



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



**Legislative Update**  
*Board of Trustee's Meeting*

May 24, 2013

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*A Division of the Department of State Treasurer*

# Legislative Update

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- Budget
- House and Senate Bills

# Budget Requirements for State Health Plan

	Governor's Budget (Segal 02-01-13)	2Q Updated Projection (Segal 03-14-13)	Senate Budget
<b>Premium Increases Fiscal Biennium 2013-15</b>			
Jan 1 <sup>st</sup> 2014	4.7%	2.7%	3.6%^
Jan 1 <sup>st</sup> 2015	4.7%	2.7%	0.8%^
<b>General Fund Appropriations</b>			
FY 2013-14	\$44.8 m	\$25.9 m	\$34.0 m
FY 2014-15	\$136.2 m	\$78.2 m	\$77.0 m
<b>Total</b>	<b>\$181.0 m</b>	<b>\$104.1 m</b>	<b>\$111.0 m</b>

- The proposed Senate increase is lower than the Governor's Budget, but is projected to be sufficient to cover plan expenses in the coming biennium
- The Senate linked their proposed increase to CPI, which historically is much lower than health care trends

# House and Senate Bills Update

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- In addition to the budget proposals there are several health care related bills that successfully “crossed over” that would impact the State Health Plan
- The following slides highlight:
  - Legislation that has become law
  - Summary of crossed over legislation
  - Potential fiscal impact of legislation

# Legislative Update

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## Legislation Signed by the Governor

# SB 98: Expands the Newborn Screening Program

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- Bill Summary:
  1. Adds Pulse Oximetry screening requirements to all newborn screenings
  2. Requires follow-up protocols for newborns identified as having congenital heart defects
- Bill Status: Signed by Governor (S.L. 2013-45)
- Projected Fiscal Impact = Negligible

## Summary of Key Crossed Over Legislation

# HB 232: State Health Plan Agency Bill

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- Bill Summary:
  1. Clarifying language on population health management
    - Removed in House Rules Committee
  2. Redefines and broadens eligibility rules based on ACA
  3. Clarifies the period in which retirees can enroll (similar to legislation enacted last year for active employees)
  4. Repeals the requirement to collect of certain penalties/interest
- Bill Status: Passed the House, referred to Senate Committee on Pension & Retirement and Aging
- Fiscal Impact: Negligible



# HB 498: Mandate Autism Coverage

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- Bill Summary:
  1. Requires the Plan to provide annual coverage of \$36,000 for autism behavioral treatment benefits (some benefits not covered currently)
  2. Coverage is for individuals age 23 and under
- Bill Status: Passed the House, referred to Senate Committee on Insurance
- Projected Biennium Fiscal Impact = \$4.1M to \$9.7M increase in expenses
  - Fiscal impact is based on \$75,000 benefit cap with no age limitation and will need to be updated to reflect the impact of the bill as it passed the House

# HB 675:Amend Pharmacy Laws

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- Bill Summary:
  1. Restricts the right to recoup from pharmacists in the event of audit findings
  2. Restricts the amount that may be recouped in the event of audit findings
- Bill Status: Passed the House, referred to Senate Committee on Rules
- Projected Biennium Fiscal Impact = \$3.2M to \$3.4M revenue loss
  - Projected Fiscal Impact is based on older version of bill and financial impact may be revised

# SB 477: Non-Covered Vision Services

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- Bill Summary:

Prohibits Insurers and Health Benefit Plans from limiting or fixing the fees an Optometrist may charge patients for services or materials unless the services or materials are covered by reimbursement under the Plan or insurer contract with the Optometrist, and to require Optometrists to provide a written disclosure to patients.

- Currently, BCBSNC provides vision discounts through their discount program available to individuals covered by BCBSNC, including State Health Plan members

- Bill Status: Passed the Senate, referred to Senate Committee on Insurance
- Projected Biennium Fiscal Impact: None

# SB 473: Health Care Cost Reduction and Transparency

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- Bill Summary (as it relates to SHP):
  1. Inpatient: Effective at the end of March 2014, for each of the top 100 DRGs each hospital will report:
    - Total payments from SHP
  2. Outpatient/Ambulatory Surgery Centers (ASC): Effective at the end of June 2014, for each of the top 20 most common surgery and imaging procedures each hospital/ASC will report:
    - Total payments from SHP
- Bill Status: Passed the Senate, referred to House Committee on Health and Human Services
- Projected Biennium Fiscal Impact: None

# SB 336 and HB 459: Chronic Conditions Collaboration Bill (HB 459) & Collaboration Among State Diabetes Programs (SB 336)

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- Bill Summary:
  1. Requires the Division of Medical Assistance of the Department of Health and Human Services, the Division of Public Health of the Department of Health and Human Services, and the Department of the State Treasurer to identify goals and benchmarks while also developing individual entity plans to reduce the incidence of chronic conditions in North Carolina, improve care, and control complications
    - a) HB 459 addresses chronic conditions broadly,
    - b) SB 336 specifically addresses diabetes
  2. Provide reports to Joint Legislative committees on progress
- Bill Status: Passed the Senate and House, respectively
- Projected Biennium Fiscal Impact: Negligible

## Financial Impacts of Legislation

# Crossed Over Bills that impact State Health Plan

Bill Number	Bill Description	Biennium Fiscal Impact <sup>1</sup>
HB 232	State Health Plan Agency Bill	Negligible
HB 498	Mandate Autism Benefits	\$4.1M to \$9.7M <sup>2</sup>
HB 675	Amend Pharmacy Laws	\$3.2M - \$3.4M <sup>2</sup>
HB 176	Allows Corvian Committee School to enroll in SHP	No fiscal note
HB 459 and SB 336	Two separate bills that require SHP to work with State Agencies on care coordination - HB 459 = broadly covers chronic disease - SB 336 = specific to diabetes	Negligible
SB 473	Health Care Transparency Bill	No fiscal note
SB 477	Removes discounts on non-covered vision services	Not to SHP
<b>Total Fiscal Impact</b>		<b>\$7.3M to \$13.1M</b>

1. Fiscal impact projections from Segal and Hartman Associates (Fiscal Research's Actuary); reflect both losses in revenues and increases in costs
2. Projection will need to be updated to reflect amended bill language

# Bills that Did Not Crossover (not all bills included)

Bill Number	Bill Description	Status	Fiscal Impact <sup>1</sup>
HB 651	Disclosure of premium increase related to ACA	Not read in committee	No fiscal note
HB 740	Right to choose athletic trainer	Not read in committee	Negligible
SB 248	Right to choose hearing aid specialist	Referred to Senate Insurance	Negligible
SB 531	Require the Plan to offer HSA	Not read in committee	No fiscal note
SB 561	Chiropractor Copay Parity	Not read in committee	\$3.6M to \$5.2M
SB 657	New Prescription requirements	Not read in committee	Negligible

1. Fiscal impact projections from Segal and Hartman Associates (Fiscal Research's Actuary); reflect both losses in revenues and increases in costs