



This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 599: State and Local Disability Benefit Reform.

2019-2020 General Assembly

Committee:	Senate Pensions and Retirement and Aging. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 30, 2019
Introduced by:	Sens. Edwards, Wells, Horner	Prepared by:	Theresa Matula Committee Staff
Analysis of:	PCS to First Edition S599-CSMR-3		

OVERVIEW: *The PCS for Senate Bill 599 amends the composition and references to the Medical Review Boards for the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS), outlines duties of the Medical Review Boards, allows the Medical Review Board to contract with outside entities to conduct any necessary assessments, and makes conforming changes to other retirement systems and the Disability Income Plan of North Carolina (DIPNC); addresses DIPNC overpayments to participants in the Optional Retirement Program (ORP); and other makes technical, conforming, or statutory construction changes.*

BILL ANALYSIS: PART I of the PCS for SB 599 amends the Medical Review Board. Sections 1(a) - (e) make technical changes to reference the "Medical Review Board," rather than the "Medical board."

Sections 1(f) and (g) amend TSERS, and Sections 1(h) and (i) amend LGERS, to remove the maximum limit on the number of physicians that serve on each Medical Review Board and outlines the duties and powers of each Board as:

- Arrange for and review medical examinations.
- Review applications for disability retirement or disability income benefits.
- Delegate the review of any medical examinations, records, applications, or other documents to other licensed health care providers. However, certifications required to be made by the Medical Review Board may not be delegated but the Board may rely upon the determinations of a third party in making the certification.
- Require independent medical examinations, vocational assessments, gainful employment determinations, or other assessments to make any determinations required. Allows the Medical Review Board to contract with outside entities to conduct any necessary assessment. Certifications required to be made by the Medical Review Board may not be delegated but the Board may rely upon the determinations of a third party in making the certification.
- Expedite reviews and determinations in accordance with rules adopted by the State Treasurer and the Board of Trustees.

Sections 1(j)- (m) amends DIPNC to conform to the above changes and to allow the Board of Trustees to appoint agents, contractors, and employees to investigate the results of medical examinations, clinical evidence, all essential statements and certifications by and on behalf of applicants for benefits.

Section 1(n) amends long-term disability benefits to remove the 90-day notification requirement that a participant or beneficiary who has been approved for long-term disability benefits make an irrevocable election prior to receipt of long-term disability benefit payments, to receive a return of accumulated

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

Senate PCS 599

Page 2

contributions or forfeit pending and accrued rights to the benefit, including any ancillary benefits and retire on an early service retirement allowance effective on the later of:

- The first day of the month following the end of the short-term period, if applicable.
- The first day of the month following the month in which the member terminated the member's employment.
- The first day of the month following the month in which the beneficiary was approved for long-term disability benefits, whichever is later.

Sections 1(o), (p), (q) and (r) make technical and conforming changes to the LGERS, Legislative Retirement System, and Consolidated Judicial Retirement System disability retirement statutes.

PART II pertains to **DIPNC Overpayments owed by Optional Retirement Plan (ORP) Members** on conversion to service. **Section 2(a)** amends ORP statutes to provide that if a participant of the ORP owes any overpayment to the Plan at the time in which the beneficiary would first qualify for an unreduced retirement benefit had the beneficiary elected to be a member of the TSERS, then the participant must make a payment in full to the Plan of the total amount due. If payment in full of the total amount due is not received by the Plan, then, notwithstanding G.S. 135-48.40(a) (which pertains to noncontributory coverage in the State Health Plan), that beneficiary shall not be eligible for coverage under the State Health Plan until payment in full of the total amount due is received by the Plan. **Section 2(b)** provides that this section becomes effective October 1, 2019, and applies to beneficiaries who are participants of the ORP and who would first qualify for unreduced retirement benefits had the beneficiaries elected to be a member of the TSERS on or after that date.

PART III makes a number of changes that are technical, conforming, or pertain to statutory construction.

EFFECTIVE DATE: Except as otherwise provided, the act would become effective when it becomes law.