



HOUSE BILL 184: Study State Health Plan Design.

2019-2020 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	April 1, 2019
Introduced by:	Reps. Dobson, Howard, Brisson, Adcock	Prepared by:	Kristen L. Harris*
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: *House Bill 184 would create a committee to study and report on redesigning the State Health Plan for Teachers and State Employees in a way that adopts new practices and payment methodologies. It would also require the Plan to adhere to current payment schedules until December 31, 2020.*

CURRENT LAW: Under current law, the Board of Trustees of the State Health Plan for Teachers and State Employees has the authority to set provider reimbursement rates for the Plan.

BILL ANALYSIS:

Section 1 would create the Joint Legislative Study Committee on the Sustainability of the North Carolina State Health Plan, which would consist of four members appointed by both the House of Representatives and the Senate, two members appointed by the State Employees Association of North Carolina, and one member appointed by each of the following entities: the North Carolina Medical Society, the North Carolina Healthcare Association, the North Carolina Nurses Association, the Retired Government Employees of North Carolina, the North Carolina Association of Educators, and the North Carolina Psychiatry Association. The Executive Administrator of the State Health Plan would be a member, and the State Treasurer would be an ex-officio, non-voting member.

Vacancies would be filled by the same agency making the initial appointment. By a majority vote, the Committee could increase its membership with representatives from any other entity or organization.

The Committee would have its initial meeting within 30 days of the effective date of the act; subsequent meetings would be at the call of the chair.

In recommending a design for the State Health Plan, the Committee would consider the following:

- Pricing that is referenced to other payment models.
- Payment models that have been shown to reduce costs without compromising care.
- Methods to ensure transparency with regards to pricing and costs.
- Employee and family premiums.
- Incentive programs to encourage utilization of primary care.
- Virtual health options.
- Combining the State Health Plan with other State-funded health plans.
- Payments of subsidies for buying individual plans on the marketplace.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

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- Data that compares a five-year history of actual costs to the plan versus anticipated costs and spending projections.
- Claims data by health care provider claimants.
- Demographic data of Plan subscribers.
- Any other items necessary for development of a modern State Health Plan.

The Committee would submit a final report to the General Assembly no later than December 15, 2019, and would terminate on the later of filing its report or April 1, 2020.

Section 2 would require the State Health Plan to continue reimbursing providers according to the fee schedules that are currently in effect until December 31, 2020. It would also prohibit the State Health Plan from implementing any referenced-based pricing model until December 31, 2020.

EFFECTIVE DATE: This act would be effective when it becomes law.

BACKGROUND: On October 22, 2018, the Board of Trustees of the State Health Plan unanimously approved an initiative by the State Treasurer to move the Plan's reimbursement model to referenced-based pricing based on a percentage of Medicare rates. The Board also directed the State Treasurer and the Executive Director of the Plan to take all action necessary to implement the initiative. The full text of the approving resolution can be found at:

https://files.nc.gov/ncshp/documents/board-of-trustees/provider_reimbursement_strategy_resolution_-_approved_10.22.18.pdf

*Jason Moran-Bates, Legislative Analysis Division, substantially contributed to this summary.