A BILL TO BE ENTITLED
AN ACT TO ALLOW LOCAL GOVERNMENT UNITS TO ENROLL THEIR
EMPLOYEES, RETIREES, AND DEPENDENTS IN THE STATE HEALTH PLAN FOR
TEACHERS AND STATE EMPLOYEES, SUBJECT TO CERTAIN CONDITIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-48.1(11) reads as rewritten:
"(11) Employing Unit. – A North Carolina School System; Community College;
State Department, Agency, or Institution; Administrative Office of the
Courts; or Association or Examining Board whose employees are eligible for
membership in a State-Supported Retirement System. An employing unit
also shall mean (i) a charter school in accordance with Part 6A of Chapter
115C of the General Statutes whose board of directors elects to become a
participating employer in the Plan under G.S. 135-48.54; G.S. 135-48.54 or
(ii) a local government unit that participates
in the Plan under
G.S. 135-48.47 or under any other law. Bona fide fire departments, rescue or
emergency medical service squads, and National Guard units are deemed to
be employing units for the purpose of providing benefits under this Article."

SECTION 2. G.S. 135-48.8 reads as rewritten:
(a) The State of North Carolina deems it to be in the public interest for North Carolina
firefighters, rescue squad workers, and members of the National Guard, and certain of their
dependents, who are not eligible for any other type of comprehensive group health insurance or
other comprehensive group health benefits, and who have been without any form of group
health insurance or other comprehensive group health benefit coverage for at least six
consecutive months, to be given the opportunity to participate in the benefits provided by the
State Health Plan for Teachers and State Employees. Coverage under the Plan shall be voluntary for eligible firefighters, rescue squad workers, and members of the National Guard
who elect participation in the Plan for themselves and their eligible dependents.
(b) The State of North Carolina deems it to be in the public interest for local
government units to be allowed to join the State Health Plan for Teachers and State Employees
and to participate in the Plan until July 1, 2014."

SECTION 3. Part 4 of Article 3B of Chapter 135 of the General Statutes is
amended by adding a new section to read as follows:
"§ 135-48.47. Participation in State Health Plan by local government employees, retirees,
and dependents.
General Assembly of North Carolina

Session 2011

(a) Eligibility. – The employees and retirees, as well as the dependents of employees and retirees, of local government units are eligible to participate in the State Health Plan as provided in this section. Employees, retirees, and dependents participating under this section are not guaranteed participation in the Plan, and participation is contingent on their respective local government units (i) electing to participate in the Plan and (ii) complying with the provisions of this section and this Article, as well as any policies adopted by the Plan.

(b) Participation Requirements. – A local government unit may elect to participate in the State Health Plan. Participation shall be governed by the following:

1. In order to participate, a local government unit must do the following:
   a. Pass a valid resolution expressing the local government unit’s desire to participate in the Plan.
   b. Enter into a memorandum of understanding with the Plan that acknowledges the conditions of this section and this Article, including the sunset provided in subsection (c) of this section.
   c. Provide at least 45 days’ notice to the Plan prior to entry and complete the requirements of this subdivision at least 30 days prior to entry.

2. In order to participate, a local government unit, its employees, and its retirees must meet the federal requirements to participate in a governmental plan. The Plan may refuse participation to persons who would jeopardize the Plan’s qualification as a governmental plan under federal law.

3. The Plan shall admit any local government unit that meets the administrative and legal requirements of this section, regardless of the claims experience of the local government unit group or the financial impact on the Plan.

4. A local government unit shall determine the eligibility of its employees and employees’ dependents and what portion of the premiums employees will pay to the local government unit.

5. A local government unit shall determine the eligibility of its retirees and retirees’ dependents and what portion of the premiums retirees will pay to the local government unit.

6. Premiums for coverage and Plan options shall be the same as those offered to State employees, retirees, and dependents. A local government unit may, however, restrict the number of options offered to its employees, retirees, and dependents.

7. A local government unit shall pay all premiums for all covered individuals directly to the Plan or the Plan’s designee.

8. No funds shall be paid for the coverage of local government unit retirees to or from the Retirement System for Teachers and State Employees.

(c) Sunset. – Eligibility under this section sunsets July 1, 2014, except that local government unit retirees who retired prior to July 1, 2014, and who retired while covered under this section shall continue to be eligible for coverage, as shall their dependents.”

SECTION 4. G.S. 135-48.55 reads as rewritten:

“§ 135-48.55. Interest charged to charter schools and local government units on late premiums.

The total amount of premiums due the Plan from charter schools and local government units as employing units, including amounts withheld from the compensation of Plan members, that is not remitted to the Plan by the fifteenth day of the month following the due date of remittance shall be assessed interest of one and one-half percent (1 ½%) of the amount due the Plan, per month or fraction thereof, beginning with the sixteenth day of the month following the due date of the remittance. The interest authorized by this section shall be assessed until the premium payment plus the accrued interest amount is remitted to the Plan. The remittance of
premium payments under this section shall be presumed to have been made if the remittance is
postmarked in the United States mail on a date not later than the fifteenth day of the month
following the due date of the remittance.”

SECTION 5. Any local government unit that participates in the State Health Plan
as of the effective date of this act may, notwithstanding any prior session law, action by a
Board of Trustees of the State Health Plan for Teachers and State Employees or of the
predecessor plan to the current State Health Plan, or other law, elect to be subject to the new
requirements in G.S. 135-48.47, as enacted by this act. Local government units electing to
participate in the Plan under G.S. 135-48.47 shall cease monthly contributions to the
Retirement System for Teachers and State Employees in the month in which coverage begins
under G.S. 135-48.47. Local government units shall not be entitled to a refund of any prior
contributions to the Retirement System for Teachers and State Employees. Nothing in this
section nor an election to participate in the State Health Plan under G.S. 135-48.47 shall impact
any existing debt to the Retirement System for Teachers and State Employees owed by any
local government unit.

SECTION 6. This act is effective when it becomes law.