



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer



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Legislative Update

Board of Trustees Meeting

June 2, 2017

A Division of the Department of State Treasurer

Legislative Update Overview

- Budget Update
- Plan-Requested Legislation
- Senate/House Budget
- Charter School Participation
- Other Legislation
- STOP Act

Plan Legislation – SB 218 and HB 299

- **Expands authority to terminate coverage for misrepresentations of eligibility and enrollment**
 - Currently the Plan has authority to terminate the coverage of individuals who submit false claims
 - If passed, the Plan will have authority to terminate members who knowingly provide false information during enrollment
- **Adds a new section regarding fraud detection and audit programs**
 - Provides ready access for Plan staff conducting an audit or investigation to persons, books, records, files, etc., of any employing unit as well as individuals, private corporations, etc., that pertain to State Health Plan benefits.

Plan Legislation – SB 218 and HB 299, con't.

- **Clarifies one-half contributory coverage premiums**
 - Does not change the amount currently being paid by one-half contributory members for their coverage and ensures that all one-half contributory members continue to contribute to the cost of their coverage
 - Clarifies that the “total premium” is the amount paid to the Plan and includes both the state’s employer contribution and any amount the retiree pays for their own coverage – it is not the amount of premium the Plan pays for a fully insured product
- **Facilitate Newborn Enrollment**
 - Existing law presumes automatic enrollment of newborns who are born to subscribers who already have family or dependent coverage with the Plan
 - There is no mechanism to trigger an auto-enrollment and cannot be implemented in practice. The Plan requires notice for enrollment.

Plan Legislation – SB 218 and HB 299, con't.

- **Authorizes the Treasurer to set excess reserves aside to reduce the state's unfunded actuarial accrued liability upon approval of the BOT**
 - The Plan sets premium rates to ensure adequate cash reserves are available to pay claims and other expenses during the benefit year. Any unencumbered cash balance remaining at the end of the year is used to fund a reserve to pay any outstanding liability and then to reduce premiums and increase benefits.
 - Allows the Treasurer to set aside up to 50% of the excess cash balance to reduce the state's unfunded actuarial accrued liability for retiree health benefits upon approval by the BOT
- **Provides limited civil immunity to BOT members**
 - Limits BOT member liability to the amount available under the Tort Claims act or through the purchase of insurance except in certain circumstances

Budget Bills – SB 257/House Substitute

- Increases maximum annual employer contributions for employee and retiree coverage in the State Health Plan beginning 7/1/2017 by 4% and another 4% beginning 7/1/2018
- Eliminates retiree medical benefits for new hires. Employees must have earned contributory retirement service prior to July 1, 2018, to be eligible for medical benefits as a retiree. (not included in House substitute)
- Gives the Treasurer the authority to appoint and remove the Executive Administrator and Deputy Executive Administrator and designate managerial, professional, or policy-making positions as exempt from the Human Resources Act as well as employ such staff
- The Executive Administrator may contract or negotiate contracts with claims processors or other optional plans only with the consent of the Treasurer

Budget Bills, con't.

- Exempts ophthalmologists providing ocular surgical procedures from Certificate of Need requirements (not included in House substitute)
- Exempts free-standing hospice facilities from Certificate of Need requirements (not included in House substitute)
- Establishes a successor Health Information Exchange Network and requires certain providers of Medicaid services to establish connectivity by June 1, 2018, and all other providers of Medicaid and State-funded services to establish connectivity by June 1, 2019

Charter School Participation

- HB 273 authorizes the following charter schools to elect to participate in the State Health Plan no later than 30 days after the effective date of the legislation:
 - Coastal Preparatory Academy
 - Girls Leadership Academy
 - Pine Springs Preparatory Academy
 - Unity Classical Charter School
- HB 49 authorizes Girls Leadership Academy of Wilmington (GLOW) to elect to participate in the State Health Plan no later than 30 days after the effective date of the legislation

Other Legislation

- **HB 24/SB 22** – Establishes a joint committee to study the unfunded liability of the retiree health benefit fund as recommended by the joint legislative program evaluation oversight committee. The Treasurer, Executive Administrator and a representative from the BOT selected by the BOT are included as members of the committee.
- **HB 183** – Addresses the status of the Retiree Health Benefit Fund as a trust that provides an irrevocable source of funding to be used only for health benefits to retired and disabled employees and applicable beneficiaries
- **HB 187/SB 177** – Changes the definition of physical therapy to include manipulation of the spine without a prescription from a physician licensed to practice medicine in the state

STOP Act

- HB 243/SB 175 – Strengthen Opioid Misuse Prevention (STOP) Act – Legislation to address the opioid epidemic including the following:
 - Extends standing orders for opioid antagonists to community health groups
 - Requires personal consultation between supervising physicians and PAs and NPs prescribing schedule II – V substances
 - Requires electronic prescribing of Schedule II - V substances
 - Clarifies available funds for syringe exchange programs
 - Requires veterinarian participation in the controlled substance reporting system (CSRS)
 - Establishes civil penalties for pharmacies that employ dispensers who improperly report information to CSRS
 - Expands the role of the DHHS in using CSRS data to detect and prevent fraud and misuse

STOP Act, con't.

- Mandates dispenser registration for access to the CSRS
- Mandates dispenser and practitioner use of the CSRS
- Requires DHHS to report practitioners who fail to properly use the CSRS
- Creates a special revenue fund to support the CSRS
- Imposes an annual fee on practitioner to be deposited into the CSRS special revenue fund
- Requires an annual report from DHHS on the CSRS
- Appropriates funds for community-based substance use disorder treatment and recovery services