



SENATE BILL 542: SHP Combat Fraud/Property Finders Standards

2021-2022 General Assembly

Committee:		Date:	February 9, 2022
Introduced by:		Prepared by:	Theresa Matula
Analysis of:	S.L. 2021-157		Legislative Analyst

OVERVIEW: *S.L. 2021-157 allows the State Health Plan for Teachers and State Employees (Plan) to adopt a program encouraging Plan members to report fraud, waste, and abuse by a health care provider that provides services to Plan members and allows payment of an incentive to members. It also adds language to define and establish standards for a property finder which is a person or business who is hired for a fee or any other consideration by an owner of distributable or presumably abandoned property to locate, deliver, recover, or assist in the recovery of that property.*

The portion of the act that pertains to property finders became effective January 1, 2022, and applies to agreements entered into on or after that date. The remainder of the act became effective September 16, 2021.

BILL ANALYSIS:

Section 1 of the act provides that the State Treasurer, in accordance with current statutes (G.S. 135-48.25 and G.S. 135-48.15), may adopt rules to assist in the identification and investigation of fraud, waste, and abuse activities by a health care provider that provides services to Plan members. If the Plan adopts a program, the Plan is authorized to expend State funds to further the policy objectives. The Plan is authorized to pay an incentive of \$500, or a maximum of 20% of any net recovery made by the Plan resulting from a member's report, whichever amount is less.

Section 2 provides for the following as it relates to property finders:

- Defines property finders as persons or businesses who are hired for a fee or any other consideration by an owner of distributable or presumably abandoned property to locate, deliver, recover, or assist in the recovery of that property.
- Restricts property finders from serving as a personal representative of an estate.
- Clarifies that G.S. 116B-78 is applicable to owners or apparent owners and property finders and specifies when agreements are void and unenforceable.
- Requires that property finders must be licensed as a private investigator by the North Carolina Private Protective Services Board, and, prior to initiating a claim with the State Treasurer, register as a property finder, private investigator, and obtain a valid agreement with an owner or apparent owner.
- Establishes that a property finder's registration may be denied or suspended for a period of up to one year if the property finder is in violation of these requirements.
- Prohibits property finders with suspended registrations from conducting business with the State Treasurer's Unclaimed Property Division.

EFFECTIVE DATE: Section 2 became effective January 1, 2022 and applies to agreements entered into on or after that date. The remainder of the act became effective September 16, 2021.

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CURRENT LAW:

Relevant to Section 1: **G.S. 135-48.15**, providing whistle-blower protections related to the State Health Plan, was enacted in 2012. The law states that it is the policy of the State to encourage people to report, and to be free from intimidation or harassment when reporting, wrongdoings related to the State Health Plan involving:

- A violation of State or federal law, rule, or regulation.
- Fraud.
- Misappropriation of State resources.
- Gross mismanagement, a gross waste of monies, or gross abuse of authority.

G.S. 135-48.25 provides that the State Treasurer, in consultation with the Board of Trustees, may adopt rules for the State Health Plan for Teachers and State Employees.

The following are statutes similar to Section 1 of the bill:

- **Article 36A, Chapter 143** provides the *State Employee Suggestion Program (NC Thinks)*. The program allows a State employee or team of State employees to receive an incentive bonus or bonuses in reward for suggestions or innovations resulting in monetary savings to the state, increased revenues, or improved quality of services delivered to the public. G.S. 143-345.22 provides an allocation formula for suggestions or innovations that result in savings or increase revenue.
- **Article 14, Chapter 126** provides protection for State employees reporting improper activities.

Relevant to Section 2: Currently, Chapter 116B does not provide a definition or regulatory scheme for property finders. G.S. 116B-78 does provide for an owner of distributable or presumably abandoned property to enter into an agreement for the location, delivery, recovery, or assistance in the recovery of that property, and sets out agreement criteria, methods of payment, remedies, and certain registration requirements for anyone entering such agreements with an owner.

**Kелette Wade, attorney in the Legislative Analysis Division, contributed to this summary.*