



# SENATE BILL 865: State Health Plan/Administrative Changes/Local Governments.

2015-2016 General Assembly

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<b>Committee:</b>		<b>Date:</b>	August 2, 2016
<b>Introduced by:</b>		<b>Prepared by:</b>	Kristen L. Harris Staff Attorney
<b>Analysis of:</b>	S.L. 2016-104		

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**OVERVIEW:** *S.L. 2016-104 makes several changes to the statutes governing the State Health Plan for Teachers and State Employees (the Plan) including:*

- *What information and at what frequency claims processors must provide information to the Plan.*
- *The purposes for which the Plan may use information obtained from claims processors.*
- *When information obtained by the Plan may be shared with a third party.*
- *Under what circumstances a claims processor, who discloses information, is exempt from civil liability.*

*This act also increases the number of local government employees and local government employees' dependents that may participate in the Plan from 10,000 to 16,000. The act prohibits local governments from charging employees more for their coverage than allowed under the structure set by the Plan and allows local governments to determine premiums for employees' dependents, but those premiums must not be greater than those set by the Plan. The act also sets a schedule for the increase in membership and allows local governments to withdraw from the Plan under certain circumstances.*

*In addition, the act clarifies when the Plan or an employer is responsible for federal filing requirements under certain sections of the Internal Revenue Code for retirees, direct bill members, and other individuals. Lastly, the act amends the definition of "health benefit plan" in the statutes governing Insurance (Chapter 58 of the General Statutes).*

*The provision of the act pertaining to local governments' participation in the Plan becomes effective on January 1, 2017, and applies to premiums paid on or after that date. The remainder of this act became effective July 22, 2016, and applies to contracts entered into on or after that date.*

## **BILL ANALYSIS:**

Section 1: Amends G.S. 135-48.1 to add definitions for "Claims Data Feed" and "Claim Payment Data."

Section 2: Amends G.S. 135-48.10(a) to clarify that Claim Payment Data and materials derived from Claim Payment Data are confidential and exempt from the provisions of Chapter 132 of the General Statutes.

Section 3: Amends G.S. 135-48.32 to require claims processors to provide the Claims Data Feed including all Claim Payment Data to the Plan at a frequency agreed to but no less than monthly. Claims Processors are allowed to withhold information that reflects rates negotiated with or agreed to by a third party, so long as sufficient documentation to support the payment of claims is provided. Section 3

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

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makes any section of a contract between a Claims Processor and medical provider, subcontractor, or third party void and unenforceable to the extent that it prohibits or prevents the Claims Processor from disclosing the required Claim Payment Data. The Plan may only use the Claim Payment Data for purposes of administering the Plan in accordance with G.S. 135-48.2 and the provisions of this Article. It may not use the Claim Payment Data to negotiate rates, fee schedules, or master charges with any medical provider, or if disclosure would compromise the proprietary nature of the Claim Payment Data, its status as a trade secret, or misappropriate the Claim Payment Data. The Plan may disclose Claim Payment Data to a third party to use on the Plan's behalf only if it first gets permission to do so from the Claim Processor and enters into a contract with the third party preventing the third party from disclosing the Claim Payment Data. Finally, Section 3 exempts a Claims Processor who discloses Claim Payment Data in accordance with this section from civil liability or equitable relief.

Section 4: Amends G.S. 135-48.47(b) to prohibit local government units that participate in the Plan from charging employees more for their coverage than allowed under the structure set by the Plan. It allows local government units to determine the premiums for employees' dependents but prohibits local governments from charging premiums for employees' dependents which are greater than those set by the Plan.

Section 5.(a): Amends G.S. 135-47(c) to increase the enrollment limitation on the number of employees of local governments and local government employees' dependents from 10,000 to 16,000. Section 5.(b) sets forth a schedule for this increase.

Section 6: Amends G.S. 135-48.17 to allow local governments to withdraw from the Plan effective January 1, 2017, so long as notice is given to the Plan no later than September 15, 2016.

Section 7: Adds a new Part to Article 3B of Chapter 135 of the General Statutes to clarify that the Plan is responsible for federal filing requirements under sections 6055 and 6056 of the Internal Revenue Code for retirees and direct bill members, but employing units are responsible for those filings for all other individuals. The Plan must provide employing units with access to the necessary data and may facilitate a reporting solution, but the employing unit is responsible for paying all costs of that solution. For 2015, the Plan provided and paid for a solution for all employing units. The filing requirements relate to the "individual mandate" and "employer mandate" under the federal Affordable Care Act.

Section 8: Amends G.S. 58-3-167(a)(1) to clarify that a "Health benefit plan" does not include any plan implemented or administered by the State Health Plan for Teachers and State Employees.

**EFFECTIVE DATE:** Section 4 becomes effective on January 1, 2017, and applies to premiums paid on or after that date. The remainder of the act became effective July 22, 2016 and applies to contracts entered into on or after that date.

*David Vanderweide of the Fiscal Research Division substantially contributed to this summary.*