

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015**

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**SENATE BILL 865  
PROPOSED COMMITTEE SUBSTITUTE S865-PCS45540-TU-28**

Short Title: State Health Plan/Admin Changes/Local Govts.

(Public)

Sponsors:

Referred to:

May 11, 2016

A BILL TO BE ENTITLED  
AN ACT TO MAKE ADMINISTRATIVE CHANGES TO THE STATE HEALTH PLAN FOR  
TEACHERS AND STATE EMPLOYEES STATUTES; TO INCREASE THE NUMBER OF  
LOCAL GOVERNMENTS ABLE TO PARTICIPATE IN THE STATE HEALTH PLAN;  
AND TO MAKE CHANGES TO STATE HEALTH PLAN PREMIUMS PAID BY LOCAL  
GOVERNMENT EMPLOYEES.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 135-48.47(b) reads as rewritten:

"(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'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.
  - c. Provide at least 90 days' notice to the Plan prior to entry and complete the requirements of this subdivision at least 60 days prior to entry.
- (2) In order to participate, a local government unit and its employees 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.
- (2a) 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.
- (3) A local government unit shall determine the eligibility of its employees and employees' dependents and what portion of the premiums employees with pay to the local governments unit dependents.
- (3a) The premiums employees pay to the local government unit for their own coverage shall conform to the premiums in the structure set by the Plan. The premiums employees pay to the local government unit for coverage of their dependents may be determined by the local government unit but may not exceed the premiums set by the Plan.
- (4) Premiums for coverage and Plan options shall be the same as those offered to State employees and dependents on a fully contributory basis.
- (5) The local government unit shall pay all premiums for all covered individuals directly to the Plan or the Plan's designee."



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1           **SECTION 2.(a)** G.S. 135-48.47(c) reads as rewritten:  
2           "(c) Enrollment Limitation. – Local governments may elect to participate until the number  
3 of employees and dependents of employees of local governments enrolled in the Plan reaches  
4 ~~10,000, 16,000,~~ after which time no additional local governments may join the Plan. Any local  
5 government electing to participate must have less than 1,000 employees and dependents enrolled  
6 in health coverage at the time the local government provides notice to the Plan of its desire to  
7 participate."

8           **SECTION 2.(b)** In admitting additional local governments as permitted by subsection  
9 (a) of this section, the Plan shall use the following transition schedule:

10           (1) Through June 30, 2017, the Plan may admit local governments until the number  
11 of employees and dependents of employees of local governments enrolled in  
12 the Plan reaches 13,500.

13           (2) Through January 31, 2018, the Plan may admit local governments until the  
14 number of employees and dependents of employees of local governments  
15 enrolled in the Plan, plus the estimated number of employees and dependents of  
16 employees of local governments that completed the Plan's Notice of  
17 Participation and Information Sheet prior to April 1, 2016, but that are not yet  
18 enrolled in the Plan reaches 16,000.

19           (3) After January 31, 2018, only the limitations of G.S. 135-48.47 will apply.  
20 Notwithstanding the schedule above, the Plan may admit a local government that  
21 completed the Plan's Notice of Participation and Information Sheet prior to April 1, 2016, unless  
22 the limitation of 16,000 is reached.

23           **SECTION 3.** G.S. 135-48.47 is amended by adding a new subsection to read:

24           "(d) Local governments participating in the Plan as of April 1, 2016, may elect to withdraw  
25 from participating in the Plan effective January 1, 2017. Notice of withdrawal must be given by  
26 the local government to the Plan no later than September 15, 2016."

27           **SECTION 4.** Part 4 of Article 3B of Chapter 135 of the General Statutes is amended  
28 by adding a new section to read:

29           "§ 135-48.49. IRC sections 6055 and 6056 regulatory reporting.

30           The Plan shall be responsible for reporting coverage for retirees and coverage for direct bill  
31 members, except for individuals participating in Consolidated Omnibus Budget Reconciliation Act  
32 (COBRA) coverage, as required by section 6055 of the Internal Revenue Code. The Plan shall  
33 provide employing units with access to Plan data necessary for employing units to meet filing  
34 requirements under sections 6055 and 6056 of the Internal Revenue Code. The Plan may facilitate  
35 the availability of a reporting solution; however, the employing unit is responsible for paying all  
36 costs associated with the use of any reporting solution made available by the Plan."

37           **SECTION 5.** G.S. 58-3-167 reads as rewritten:

38           "**§ 58-3-167. Applicability of acts of the General Assembly to health benefit plans.**

39           (a) As used in this section:  
40           (1) "Health benefit plan" means an accident and health insurance policy or  
41 certificate; a nonprofit hospital or medical service corporation contract; a health  
42 maintenance organization subscriber contract; a plan provided by a multiple  
43 employer welfare arrangement; or a plan provided by another benefit  
44 arrangement, to the extent permitted by the Employee Retirement Income  
45 Security Act of 1974, as amended, or by any waiver of or other exception to  
46 that act provided under federal law or regulation. "Health benefit plan" does not  
47 mean any plan implemented or administered by the North Carolina or United  
48 States Department of Health and Human Services, or any successor agency, or  
49 its representatives. "Health benefit plan" does not mean any plan implemented  
50 or administered by the State Health Plan for Teachers and State Employees.

1 "Health benefit plan" does not mean any plan consisting of one or more of any  
2 combination of benefits described in G.S. 58-68-25(b).  
3 ...."  
4 **SECTION 6.** Section 1 of this act becomes effective January 1, 2017, and applies to  
5 premiums paid on or after that date. The remainder of this act is effective when it becomes law.