



*North Carolina*  
**State Health Plan**  
FOR TEACHERS AND STATE EMPLOYEES



## Legislative Update

*Board of Trustees*

May 30, 2014

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*A Division of the Department of State Treasurer*

# Legislative Update Overview

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- Budget Update
- Summary of SHP-related Legislation
- Next Steps

# SHP Budget Update

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- Last week the State Treasurer, in consultation with the Board, recommended foregoing scheduled increases in employer and employee premiums in CY 2015
  - The Appropriations Act of 2013, (the budget enacted by SL 2013-360) includes funding in FY 2014-15 to increase the employer contribution for health benefits by 2.14% in January 2015
  - Forgoing the premium increase will save \$22 million in General Fund and \$1.05 million in Highway Fund Appropriations
- The Governor's Recommended Budget (SB 842) and the proposed Senate Budget (SB 744) include the savings associated with foregoing the premium increase

# SHP Budget Update

	Enacted Budget (SL 2013-360)	Governor's Recommended Budget	Senate Budget Proposal	House Budget Proposal	Revised Budget
Premium Increase					
FY 2014-15	2.14% Jan 1, 2015	0.00%	0.00%	TBD	TBD
General Fund Appropriations					
FY 2014-15	\$89.0 m	\$67.0 m	\$67.0 m	TBD	TBD
Change	N/A	(\$22.0 m)	(\$22.0 m)	TBD	TBD
Highway Fund Appropriations					
FY 2014-15	\$4.5 m	\$3.45 m	\$3.45 m	TBD	TBD
Change	N/A	(\$1.05 m)	(\$1.05 m)	TBD	TBD

# Reallocation of Funds Appropriated for Premium Increase

## Governor's Recommended Budget:

One NC Fund investments in Job Creating Businesses:	\$10,000,000
Severance Reserve:	\$2,000,000
Rural Infrastructure Grants:	\$2,000,000
Research Triangle Institute Funding:	\$500,000
UNC Game Changing Research:	\$2,000,000
Medical Examiner Training & Certification:	\$1,000,000
NC Symphony Challenge Grant:	\$500,000
Distinguished Leadership in Practice:	\$500,000
Housing Finance Agency Low-Income Housing Loan Program:	\$2,000,000
Economic Development Fund/OSBM-Special Appropriation:	\$1,000,000
ABC Underage Drinking Program:	\$500,000
DOT General Maintenance Reserve (Highway Funds):	\$1,050,000

The Senate Budget does not specifically cite the use of the \$23 million

# Additional Budget Items Related to the State Health Plan

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The Senate Budget also includes the following items:

- Increases the Plan's administrative budget by \$12.8 million to reflect revised estimates of contractual and agency administrative costs
- Section 35.16 Alternative Health Benefit Coverage for Nonpermanent Full-time State Employees
  - Creates a new eligibility category for nonpermanent full-time employees to comply with the Affordable Care Act
  - Directs the Treasurer and Board to determine the coverage and contributions for these “newly eligible” employees as follows:
    - Minimum essential coverage, no greater than “Bronze” level, minimize employer contribution
  - Allows the UNC system the discretion to provide their own coverage to this group of employees
  - More details: Potential Benefit Option for Newly Eligibles agenda item

# HB 498: Autism Health Insurance Coverage

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- Bill Summary:
  - Requires the Plan to provide annual coverage of \$36,000 for autism behavioral treatment benefits (some benefits not covered currently)
  - Coverage is for individuals age 23 and under
  - Exempts Board Certified Behavior Analysts (BcBAs) from the Psychology Practice Act to enable them to treat patients within the scope of their national certification, so long as they do not represent themselves to be psychologists
- Status: Passed the House, referred to Senate Committee on Insurance
- Fiscal Impact: Increase Plan costs by
  - \$3.3 to \$5.1 million in FY 2014-15
  - \$6.1 to \$12.7 million annually in the long term
  - Based on legislative actuarial note

# SB 783: Establish Chiropractor Co-pay Parity

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- Bill Summary:
  - Similar in scope to SB 561 introduced in the 2013 long session
  - Requires the Plan to cover chiropractic care at the PCP copay level
  - Removes covered limits on visits to chiropractor
- Status: Referred to Senate Committee on Insurance
- Fiscal Impact: Increase Plan costs by
  - \$1.0 to \$1.5 million 1<sup>st</sup> year
  - \$2.6 to \$3.7 million 2<sup>nd</sup> year
  - Based on the legislative actuarial note for SB 561



# Next Steps

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- Review House Budget Proposal and Conference Report
- Track SHP-related legislation
- Determine and communicate Plan's position on SHP related legislation
- Update the Board on final Revised Budget