

# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

PED Report Update: North Carolina Should Centralize Management of State Employee Supplemental Insurance Benefits

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### **Results of Inquiry of Employee Insurance Committees**

At the October 7, 2015 Joint Legislative Program Evaluation Oversight Committee meeting, the Committee directed PED to afford the employee insurance committees at agencies and universities the opportunity to respond to the report.

PED emailed agencies and universities requesting that employee insurance committees respond to the report. For agencies and universities without an employee insurance committee, PED advised the agencies and universities that they could send comments from an agency representative.

The inquiry yielded six responses. The response from the Administrative Office of the Courts was the only response directly from an employee insurance committee. All others were from agency or university officials. In addition to the responses attached, eight agencies/universities and the DHHS employee insurance committee stated that they did not wish to submit comments. East Carolina University and UNC-Chapel Hill did not submit comments but responded that they support the response included in the report from UNC General Administration.

All of the responses received by PED were supportive of the report recommendations. These responses are attached:

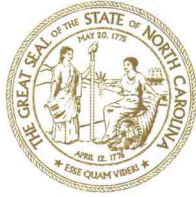
- 1) Employee Insurance Committee, Administrative Office of the Courts
- 2) Department of Public Instruction
- 3) Department of Public Safety
- 4) Office of the State Controller
- 5) Wildlife Resources Commission
- 6) Winston-Salem State University

### **Results of Review of Additional Documentation Submitted by Colonial Life**

Subsequent to the report release and the October 7, 2015 meeting of the Joint Legislative Program Evaluation Oversight Committee, Colonial Life submitted previously requested documentation disputing information presented on page 18 of the report related to insurance products sold to state employees that were not approved by the Administrative Office of the Courts employee insurance committee. PED received documentation on October 15 from Colonial Life, supporting the position that a large number of policies that were coded in the data PED received as accident policies were, instead, wellness riders attached to disability policies sold by Colonial Life. Had these policies been coded as wellness policies, PED would not have counted these policies in the report.

PED is revising the number of accident policies listed as being sold without a contract since the beginning of 2011 to 30 policies. This number is a reduction from the number presented in the report of 268.

PED is not revising the number listed in the report related to voluntary whole and universal life policies enrolled at the Administrative Office of the Courts since 2011 without a contract, nor is PED revising the statement that weak oversight of payroll deductions for supplemental insurance has allowed vendors to sell products that were not authorized by the associated employee insurance committee or permitted by state law.



**NORTH CAROLINA  
ADMINISTRATIVE OFFICE**  
*of the COURTS*

**Human Resources Division**

**Margaret Wiggins**  
Human Resources Officer

October 15, 2015

PO Box 2448, Raleigh, NC 27602  
T 919 890-1100 F 919 890-1905

Jeff Grimes  
Senior Program Evaluator  
Program Evaluation Division  
NC General Assembly  
100 Legislative Office Building  
Raleigh, NC 27603-5925

Mr. Grimes,

This letter is to respond to your solicitation of responses to the Program Evaluation Division report: "North Carolina Should Centralize Management of State Employee Supplemental Insurance Benefits."

The employee insurance committee system described in G.S. 58-31-60 is not the most effective means of offering insurance products that meet the needs of state employees. From the employee perspective, the offerings can be confusing because they are offered outside of the NCFlex program, on a different open enrollment schedule, and offer coverages that appear to overlap NCFlex products. From the agency perspective, vetting insurance products and supervising the vendors is, for most, well outside of the agency's main function and expertise. Consequently, it is not surprising that the program does not get the attention it requires to function as the report suggests it should.

With the maturation of NCFLEX, the employee insurance committee system has outlived its usefulness to state employees. Our employees will be better served by concentrating all supplemental insurance benefits within the common framework of NCFlex.

Sincerely,

A handwritten signature in cursive script that reads "Michael Smith".

Michael Smith  
Chair,  
Judicial Branch Employee Insurance Committee

Enclosure  
Committee Members

cc: Margaret Wiggins, Human Resources Officer

Judicial Branch Employee Insurance Committee members

Mike Smith (Chairperson)	Human Resource Manager	NCAOC Human Resources
Jo McCants	Assistant Legal Counsel	Office of General Counsel, NCAOC
Hon. Rebecca Spragins	Clerk of Superior Court (CSC)	CSC, Halifax County
Deborah Quick	Assistant Clerk	CSC, Scotland County
Gary Miller	Telecommunication Manager	NCAOC Technology Services
McKinley Wooten	Deputy Director	NCAOC Program Services



# PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | June St. Clair Atkinson, Ed.D., *State Superintendent*

WWW.NCPUBLICSCHOOLS.ORG

October 13, 2015

TO Joint Legislative Program Evaluation Oversight Committee

FROM June St. Clair Atkinson *JSA*

## NC CENTRALIZED MANAGEMENT OF STATE EMPLOYEE SUPPLEMENTAL INSURANCE BENEFITS

Thank you for the opportunity to respond to the recommendations found in the Program Evaluation Division's report titled *North Carolina Centralized Management of State Employee Supplemental Insurance Benefits*.

I agree with your recommendation to form a State Employee Supplemental Insurance Selection Committee for the purpose of selection and oversight of all pre-tax and post-tax supplemental insurance benefits offered to state employees. I believe that such a committee would be in the best interest of employees at the Department of Public Instruction and, in general, all state employees. A more centralized approach to the selection of insurance products could lead to more competitive rates, better communication and improved benefit administration.

On behalf of my leadership team, I offer their assistance in the implementation of this recommendation as needed.

Thank you again for your thorough review of the supplemental insurance products offered by the various state agencies and your effort to improve benefits offerings to our very valued state employees.

JSA:mw

### OFFICE OF THE STATE SUPERINTENDENT

June St. Clair Atkinson, Ed.D., *State Superintendent* | June.Atkinson@dpi.nc.gov  
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# North Carolina Department of Public Safety

*Prevent. Protect. Prepare.*  
Operations Division

Pat McCrory, Governor

Frank L. Perry, Secretary  
Gregory K. Baker, Commissioner

October 20, 2015

Mr. Jeff Grimes  
Senior Program Evaluator  
Program Evaluation Division  
NC General Assembly  
100 Legislative Office Building  
Raleigh, NC 27603-5925

Mr. Grimes:

In response to the Program Evaluation Division (PED) report, "North Carolina Should Centralize Management of State Employee Supplemental Insurance Benefits", I have reviewed the study related to "agency insurance committees" and have discussed those findings with the Secretary. The Department of Public Safety fully supports the PED recommendations.

We appreciate you soliciting responses from the Agencies and if additional information is required, please feel free to contact me directly at (919) 441-0070.

Sincerely,

Gregory K. Baker  
Commissioner  
Operations Division

cc: Frank L. Perry, Secretary  
Nancy Lipscomb, Human Resources Director  
Ryan Combs, Legislative Affairs Director  
Jarrett Burr, Legislative Affairs Liaison  
Andy Brandon, Legislative Affairs Liaison

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# State of North Carolina

## Office of the State Controller

**LINDA COMBS**  
**STATE CONTROLLER**

October 15, 2015

Jeff Grimes, Senior Program Evaluator  
Program Evaluation Division  
NC General Assembly  
100 Legislative Office Building  
Raleigh, NC 27603-5925

Dear Mr. Grimes:

As Chairperson of the Office of State Controller Insurance Committee, I would like to express support on behalf of OSC management toward the findings of the Program Evaluation report which was released on August 26, 2015. We believe that centralizing the Management of State Employees Supplemental Insurance Benefits would enable State employees to maximize the value and lower the cost to purchase coverage. The payroll deduction method of payment would offer employees additional tax savings through the existing NC Flex benefits program. In addition, we agree that having a centralized location for contracts to be generated and approved would yield legal compliance and standardization.

As stated on the survey, OSC's insurance committee has been dormant for the past several years. The majority of the members are no longer employed with the agency and reassignments have not taken place due to the pending results of this study.

Respectfully,

Helen Dicken, PHR  
Human Resources Director

Cc: Linda Combs  
Jim Dolan  
Teresa Shingleton



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☒ North Carolina Wildlife Resources Commission ☒

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Gordon S. Myers, Executive Director

October 20, 2015

Jeff Grimes, Senior Program Evaluator  
Program Evaluation Division  
NC General Assembly  
100 Legislative Office Building  
Raleigh, NC 27603-5925

Mr. Grimes

We agree with your report that supplemental insurance should be centralized. This will alleviate a lot of pressure we feel from insurance agents to have access to our employees. We offer very limited supplemental policies and most of these are legacy policies that our long term employees purchased years ago. Most new employees enroll in NC Flex policies. We would have nothing further to add. Thanks for the opportunity to comment on your report.

A handwritten signature in black ink, appearing to read "Carol A. Batker". The signature is fluid and cursive.

Carol A. Batker  
Human Resources Director  
Wildlife Resources Commission



HUMAN RESOURCES  
103 Eller Hall ✦ Winston-Salem, NC 27110  
Phone: (336) 750-2830 ✦ Fax: (336) 750-2838

10/19/2015

Good Morning,

WSSU agrees with the new proposed changes for the Insurance Committee under Recommendation 1: The General Assembly should eliminate the employee insurance committee system and create a single committee charged with selection and oversight of all pre- and post-tax supplemental insurance benefits offered to state employees.

Thank you,

Keyona McNeill  
Benefits and Leave Manager