



# HOUSE BILL 299: State Health Plan Administrative Changes.

2017-2018 General Assembly

<b>Committee:</b>	Senate Health Care	<b>Date:</b>	May 17, 2017
<b>Introduced by:</b>	Reps. Dobson, Corbin, Clampitt, Henson	<b>Prepared by:</b>	Theresa Matula Committee Staff
<b>Analysis of:</b>	First Edition		

*House Bill 299 would make administrative changes to statutes governing the North Carolina State Health Plan for Teachers and State Employees (Plan) that: 1) allow revocation of coverage for misrepresentations made by covered individuals regarding eligibility or enrollment; 2) pertain to the premium split between the State and certain General Assembly retirees; 3) provide coverage to children newly born to existing covered employees; 4) prioritize the order in which excess funds in the Public Employee Health Benefit Fund are used; 5) grant powers to the Board of Trustees and State Treasurer pertaining to the unfunded actuarial liability; and 6) provide members of the Board of Trustees with immunity from civil liability for most actions taken in their official capacity.*

[As introduced, this bill was identical to S218, as introduced by Sens. Krawiec, Pate, and Hise, which is currently in Senate Appropriations on Pensions, Compensation and Benefits. S218 was heard in Senate Health on 4/6/2019 and a PCS received a favorable report.]

**CURRENT LAW:** Where appropriate, the current law has been provided in italics below.

### BILL ANALYSIS:

**Section 1** would amend the statutes [G.S. 135-48.44(a)(6)] to clarify that an individual would lose coverage under the plan on the last day of the month the individual is found to have made a false representation of a material fact regarding eligibility or enrollment information.

*Currently, individuals lose coverage only if they make false representations of material facts in a claim for reimbursement.*

**Section 2** would amend the law [G.S. 135-48.40(c)(2)] to provide that a retiree's premium for one-half contributory coverage is half of the employer contribution established by the General Assembly plus the employee contribution, clarifying that individual retirees must pay the balance of the total premiums not paid by the State unless prohibited by law. The section also amends the law [G.S. 135-48.40(c)(2)] to define "total premium" as the sum of the Plan's employer contribution rate and the employee or retiree's contribution rate.

*Current law does not include the "unless prohibited by law" exception to the premium split or define the term "total premium."*

**Section 3** would amend the law [G.S. 135-48.42(a)] pertaining to enrollment to clarify that children born to covered employees will be covered from birth as long as the participants notify the Plan within 30 days of birth and pay premiums retroactive to the first day of the month in which the child was born.

**Section 4** would amend the statutes [G.S. 135-48.5(a)], creating two health benefit trust funds, the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund, to clarify the order for using funds

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in the Public Employee Health Benefit Fund that are in excess of the amount needed to pay benefit and administrative costs. The excess funds shall be used in the following order:

- First, to establish a reserve for incurred but unrepresented claims.
- Second, to be set aside to reduce the Plan's unfunded actuarial accrued liability for post-employment retiree health benefits. Any amount set aside must be approved by the Board of Trustees and limited to no more than 50% of the excess funds in the Public Employee Health Benefit Fund after establishing a reserve for incurred but unrepresented claims.
- Third, to reduce the premiums required by the Plan.
- Fourth, to improve the Plan as provided by the State Treasurer, subject to approval by the Board of Trustees.

*Currently there is no provision to use the excess funds to be set aside to reduce unfunded actuarial accrued liability for post-employment retiree health benefits, and the General Assembly, not the State Treasurer, has the authority to use funds to improve the Plan*

**Section 5** would amend the law [G.S. 135-48.22], pertaining to the powers and duties of the trustees, to include the ability to approve set-asides to reduce the State's unfunded actuarial accrued liability for post-employment retiree health benefits in the powers delegated to the Board of Trustees.

**Section 6** would amend the law [G.S.135-48.30(a)], outlining the powers and duties of the State Treasurer to provide that the State Treasurer the power to set aside funds from the Plan to reduce the Plan's unfunded actuarial accrued liability for post-employment retiree health benefits.

**Section 7** would amend the law [G.S. 135-48.20] establishing the Board of Trustees to add a new subsection making individual members of the Board of Trustees immune from civil liability for actions taken in their official capacity except when:

- The member was not acting within the scope of the member's duties.
- The member was not acting in good faith.
- The member committed gross negligence or willful or wonton misconduct.
- The member derived an improper personal financial benefit from a transaction.
- The member incurred liability from the operation of a motor vehicle.

**EFFECTIVE DATE:** Section 3 would become effective October 1, 2017, and apply to children born to covered employees on or after that date. The remainder of bill would become effective when it becomes law.

*\* Jason Moran-Bates substantially contributed to this summary.*