



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



## Legislative Update

*Board of Trustees*

August 1, 2014

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*A Division of the Department of State Treasurer*

# Legislative Update Overview

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- State Budget Update
- Summary of State Health Plan related Legislation
- Next Steps

# State Health Plan Budget Update

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- 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
  - Foregoing 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), the proposed Senate Budget (SB 744, 3<sup>rd</sup> Edition), the House Budget (SB 744, 7<sup>th</sup> Edition), and the Proposed Conference Committee Report include the savings associated with foregoing the premium increase

# State Health Plan Budget Update

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

# Additional Budget Items Related to the State Health Plan

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## Proposed Conference Report:

- Increases the Plan's administrative budget by \$12.8 million to reflect revised estimates of contractual and agency administrative costs
- 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
  - UNC did not receive authorization to provide their own plan for newly eligible in the Conference Report

# 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) 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

- Monitoring closely as the Plan needs to be exempt if legislation is enacted given the Board approved benefit for applied behavior analysis differs on certain elements

- **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 493: Health and Safety Regulatory Reform

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- **Bill Summary:**

- Requires health benefit plans to provide coverage for autism spectrum disorders, similar to HB 498 but excludes the Plan
- Establishes a North Carolina licensure board for Behavioral Analysts
  - Currently, under the State Health Plan's benefit BCBA's will need to practice under the license of a psychologist
- Other health provisions not related to the Plan
  - Oral Chemotherapy Copay Parity
  - Pharmacy Benefit Management Regulations
    - Revisions to maximum allowable costs

- **Status:**

- Passed House, Referred to Senate Committee on Ways & Means
  - Alternate legislation is being considered in the Senate, but may be included in another bill

- **Fiscal Impact:** None

# SB 105: Add Towns to the State Health Plan

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- **Bill Summary:**

- Allows active employees (and their dependents) of the cities of Matthews and Elizabethtown to enroll in the State Health Plan
  - Does not permit their retirees to enroll in the Plan

- **Status:** Signed by Governor, SL 2014-75

- **Fiscal Impact:**

- Segal Actuarial Note – Net Increase in Plan Cost
  - FY 2014-15: \$206,000
  - FY 2015-16: \$293,000
  - FY 2016-17: \$314,000
- Hartman Associates:
  - Elizabethtown: Negligible; Matthews: \$80,000 to \$250,000 per year
- Based on the legislative actuarial note



# SB 376: Montgomery County Employees in State Health Plan

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- **Bill Summary:**

- Allows active employees (and their dependents) of Montgomery County to enroll in the State Health Plan
  - Does not permit their retirees to enroll in the Plan

- **Status:** Ratified, Presented to Governor

- **Fiscal Impact:**

- Segal Actuarial Note – Net Increase in Plan Cost
  - FY 2014-15: \$443,000
  - FY 2015-16: \$631,000
  - FY 2016-17: \$675,000
- Hartman Associates:
  - Slight gain to net cost \$195,000 per year
- Based on the legislative actuarial note

# SB 783: Establish Chiropractor Co-pay Parity

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- **Bill Summary:**
  - 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
  - \$0.8 to \$1.6 million in FY 2014-15
  - \$2.1 to \$3.9 million in FY 2015-16
  - Based on the legislative actuarial note

# Next Steps

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- Update the Board on final Revised Budget
- Track SHP-related legislation, technical corrections, and appointments bills
- Communicate Plan's position on SHP related legislation