

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2786*

Short Title: State Health Plan/Local Govt Participation. (Local)

Sponsors: Representatives Holliman; Coleman, Dockham, England, Faison, Farmer-Butterfield, Frye, Harrison, Lucas, McLawhorn, Walend, and Wray.

Referred to: Health, if favorable, Insurance.

May 29, 2008

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE REQUIREMENTS FOR LOCAL GOVERNMENT
PARTICIPATION IN THE STATE HEALTH PLAN FOR TEACHERS AND
STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3 of Chapter 135 of the General Statutes is amended by adding the following new Part to read:

"Part 6. Local Government Participation.

"§ 135-43. Requirements for local government participation in the State Health Plan.

(a) Purpose. – The State of North Carolina deems it to be in the public interest for employees of an employer, as defined for local government employers by G.S. 128-21(11), to be given the opportunity to participate in the benefits provided by the State Health Plan for Teachers and State Employees. Participation shall be voluntary for local government employers.

(b) Authorization to Enroll. – A local government employer, as defined in G.S. 128-21(11), may elect to enroll its active employees only or to enroll its active employees and its retired employees in the State Health Plan in accordance with this Part. In order to enroll its active or its active and retired employees in the State Health Plan, a local government employer must:

(1) By resolution, legally adopted by the local government employer, elect to have its eligible active employees only or its eligible active employees and its eligible retired employees, at the employer's option, become eligible to participate in the Plan.

(2) Enroll all of its eligible active employees and, if the employer elects to also enroll its eligible retired employees, it must enroll all of its eligible retired employees.

1 (3) Enroll the eligible dependents of its active employees and eligible
2 dependents of its retired employees, as applicable.

3 (c) Eligibility. – A local government shall establish eligibility for participation in
4 the Plan by its active employees based on the employee's years of service as a local
5 government employee and may set rates of contribution to be made by eligible local
6 government employees to the premium paid by the local government to the Plan. The
7 local government may set contribution rates on a noncontributory, partially
8 contributory, or fully contributory basis.

9 (d) Premiums and Contributions. – In the amounts established by the Executive
10 Administrator and Board of Trustees:

11 (1) A local government employer shall pay to the State Health Plan
12 premiums for its enrolled active employees.

13 (2) If a local government employer elects to also enroll its eligible retired
14 employees in the Plan, then:

15 a. The local government employer shall make a contribution to the
16 Local Government Employees' Retirement System equal to the
17 contribution required of all other employing units to the State
18 Retirement Systems for covering the local government's eligible
19 retired employees. If the local government employer does not
20 participate in the Local Government Employees' Retirement
21 System and has another formally established retirement plan,
22 the local government employer shall remit to the State Health
23 Plan for Teachers and State Employees the amount of the
24 premium requested by the Executive Administrator and Board
25 of Trustees for coverage of the local government employer's
26 eligible retired employees and their eligible family members.

27 b. Should a local government employer for any reason become
28 financially unable to make the contributions payable on account
29 of its eligible retired employees, the local government employer
30 shall be deemed to be in temporary default. Temporary default
31 shall not relieve the local government employer from any
32 liability for its contributions payable on account of its eligible
33 retired employees.

34 (e) General Requirements. – In addition to other requirements of this section,
35 local government employers are subject to the following:

36 (1) A local government employer must require its enrolled active and
37 enrolled retired employees and the eligible dependents of enrolled
38 active employees and of enrolled retired employees to participate in
39 disease management, case management, and all other mandatory and
40 voluntary cost containment measures implemented by the Executive
41 Administrator and Board of Trustees.

42 (2) A local government employer may elect to discontinue its participation
43 in the Plan. If a local government employer elects to discontinue its
44 participation in the Plan, the local government employer is not eligible

1 to reenroll its eligible active employees or its eligible active employees
2 and eligible retired employees, and their eligible dependents, until ten
3 years have elapsed from the date of the local government's
4 discontinuance of its participation.

5 (3) A local government seeking to become an authorized employing unit
6 under the Plan through an act of the General Assembly, or as
7 authorized under Section 5 of S.L. 2005-249, must, prior to
8 introduction of the legislation, provide the Plan with the following
9 information:

10 a. Data necessary to assess current and prior claims experience for
11 the most recent 24-month period for all previously and currently
12 offered plans.

13 b. The most recent 24 months of enrollment data by category and
14 coverage category for all previously or currently offered plans.

15 c. A copy of current and previous plan designs for all plans
16 offered within the two prior plan years.

17 d. The current employer contribution amount and subscriber
18 contribution amount for coverage by plan and coverage
19 category. Contribution amount should reflect amounts for
20 subscriber coverage and dependent coverage.

21 e. A current census of all eligible active employees and
22 dependents of active employees covered by current plans
23 offered including a separate census for employees who have
24 waived coverage by plan.

25 f. A current census of all eligible retired employees and
26 dependents of retired employees covered by current plans
27 offered including a separate census for retired employees who
28 have waived coverage by plan.

29 In addition to the requirements of this subsection, the Executive Administrator may
30 require a local government to submit other reasonable and necessary information to
31 enable the Executive Administrator to project any potential actuarial impact to the Plan.
32 As required by Article 15 of Chapter 120 of the General Statutes, the Executive
33 Administrator shall provide to the Fiscal Research Division of the Legislative Services
34 Office of the North Carolina General Assembly a copy of the information required
35 under this section."

36 **SECTION 2.** Those local government employers that have applied for
37 participation in the Plan as of July 1, 2008, may be enrolled in the Plan either through
38 selection by the Executive Administrator and Board of Trustees, as provided by law, or
39 by an act of the 2007 General Assembly, 2008 Regular Session, and those local
40 governments may apply local eligibility requirements for enrollment in the Plan. No
41 other local government employers may enroll their employees or retirees in the Plan
42 during the period July 1, 2008, through December 31, 2008. Effective January 1, 2009,
43 local governments may apply to participate in the Plan and their active and retired

- 1 employees must meet the eligibility requirements for Plan participation that apply to
2 active and retired State employees.
3 **SECTION 3.** This act is effective when it becomes law.