

1 (2) Six members of the Senate appointed by the President Pro Tempore of
2 the Senate, at least one of whom shall be a member of the minority
3 party.

4 (b) ~~The members of the Committee who are members because of the offices they~~
5 ~~hold shall remain on the Committee for the duration of their terms in those offices.~~—The
6 President Pro Tempore of the Senate and Speaker of the House of Representatives shall
7 appoint the ~~other~~ members of the Committee for two-year terms beginning on July 1 of
8 odd-numbered years.

9 (c) The Committee ~~shall~~ shall:

10 (1) ~~review~~—Review existing and proposed programs of hospital, medical
11 and related care provided by Part 3 of this ~~Article~~—Article. ~~as~~
12 ~~recommended by the Executive Administrator and Board of Trustees of the~~
13 ~~Plan.~~—The Executive Administrator and the Board of Trustees shall
14 provide the Committee with any information or assistance requested
15 by the Committee in performing its duties under this ~~Article~~—Article;

16 (2) Meet at least quarterly; and

17 (3) Scrutinize systematically the actions of the Executive Administrator,
18 the Board of Trustees, the Claims Processor, and the State Health Plan.

19 (d) The time members spend on Committee business shall be considered official
20 legislative business for purposes of G.S. 120-3."

21 Sec. 2. G.S. 135-39 reads as rewritten:

22 **"§ 135-39. Board of Trustees established.**

23 (a) There is hereby established the Board of Trustees of the Teachers' and State
24 Employees' Comprehensive Major Medical Plan.

25 (a1) The Board of Trustees of the Teachers' and State Employees' Comprehensive
26 Major Medical Plan shall consist of nine members. Members who are not teachers,
27 employees or retired employees, enrolled in the Plan shall possess professional
28 experience in health affairs, health economics, health insurance, health claims
29 administration, health claims processing, related employee fringe benefit administration,
30 or other related business or financial affairs.

31 (b) ~~Three members shall be appointed by the Governor. Of the initial members,~~
32 ~~one shall serve a term to expire June 30, 1983, and two shall serve terms to expire June~~
33 ~~30, 1984. Subsequent terms shall be for two years. Vacancies shall be filled by the~~
34 ~~Governor.~~

35 The member appointed by the Governor to serve a term beginning July 1, 1985, shall
36 be an employee enrolled in the Plan. Any successor to such member shall also be an
37 employee enrolled in the Plan.

38 (c) ~~Three members shall be appointed by the General Assembly upon the~~
39 ~~recommendation of the Speaker of the House of Representatives in accordance with~~
40 ~~G.S. 120-121. Of the initial members, two shall serve terms expiring June 30, 1983, and~~
41 ~~one shall serve a term expiring June 30, 1984. Vacancies shall be filled in accordance~~
42 ~~with G.S. 120-122.~~

1 One of the members appointed by the General Assembly upon the recommendation
2 of the Speaker of the House of Representatives may be a retired employee enrolled in
3 the Plan.

4 (d) Three members shall be appointed by the General Assembly upon the
5 recommendation of the President of the Senate in accordance with G.S. 120-121. Of the
6 initial members, two shall serve terms expiring June 30, 1983, and one shall serve a
7 term expiring June 30, 1984. Vacancies shall be filled in accordance with G.S. 120-122.

8 One of the members appointed by the General Assembly upon the recommendation
9 of the President of the Senate for a term beginning July 1, 1985, shall be an employee
10 enrolled in the Plan. Any successor to such member shall also be an employee enrolled
11 in the Plan.

12 (d1) Repealed by Session Laws 1985, c. 732, s. 60.

13 (b1) One member shall be appointed by the Governor, and shall serve a term to
14 expire June 30, 1994. Subsequent terms shall be for two years. Vacancies shall be
15 filled by the Governor.

16 (c1) Four members shall be appointed by the General Assembly upon the
17 recommendation of the Speaker of the House of Representatives in accordance with
18 G.S. 120-121. Terms shall be for two years. Vacancies shall be filled in accordance
19 with G.S. 120-122. One member shall be an employee enrolled in the Plan, and one
20 member shall be a retired employee enrolled in the Plan.

21 (d2) Four members shall be appointed by the General Assembly upon the
22 recommendation of the President Pro Tempore of the Senate in accordance with G.S.
23 120-121. Terms shall be for two years. Vacancies shall be filled in accordance with
24 G.S. 120-122. One member shall be an employee enrolled in the Plan, and one member
25 shall be a teacher, as described in Article 20 of G.S. 115C, enrolled in the Plan.

26 (e) The Governor shall have the power to remove ~~any~~ the member appointed by
27 him under subsection ~~(b)~~ (b1). The General Assembly may remove any member
28 appointed under subsections ~~(e)~~ (c1) or ~~(d)~~ (d1).

29 (f) The members of the Board of Trustees shall receive one hundred dollars
30 (\$100.00) per day, except employees eligible to enroll in the Plan, whenever the full
31 Board of Trustees holds a public session, and travel allowances under G.S. 138-6 when
32 traveling to and from meetings of the Board of Trustees or hearings under G.S. 135-
33 39.7, but shall not receive any subsistence allowance or per diem under G.S. 138-5,
34 except when holding a meeting or hearing where this section does not provide for
35 payment of one hundred dollars (\$100.00) per day.

36 (g) No State employee, member of the General Assembly, State officer, or
37 anyone who is receiving benefits under the Plan or who is eligible to receive benefits
38 under the Plan or who provides services, equipment or supplies under the Plan shall be
39 eligible for membership on the Board of Trustees, except for the designated ~~employees~~
40 employees, teacher, and retired employee appointed under subsections ~~(b)~~ (b1) through
41 ~~(d)~~ (d1) of this section, provided that such designated persons may not serve on the
42 executive committee.

43 (h) No member of the Board of Trustees may serve more than three consecutive
44 two-year terms.

1 (i) ~~Meetings of the Board of Trustees may be called by the Executive~~
2 ~~Administrator, the Chairman, or by any three members."~~

3 Sec. 3. G.S. 135-39.2 reads as rewritten:

4 **"§ 135-39.2. Officers, quorum, meetings.**

5 (a) The Board of Trustees shall elect from its own membership such officers as it
6 sees fit.

7 (b) Six members of the Board of Trustees in office shall constitute a quorum.
8 Decisions of the Board of Trustees shall be made by a majority vote of the Trustees
9 present, except as otherwise provided in this Part.

10 (c) ~~Meetings may be called by the Chairman, or at the written request of three~~
11 ~~members.~~

12 (c) The Board of Trustees shall meet at least monthly. Special meetings may be
13 called by the Executive Administrator, the Chairman, or at the written request of three
14 members."

15 Sec. 4. Part 2 of Article 3 of Chapter 135 of the General Statutes is amended
16 by adding a new section to read:

17 **"§ 135-39.11. Board of Trustees.**

18 The Board of Trustees shall have the following powers and duties:

19 (1) Provide general direction to the Executive Administrator;

20 (2) Preparing and submitting to the Governor and the General Assembly
21 annual cost estimates for the health benefits plan, including those
22 required by Article 15 of Chapter 120 of the General Statutes;

23 (3) Recommending to the Governor and the General Assembly changes or
24 additions to the health benefits program and health care cost
25 containment programs, together with statements of financial and
26 actuarial effects as required by Article 15 of Chapter 120 of the
27 General Statutes;

28 (4) In case of termination of the contract under G.S. 135-39.5A, to select a
29 new Claims Processor, after competitive bidding procedures approved
30 by the Department of Administration;

31 (5) Implementing pilot programs necessary to evaluate proposed cost
32 containment measures which are not in direct conflict with Part 3 of
33 this Article, and expending funds necessary for the implementation of
34 such programs; and

35 (6) Authorizing coverage for alternative forms of care not otherwise
36 provided by the Plan in individual cases when medically necessary,
37 medically equivalent to services covered by the Plan, and when such
38 alternatives would be less costly than would have been otherwise."

39 Sec. 5. G.S. 135-39.4A reads as rewritten:

40 **"§ 135-39.4A. Executive Administrator.**

41 (a) The Plan shall have an Executive Administrator.

42 (b) The Executive Administrator shall be appointed by the Commissioner of
43 Insurance. The term of employment and salary of the Executive Administrator shall be
44 set by the Commissioner of Insurance upon the advice of ~~an executive committee of the~~

1 Committee on Employee Hospital and Medical Benefits. The Executive Administrator
 2 may be removed from office by the Commissioner of Insurance, upon the advice of an
 3 ~~executive committee~~ of the Committee on Employee Hospital and Medical Benefits, and
 4 any vacancy in the office of Executive Administrator may be filled by the
 5 Commissioner of Insurance with the term of employment and salary set upon the advice
 6 of an ~~executive committee~~ of the Committee on Employee Hospital and Medical Benefits.

7 (c) to (e) Repealed by Session Laws 1987, c. 857, s. 5, effective July 1,
 8 1987.

9 (f) The Executive Administrator may employ such clerical and professional staff,
 10 and such other assistance as may be necessary to assist the Executive Administrator and
 11 the Board of Trustees in carrying out their duties and responsibilities under this Article.
 12 The Executive Administrator may also negotiate, renegotiate and execute contracts with
 13 third parties in the performance of his duties and responsibilities under this Article;
 14 provided any contract negotiations, renegotiations and execution with a Claims
 15 Processor or with an optional prepaid hospital and medical benefit plan or with a
 16 preferred provider of institutional or professional hospital and medical care shall be
 17 done only after consultation with the Committee on Employee Hospital and Medical
 18 ~~Benefits.~~ Benefits and approval by the Board of Trustees.

19 (f1) The Executive Administrator shall assist the Board of Trustees in carrying out
 20 its powers and duties.

21 (g) The Executive Administrator shall be responsible for:

- 22 (1) Cost management programs;
- 23 (2) Education and illness prevention programs;
- 24 (3) Training programs for Health Benefit Representatives;
- 25 (4) Membership functions;
- 26 (5) Long-range planning;
- 27 (5a) Establishing and operating a hospital bill audit program and a fraud
 28 detection program;
- 29 (6) Provider and participant relations; and
- 30 (7) Communications.

31 (h) The Executive Administrator shall make reports and recommendations on the
 32 Plan to the President Pro Tempore of the Senate, the Speaker of the House of
 33 Representatives and the Committee on Employee Hospital and Medical Benefits."

34 Sec. 6. G.S. 135-39.5 reads as rewritten:

35 "**§ 135-39.5. Powers and duties of the Executive Administrator and Board of**
 36 **Trustees.**

37 The Executive Administrator and Board of Trustees of the Teachers' and State
 38 Employees' Comprehensive Major Medical Plan shall have the following powers and
 39 duties:

- 40 (1) Supervising and monitoring of the Claims Processor.
- 41 (2) Providing for enrollment of employees in the Plan.
- 42 (3) Communicating with employees enrolled under the Plan.
- 43 (4) Communicating with health care providers providing services under
 44 the Plan.

- 1 (5) Making payments at appropriate intervals to the Claims Processor for
2 benefit costs and administrative costs.
- 3 (6) Conducting administrative reviews under G.S. 135-39.7.
- 4 (7) Annually assessing the performance of the Claims Processor.
- 5 ~~(8) Preparing and submitting to the Governor and the General Assembly~~
6 ~~cost estimates for the health benefits plan, including those required by~~
7 ~~Article 15 of Chapter 120 of the General Statutes.~~
- 8 ~~(9) Recommending to the Governor and the General Assembly changes or~~
9 ~~additions to the health benefits program and health care cost~~
10 ~~containment programs, together with statements of financial and~~
11 ~~actuarial effects as required by Article 15 of Chapter 120 of the~~
12 ~~General Statutes.~~
- 13 (10) Working with State employee groups to improve health benefit
14 programs.
- 15 (11) Repealed by Session Laws 1985, c. 732, s. 9.
- 16 (12) Determining basis of payments to health care providers, including
17 payments in accordance with G.S. 58-260.6.
- 18 (13) Requiring bonding of the Claims Processor in the handling of State
19 funds.
- 20 (14) Repealed by Session Laws 1985, c. 732, s. 7.
- 21 ~~(15) In case of termination of the contract under G.S. 135-39.5A, to select a~~
22 ~~new Claims Processor, after competitive bidding procedures approved~~
23 ~~by the Department of Administration.~~
- 24 (16) Notwithstanding the provisions of Part 3 of this Article, to formulate
25 and implement cost-containment measures which are not in direct
26 conflict with that Part.
- 27 ~~(17) Implementing pilot programs necessary to evaluate proposed cost~~
28 ~~containment measures which are not in direct conflict with Part 3 of~~
29 ~~this Article, and expending funds necessary for the implementation of~~
30 ~~such programs.~~
- 31 ~~(18) Authorizing coverage for alternative forms of care not otherwise~~
32 ~~provided by the Plan in individual cases when medically necessary,~~
33 ~~medically equivalent to services covered by the Plan, and when such~~
34 ~~alternatives would be less costly than would have been otherwise.~~
- 35 ~~(19) Establishing and operating a hospital and other provider bill audit~~
36 ~~program and a fraud detection program.~~
- 37 (20) Determining administrative and medical policies that are not in direct
38 conflict with Part 3 of this Article upon the advice of the Claims
39 Processor and upon the advice of the Plan's consulting actuary when
40 Plan costs are involved.
- 41 (21) Supervising the payment of claims and all other disbursements under
42 this Article, including the recovery of any disbursements that are not
43 made in accordance with the provisions of this Article."

44 Sec. 7. G.S. 135-39.5A reads as rewritten:

1 **"§ 135-39.5A. Termination.**

2 The ~~Executive Administrator and~~ Board of Trustees may terminate the contract with
3 the Claims Processor as provided in the request for proposal."

4 Sec. 8. G.S. 135-39.5B reads as rewritten:

5 **"§ 135-39.5B. Prepaid plans.**

6 The ~~Executive Administrator and~~ Board of Trustees may, after consultation with the
7 Committee on Employee Hospital and Medical Benefits, provide for optional prepaid
8 hospital and medical benefits plans. Benefits offered under such optional plans shall be
9 comparable to those offered under the Plan. The amounts of State funds contributed for
10 such optional plans shall not be more than the amounts contributed for each person
11 eligible under G.S. 135-40.2 on a noncontributory Employee Only basis, with the
12 person selecting an optional plan paying any excess, if necessary. The amount of State
13 funds contributed to such optional plans shall also not exceed the amount of an optional
14 plan's cost for Employee Only coverage. The ~~Executive Administrator and~~ Board of
15 Trustees ~~are~~ is authorized to assess and collect fees from participating optional plans
16 provided by this section for administrative purposes and for risk management purposes.
17 Such fees may be based upon the enrollees' risk factors and the number and types of
18 contracts enrolled by each participating optional plan, and may be collected by the Plan
19 in a manner prescribed by the ~~Executive Administrator and~~ Board of Trustees. In no
20 instance shall benefits be paid under Part 3 of this Article for persons enrolled in an
21 optional prepaid hospital and medical benefit plan authorized under this section on and
22 after the effective date of enrollment in the optional prepaid plan, except in cases of
23 continuous hospital confinement approved by the Executive Administrator."

24 Sec. 9. G.S. 135-39.6A reads as rewritten:

25 **"§ 135-39.6A. Premiums set.**

26 The ~~Executive Administrator and~~ Board of Trustees shall, from time to time, and after
27 consulting with the Committee on Employee Hospital and Medical Benefits, establish
28 premium rates for the Comprehensive Major Medical Plan except as they may be
29 established by the General Assembly in the Current Operations Appropriations Act, and
30 establish regulations for payment of the premiums. Premium rates shall be established
31 for coverages where Medicare is the primary payer of health benefits separate and apart
32 from the rates established for coverages where Medicare is not the primary payer of
33 health benefits."

34 Sec. 10. G.S. 135-39.7 reads as rewritten:

35 **"§ 135-39.7. Administrative review.**

36 If, after exhaustion of internal appeal handling as outlined in the contract with the
37 Claims Processor any person is aggrieved, the Claims Processor shall bring the matter to
38 the attention of the Executive Administrator and Board of Trustees, which may make a
39 binding decision on the matter in accordance with procedures established by the
40 ~~Executive Administrator and~~ Board of Trustees. The decision is appealable under the
41 contested case provisions of Chapter 150B of the General Statutes. The Executive
42 Administrator and Board of Trustees shall provide a written summary of the decisions
43 made pursuant to this section to all employing units, all health benefit representatives,
44 the oversight team provided for in G.S. 135-39.3, all relevant health care providers

1 affected by a decision, and to any other parties requesting a written summary and
2 approved by the Executive Administrator and Board of Trustees to receive a summary
3 immediately following the issuance of a decision."

4 Sec. 11. G.S. 135-39.8 reads as rewritten:

5 **"§ 135-39.8. Rules and regulations.**

6 The Executive Administrator and Board of Trustees may issue rules and regulations
7 to implement Parts 2 and 3 of this Article. Rules and regulations of the Board of
8 Trustees shall remain in effect until amended or repealed by the Executive
9 Administrator and Board of Trustees. The Executive Administrator and Board of
10 Trustees shall provide a written description of the rules and regulations issued under this
11 section to all employing units, all health benefit representatives, the oversight team
12 provided for in G.S. 135-39.3, all relevant health care providers affected by a rule or
13 regulation, and to any other parties requesting a written description and approved by the
14 Executive Administrator and Board of Trustees to receive a description on a timely
15 basis."

16 Sec. 12. G.S. 135-39.9 is repealed.

17 Sec. 13. G.S. 135-39.10 reads as rewritten:

18 **"§ 135-39.10. Meaning of 'Executive Administrator and Board of Trustees'.**

19 Whenever in this Article the words 'Executive Administrator and Board of Trustees'
20 appear, they mean that the ~~Executive Administrator-Board of Trustees of the Teachers'~~
21 ~~and State Employees' Comprehensive Major Medical Plan~~ shall have the power, duty,
22 right, responsibility, privilege or other function mentioned, after consulting with the
23 ~~Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan~~
24 Executive Director."

25 Sec. 14. This act shall not be construed to obligate the General Assembly to
26 make any appropriation to implement the provisions of this act.

27 Sec. 15. This act becomes effective October 1, 1993.