

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 161

Short Title: Transfer State Health Plan to State Treasurer. (Public)

Sponsors: Representatives Dollar, Blackwell, Hurley, and Blust (Primary Sponsors).
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Insurance, if favorable, Appropriations.

February 23, 2011

A BILL TO BE ENTITLED

AN ACT TO TRANSFER THE NORTH CAROLINA STATE HEALTH PLAN FOR
TEACHERS AND STATE EMPLOYEES TO THE DEPARTMENT OF STATE
TREASURER.

The General Assembly of North Carolina enacts:

SECTION 1. The North Carolina State Health Plan for Teachers and State
Employees is transferred to the Department of State Treasurer. This transfer shall have all the
elements of a Type II transfer, as defined by G.S. 143A-6.

SECTION 2. G.S. 135-43(b) reads as rewritten:

"§ 135-43. **Confidentiality of information and medical records; provider contracts.**

(b) Notwithstanding the provisions of this Article, the Executive Administrator and
Board of Trustees of the State Health Plan for Teachers and State Employees may contract with
providers of institutional and professional medical care and services to establish preferred
provider networks.

The terms of a contract between the Plan and its third party administrator or between the
Plan and its pharmacy benefit manager are a public record except that the terms in those
contracts that contain trade secrets or proprietary or competitive information are not a public
record under Chapter 132 of the General Statutes, and any such proprietary or competitive
information and trade secrets contained in the contract shall be redacted by the Plan prior to
making it available to the public. This subsection shall not be construed to prevent or restrict
the release of any information made not a public record under this subsection to the State
Treasurer, the State Auditor, the Attorney General, the Director of the State Budget, the Plan's
Board of Trustees, and the Plan's Executive ~~Administrator, and the Committee on Employee
Hospital and Medical Benefits~~Administrator solely and exclusively for their use in the
furtherance of their duties and responsibilities, and to the Department of Health and Human
Services solely for the purpose of implementing the transition of NC Health Choice from the
Plan to the Department of Health and Human Services. The design, adoption, and
implementation of the preferred provider contracts, networks, and optional alternative
comprehensive health benefit plans, and programs available under the optional alternative
plans, as authorized under G.S. 135-45 are not subject to the requirements of Article 3 of
Chapter 143 of the General Statutes. The Executive Administrator and Board of Trustees shall
make reports as requested to the President of the Senate, the President Pro Tempore of the
Senate, the Speaker of the House of Representatives, and the ~~Committee on Employee Hospital
and Medical Benefits~~State Treasurer."

SECTION 3. G.S. 135-43.1 is repealed.



1 **SECTION 4.** G.S. 135-43.2 is repealed.

2 **SECTION 5.** G.S. 135-43.3 reads as rewritten:

3 "**§ 135-43.3. Oversight team.**~~**Oversight.**~~

4 (a) ~~The Committee on Employee Hospital and Medical Benefits may use employees of~~
5 ~~the Legislative Services Office and may employ contractual services as approved by the~~
6 ~~Legislative Services Commission to monitor the Executive Administrator and Board of~~
7 ~~Trustees, the Claims Processor, and the Comprehensive Major Medical Plan [State Health Plan~~
8 ~~for Teachers and State Employees].~~The Director of the Budget may use employees of the
9 Office of State Budget and Management to monitor the Executive Administrator and Board of
10 Trustees, the Claims Processor, and the Comprehensive Major Medical Plan [State Health Plan
11 for Teachers and State Employees].~~Employees authorized by the Legislative Services~~
12 ~~Commission and the Director of the Budget to provide assistance to the Committee on~~
13 ~~Employee Hospital and Medical Benefits and to the Director of the Budget shall comprise an~~
14 ~~oversight team.~~

15 (b) ~~The oversight team shall, jointly or individually,~~Director of the Budget and the State
16 Treasurer or their designees shall have access to all records of the Board of Trustees, the
17 Executive Administrator, the Claims Processor, and the Plan. ~~The oversight team shall, jointly~~
18 ~~or individually,~~Director of the Budget and the State Treasurer or their designees shall be
19 entitled to attend all meetings of the Board of Trustees.

20 (c) ~~The oversight team shall report to the Committee on Employee Hospital and~~
21 ~~Medical Benefits when requested by the Committee."~~

22 **SECTION 6.** G.S. 135-43.6 reads as rewritten:

23 "**§ 135-43.6. Reports to the General Assembly.**

24 The Executive Administrator and Board of Trustees shall report to the General Assembly at
25 such times and in such forms as shall be designated by ~~the Committee on Employee Hospital~~
26 ~~and Medical Benefits.~~the President Pro Tempore of the Senate and the Speaker of the House of
27 Representatives."

28 **SECTION 7.** G.S. 135-44.2(b) reads as rewritten:

29 "**§ 135-44.2. Executive Administrator.**

30 (b) The Executive Administrator shall be appointed by the ~~State Health Plan~~
31 ~~Administrative Commission.~~State Treasurer. The term of employment and salary of the
32 Executive Administrator shall be set by the ~~State Health Plan Administrative Commission upon~~
33 ~~the advice of an executive committee of the Committee on Employee Hospital and Medical~~
34 ~~Benefits.~~State Treasurer.

35 The Executive Administrator may be removed from office by the ~~State Health Plan~~
36 ~~Administrative Commission, upon the advice of an executive committee of the Committee on~~
37 ~~Employee Hospital and Medical Benefits,~~State Treasurer, and any vacancy in the office of
38 Executive Administrator may be filled by the ~~State Health Plan Administrative Commission~~
39 ~~with the term of employment and salary set upon the advice of an executive committee of the~~
40 ~~Committee on Employee Hospital and Medical Benefits.~~State Treasurer."

41 **SECTION 8.** G.S. 135-44.7(a) reads as rewritten:

42 "**§ 135-44.7. Administrative review.**

43 (a) If, after exhaustion of internal appeal handling as outlined in the contract with the
44 Claims Processor any person is aggrieved, the Claims Processor shall bring the matter to the
45 attention of the Executive Administrator and Board of Trustees, which shall promptly decide
46 whether the subject matter of the appeal is a determination subject to external review under Part
47 4 of Article 50 of Chapter 58 of the General Statutes. The Executive Administrator and Board
48 of Trustees shall inform the aggrieved person and the aggrieved person's provider of the
49 decision and shall provide the aggrieved person notice of the aggrieved person's right to appeal
50 that decision as provided in this subsection. If the Executive Administrator and Board of
51 Trustees decide that the subject matter of the appeal is not a determination subject to external

1 review, then the Executive Administrator and Board of Trustees may make a binding decision
2 on the matter in accordance with procedures established by the Executive Administrator and
3 Board of Trustees. The Executive Administrator and Board of Trustees shall provide a written
4 summary of the decisions made pursuant to this section to all employing units, all health benefit
5 representatives, the oversight ~~team~~agencies provided for in G.S. 135-43.3, all relevant health
6 care providers affected by a decision, and to any other parties requesting a written summary
7 and approved by the Executive Administrator and Board of Trustees to receive a summary
8 immediately following the issuance of a decision. A decision by the Executive Administrator
9 and Board of Trustees that a matter raised on internal appeal is a determination subject to
10 external review as provided in subsection (b) of this section may be contested by the aggrieved
11 person under Chapter 150B of the General Statutes. The person contesting the decision may
12 proceed with external review pending a decision in the contested case under Chapter 150B of
13 the General Statutes."

14 **SECTION 9.** G.S. 135-44.8 reads as rewritten:

15 "**§ 135-44.8. Rules.**

16 The Executive Administrator and Board of Trustees may adopt rules to implement Parts 2,
17 3, 4, and 5 of this Article. The Executive Administrator and Board of Trustees shall provide to
18 all employing units, all health benefit representatives, the oversight ~~team~~agencies provided for
19 in G.S. 135-43.3, all relevant health care providers affected by a rule, and to any other persons
20 requesting a written description and approved by the Executive Administrator and Board of
21 Trustees written notice and an opportunity to comment not later than 30 days prior to adopting,
22 amending, or rescinding a rule, unless immediate adoption of the rule without notice is
23 necessary in order to fully effectuate the purpose of the rule. Rules of the Board of Trustees
24 shall remain in effect until amended or repealed by the Executive Administrator and Board of
25 Trustees. The Executive Administrator and Board of Trustees shall provide a written
26 description of the rules adopted under this section to all employing units, all health benefit
27 representatives, the oversight ~~team~~agencies provided for in G.S. 135-43.3, all relevant health
28 care providers affected by a rule, and to any other persons requesting a written description and
29 approved by the Executive Administrator and Board of Trustees on a timely basis. Rules
30 adopted by the Executive Administrator and Board of Trustees to implement this Article are not
31 subject to Article 2A of Chapter 150B of the General Statutes."

32 **SECTION 10.** This act becomes effective September 1, 2011.