



SENATE BILL 542: SHP Combat Fraud and Abuse Incentives.

2021-2022 General Assembly

Committee:	Senate Pensions and Retirement and Aging. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 28, 2021
Introduced by:	Sen. Burgin	Prepared by:	Theresa Matula Committee Staff
Analysis of:	First Edition		

OVERVIEW: *Senate Bill 542 would allow the State Health Plan for Teachers and State Employees 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 would allow an incentive to members of up to 2% of any net recovery.*

CURRENT LAW: **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.

BILL ANALYSIS: Senate Bill 542 would provide 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 bill also authorizes the Plan to offer an incentive of up to 2% of any net recovery made by the Plan as a result of a member's report.

EFFECTIVE DATE: The bill would become effective when it becomes law.

BACKGROUND: Similar statutes provided below.

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.

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