

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE DRS75175-ME-63 (03/14)

Short Title: TRICARE Supplement for Flex Accounts. (Public)

Sponsors: Senator Meredith (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW A TRICARE SUPPLEMENT FOR FLEXIBLE COMPENSATION  
3 PLANS OFFERED BY THE STATE.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 115C-341.1 reads as rewritten:

6 "§ 115C-341.1. Flexible Compensation Plan.

7 Notwithstanding any other provisions of law relating to the salaries of employees of local  
8 boards of education, the State Board of Education is authorized to provide a plan of flexible  
9 compensation to eligible employees of local school administrative units for benefits available  
10 under Section 125 and related sections of the Internal Revenue Code of 1986 as amended. This  
11 plan shall not include those benefits provided to employees under Articles 1, 3, 3B, and 6 of  
12 Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any other leave that  
13 may be carried forward from year to year by employees as a form of deferred compensation.  
14 The plan may, however, offer a TRICARE supplement. In providing a plan of flexible  
15 compensation, the State Board may authorize local school administrative units to enter into  
16 agreements with their employees for reductions in the salaries of employees electing to  
17 participate in the plan of flexible compensation provided by this section. Should the State  
18 Board decide to contract with a third party to administer the terms and conditions of a plan of  
19 flexible compensation as provided by this section, it may select such a contractor only upon a  
20 thorough and completely advertised competitive procurement process."

21 SECTION 2. G.S. 115D-25.2 reads as rewritten:

22 "§ 115D-25.2. Flexible Compensation Plan.

23 Notwithstanding any other provisions of law relating to the salaries of employees of  
24 community college boards of trustees, the State Board of Community Colleges is authorized to  
25 provide a plan of flexible compensation to eligible employees of constituent institutions for  
26 benefits available under Section 125 and related sections of the Internal Revenue Code of 1986  
27 as amended. This plan shall not include those benefits provided to employees under Articles 1,  
28 3, 3B, and 6 of Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any  
29 other leave that may be carried forward from year to year by employees as a form of deferred  
30 compensation. The plan may, however, offer a TRICARE supplement. In providing a plan of  
31 flexible compensation, the State Board may authorize constituent institutions to enter into  
32 agreements with their employees for reductions in the salaries of employees electing to  
33 participate in the plan of flexible compensation provided by this section. With the approval of  
34 the Director of the Budget, savings in the employer's share of contributions under the Federal  
35 Insurance Contributions Act on account of the reduction in salary may be used to pay some or  
36 all of the administrative expenses of the program. Should the State Board decide to contract



1 with a third party to administer the terms and conditions of a plan of flexible compensation as  
2 provided by this section, it may select such a contractor only upon a thorough and completely  
3 advertised competitive procurement process."

4 **SECTION 3.** G.S. 116-17.2 reads as rewritten:

5 **"§ 116-17.2. Flexible Compensation Plan.**

6 Notwithstanding any other provisions of law relating to the salaries of employees of The  
7 University of North Carolina, the Board of Governors of The University of North Carolina is  
8 authorized to provide a plan of flexible compensation to eligible employees of constituent  
9 institutions for benefits available under Section 125 and related sections of the Internal  
10 Revenue Code of 1986 as amended. This plan shall not include those benefits provided to  
11 employees under Articles 1, ~~3~~, 3B, and 6 of Chapter 135 of the General Statutes nor any  
12 vacation leave, sick leave, or any other leave that may be carried forward from year to year by  
13 employees as a form of deferred compensation. The plan may, however, offer a TRICARE  
14 supplement. In providing a plan of flexible compensation, the Board of Governors may  
15 authorize constituent institutions to enter into agreements with their employees for reductions  
16 in the salaries of employees electing to participate in the plan of flexible compensation  
17 provided by this section. With the approval of the Director of the Budget, savings in the  
18 employer's share of contributions under the Federal Insurance Contributions Act on account of  
19 the reduction in salary may be used to pay some or all of the administrative expenses of the  
20 program. Should the Board of Governors decide to contract with a third party to administer the  
21 terms and conditions of a plan of flexible compensation as provided by this section, it may  
22 select such a contractor only upon a thorough and completely advertised competitive  
23 procurement process."

24 **SECTION 4.** G.S. 126-95(b) reads as rewritten:

25 "(b) Notwithstanding any other provisions of law relating to the salaries of officers and  
26 employees of departments, institutions, and agencies of State government, the Director of the  
27 Budget may provide a plan of flexible compensation to eligible officers and employees of State  
28 departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 for  
29 benefits available under section 125 and related sections of the Internal Revenue Code of 1986,  
30 as amended. This plan shall not replace, substitute for, or duplicate any benefits provided to  
31 employees and officers under Article 1A of Chapter 120 of the General Statutes and Articles 1,  
32 ~~3~~, 3B, 4, and 6 of Chapter 135 of the General Statutes. The plan may, however, include  
33 offerings for products and benefits that are supplemental or additional to these statutory  
34 benefits. The plan may also offer a TRICARE supplement. In providing a plan of flexible  
35 compensation, the Director of the Budget may authorize State departments, institutions, and  
36 agencies to enter into agreements with their employees for reductions in the salaries of  
37 employees electing to participate in the plan of flexible compensation provided by this section.  
38 With the approval of the Director of the Budget, savings in the employer's share of  
39 contributions under the Federal Insurance Contributions Act on account of the reduction in  
40 salary may be used to pay some or all of the administrative expenses of the program. Should  
41 the Director of the Budget decide to contract with a third party to administer the terms and  
42 conditions of a plan of flexible compensation as provided by this section, it may select such a  
43 contractor only upon a thorough and completely advertised competitive procurement process."

44 **SECTION 5.** Any State entity that decides to offer a TRICARE supplement option  
45 shall use a competitive bid process to award contracts to any third-party provider. The NC Flex  
46 plan administered by the Office of State Personnel shall offer a TRICARE supplement no later  
47 than January 1, 2015.

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