



# HOUSE BILL 154: Local Governments in State Health Plan

2015-2016 General Assembly

Committee:  
Introduced by:  
Analysis of: S.L. 2015-112

Date:  
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Staff Attorney

**SUMMARY:** *S.L. 2015-112 makes local governments eligible to have their employees participate in the State Health Plan for Teachers and State Employees (State Health Plan) under specific conditions:*

- *The local government unit must pass a valid resolution expressing its desire to participate in the State Health Plan.*
- *The local government unit must enter into a memorandum of understanding with the State Health Plan.*
- *The local government unit must provide at least 90 days' notice to the State Health Plan prior to entry and complete these requirements at least 60 days prior to entry into the State Health Plan.*
- *The local government unit and its employees must meet the federal requirements to enter into a governmental plan and the State Health Plan has the right to refuse participation of the local government unit if its qualification as a governmental plan would be jeopardized.*

*The State Health Plan must admit any local government unit that meets the qualifications regardless of past claims experience or the financial impact to the State Health Plan. A local government unit must determine the eligibility of its employees and their dependents and what portion of the premiums employees will pay to the local government unit. Premiums for coverage and State Health Plan options will be the same as those offered to State employees and their dependents on a fully contributory basis. The local government unit must pay all premiums for covered individuals directly to the State Health Plan or its designee.*

*Enrollment in the State Health Plan by local government units is limited to 10,000 employees and dependents of employees, a number after which no additional local governments will be allowed to join Plan. Any local government that elects to participate must have fewer than 1,000 employees and dependents enrolled at the time of notice to the Plan of its desire to participate.*

*Local governments currently participating in the State Health Plan are authorized to elect to participate under these conditions. Local government units that to participate would also cease monthly contributions to the Retiree Health Benefit Fund. The Retiree Health Benefit Fund is a fund in which accumulated contributions from employers and any earnings on those contributions must be used to provide health benefits to retired and disabled employees and their applicable beneficiaries.*

*This act also authorizes the Board of Directors of the Pioneer Springs Community School, a charter school, to elect to participate in the State Health Plan.*

*This act became effective June 24, 2015.*

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## **BACKGROUND:**

18 local governments participate in the State Health Plan for Teachers and State Employees (the State Health Plan). These local governments were added in various laws passed since 2004 and there has been no consistent set of policies that local governments are subject to with regards to participation in the State Health Plan. S.L. 2015-112 would establish policies for local government participation.

## **BILL ANALYSIS:**

S.L. 2015-112 would make local governments eligible to have their employees participate in the State Health Plan for Teachers and State Employees (State Health Plan) under specified conditions.

- The local government unit must pass a valid resolution expressing the local government's desire to participate in the State Health Plan.
- The local government unit must enter into a memorandum of understanding with the State Health Plan.
- The local government unit must provide at least 90 days' notice to the State Health Plan prior to entry and complete the requirements outlined in the bill at least sixty days prior to entry into the State Health Plan.
- The local government unit and its employees must meet the federal requirements to enter into a governmental plan and the State Health Plan has the right to refuse participation of the local government unit if its qualification as a governmental plan would be jeopardized.
- The Plan would be required to admit any local government unit that meet the qualifications outlined in the bill regardless of past claims experience or the financial impact to the State Health Plan.
- A local government unit must determine the eligibility of its employees and their dependents and what portion of the premiums employees will pay to the local government unit. Premiums for coverage and State Health Plan options will be the same as those offered to State employees and their dependents on a fully contributory basis. The local government unit must pay all premiums for covered individuals directly to the State Health Plan or its designee.

Enrollment in the State Health Plan by local government units is limited to 10,000 employees and dependents of employees a number after which no additional local governments will be allowed to join Plan. Any local government that elects to participate must have fewer than 1,000 employees and dependents enrolled at the time of notice to the Plan of its desire to participate.

Local governments currently participating in the State Health Plan are authorized to elect to participate under these conditions. Local government units that to participate would also cease monthly contributions to the Retiree Health Benefit Fund. The Retiree Health Benefit Fund is a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries.

This act also authorizes Board of Directors of the Pioneer Springs Community School, a charter school, to elect to become a participating unit in the State Health Plan.

**EFFECTIVE DATE:** S.L. 2015-112 became effective June 24, 2015.