Plan, per month or fraction
47 thereof, beginning with the sixteenth day of the month following the due date of the remittance.
48 The interest authorized by this section shall be assessed until the premium payment plus the
49 accrued interest amount is remitted to the Plan. The remittance of premium payments under this
50 section shall be presumed to have been made if the remittance is postmarked in the United

1 States mail on a date not later than the fifteenth day of the month following the due date of the
2 remittance.

3 (f) Premium rates established or adjusted pursuant to this section shall not become
4 effective except by an act of the General Assembly."

5 **SECTION 3.(d)** G.S. 135-45.2(d)(1), as amended by Section 3(b) of S.L. 2009-16,
6 reads as rewritten:

7 "(1) If the dependent is a full-time student, through the end of the month
8 following the student's 26th birthday. As used in this section, a full-time
9 student is a student who is pursuing a course of study that represents at least
10 the normal workload of a full-time student at a school or college accredited
11 by the state of jurisdiction. In accordance with applicable federal law,
12 coverage of a full time student that loses full-time status due to illness or
13 injury may be extended for one year from the effective date of the loss of
14 full-time status provided that the student was enrolled at the time of the
15 onset of the ~~illness.~~illness or injury."

16 **SECTION 4.** This act is effective when it becomes law and applies to Plan year
17 beginning July 1, 2009.