

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2017

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HOUSE BILL 24  
PROPOSED COMMITTEE SUBSTITUTE H24-PCS40141-SH-1

Short Title: Study Unfunded Liability/Retiree Health Fund.

(Public)

Sponsors:

Referred to:

January 30, 2017

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A JOINT COMMITTEE TO STUDY THE UNFUNDED LIABILITY OF THE RETIREE HEALTH BENEFIT FUND, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** There is established the Joint Legislative Committee on the Unfunded Liability of the Retiree Health Benefit Fund. The Committee shall consist of 13 members as follows:

- (1) Five members of the Senate appointed by the President Pro Tempore of the Senate.
- (2) Five members of the House of Representatives appointed by the Speaker of the House of Representatives.
- (3) The State Treasurer, or the State Treasurer's designee, serving ex officio as a nonvoting member.
- (4) The Executive Administrator of the State Health Plan, serving ex officio as a nonvoting member.
- (5) A representative of the Board of Trustees of the State Health Plan for Teachers and State Employees selected by the Board, serving ex officio as a nonvoting member.

Members serve at the pleasure of the appointing officer and continue to serve until a successor is appointed. Vacancies on the Committee shall be filled by the same appointing authority making the initial appointment.

The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a member to serve as a cochair of the Joint Legislative Committee on the Unfunded Liability of the Retiree Health Benefit Fund. The Committee shall meet upon the joint call of the cochairs.

A quorum of the Committee is five voting members. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may meet in the Legislative Building or the Legislative Office Building. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate. All expenses of the Committee shall be paid from



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1 the Legislative Services Commission's Reserve for Studies. Individual expenses of five thousand  
2 dollars (\$5,000) or less, including per diem, travel, and subsistence expenses of members of the  
3 Committee, and clerical expenses shall be paid upon the authorization of a cochair of the  
4 Committee. Individual expenses in excess of five thousand dollars (\$5,000) shall be paid upon the  
5 written approval of the President Pro Tempore of the Senate and the Speaker of the House of  
6 Representatives.

7 **SECTION 1.(b)** The Joint Legislative Committee on the Unfunded Liability of the  
8 Retiree Health Benefit Fund shall examine the following options for reducing the unfunded  
9 liability of the Fund:

- 10 (1) Increasing the assets in the Retiree Health Benefit Fund through appropriation  
11 by the General Assembly.
- 12 (2) Increasing the costs of retiree benefits borne by the federal government, by  
13 means such as the automatic enrollment of Medicare-eligible retirees in  
14 Medicare Advantage or the offering of financial incentives to early retirees to  
15 obtain insurance through the health insurance exchange created under the  
16 Affordable Care Act, or any subsequent and similar act.
- 17 (3) Reducing the State's future liability by transitioning the State's retiree health  
18 benefit from a defined benefit approach to a defined contribution model.
- 19 (4) Reducing the number of persons eligible for retiree benefits by increasing the  
20 service time requirements for the benefit or by eliminating the benefit for  
21 certain groups.
- 22 (5) Requiring employees to contribute to the Retiree Health Benefit Fund, as they  
23 do to the Teachers' and State Employees' Retirement System.
- 24 (6) Increasing the amount that retirees pay for their health benefits by means such  
25 as increasing premiums or out-of-pocket costs.
- 26 (7) Any other proposals for reducing the unfunded liability of the Fund identified  
27 by the Committee.

28 **SECTION 1.(c)** The Joint Legislative Committee on the Unfunded Liability of the  
29 Retiree Health Benefit Fund shall issue a final report of its findings and recommendations,  
30 including any legislation necessary to implement those recommendations, to the 2018 Regular  
31 Session of the General Assembly upon its convening. The Committee shall terminate upon filing  
32 its final report or upon the convening of the 2018 General Assembly, whichever is earlier.

33 **SECTION 2.** This act is effective when it becomes law.