

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH30106-LH-126 (03/09)

Short Title: UNC Health Plan Pilot.-AB

(Public)

Sponsors: Representative Earle.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE UNIVERSITY OF NORTH CAROLINA TO PROCEED WITH A HEALTH CARE INITIATIVE FOR ITS EMPLOYEES AND TO ESTABLISH A PILOT PROJECT OF THE STATE HEALTH PLAN TO IMPROVE EMPLOYEE CHOICE, INCREASE AFFORDABILITY OF DEPENDENT COVERAGE, AND INCREASE EMPHASIS ON WELLNESS AND DISEASE MANAGEMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-40 is amended by adding a new subsection to read:

"(e) The Board of Governors of The University of North Carolina may establish an alternative comprehensive major medical plan to serve its active employees and their dependents on a pilot basis starting July 1, 2006, or as soon thereafter as it is practical to do so, and continuing until July 1, 2012. This pilot plan shall be operated in accordance with G.S. 135-40.14. The provisions of G.S. 135-40.1 through G.S. 135-40.13 do not apply to the pilot plan established under this subsection. If the pilot plan is not extended beyond July 1, 2012, the eligible employees of The University of North Carolina, and their eligible dependents who were enrolled in the pilot plan, shall be eligible to enroll in the Plan established pursuant to this section without a waiting period and without disallowance based on any preexisting condition."

SECTION 2. Article 3 of Chapter 135 of the General Statutes is amended by adding a new section to read:

§ 135-40.14A. University of North Carolina Health Care Initiative.

(a) The Board of Governors of the University of North Carolina may establish an alternative comprehensive major medical plan to serve its active employees and their dependents on a pilot basis starting July 1, 2006, or as soon thereafter as it is practical to do so, and continuing until July 1, 2012. This alternative comprehensive major medical

1 plan shall be known as the University Employee Health Care Initiative, and may be
2 referred to in this section as "the Initiative."

3 (b) The Board of Governors shall establish a Board of Trustees for the University
4 Employee Health Care Initiative and shall delegate to the Board of Trustees such
5 powers and duties as it deems to be necessary or appropriate for the Board of Trustees
6 to be able to administer the Initiative. The Board of Trustees shall include at least
7 persons knowledgeable about health care delivery, health insurance administration, and
8 wellness promotion and condition management; representatives of the faculty, the
9 employees of the University subject to the State Personnel Act, and the nonfaculty
10 employees not subject to the State Personnel Act; a representative of the Office of State
11 Personnel designated by the Governor; and the Executive Administrator of the State
12 Comprehensive Major Medical Plan or the Executive Administrator's designee.
13 Employees of The University are eligible to serve on the Board of Trustees.

14 (c) The Board of Governors, on the recommendation of the Board of Trustees of
15 the Initiative, shall establish premium charges, compensable and noncompensable
16 services, deductible rates and the services to which deductibles apply, coinsurance rates
17 and limits and the services to which coinsurance requirements apply, and definitions of
18 and requirements for eligible employees and dependents. The Board of Governors shall
19 operate the Initiative at all times in accordance with a plan that has been determined by
20 a health care actuary to be fiscally sound.

21 (d) The Initiative may include more than one health care plan from which an
22 employee may choose coverage. The Initiative must include at least one core plan that is
23 fully paid by The University for eligible employees and for which dependent coverage
24 is no more expensive than is dependent coverage under the State Plan. The Board of
25 Governors, on recommendation of the Board of Trustees, shall establish premium rates
26 for coverage of employees' dependents who opt to enroll in the plan and may establish
27 premium rates for alternative plans in which employees may opt to enroll. These
28 premiums may be on a sliding scale such that employees who earn higher salaries are
29 charged higher premiums than employees who earn lower salaries.

30 (e) Payroll deduction shall be available of amounts not paid by The University
31 for employee or dependent coverage under any health plan offered by the Initiative.
32 Notwithstanding any other provisions of the Initiative, the Board of Governors and
33 Board of Trustees are specifically authorized to use all appropriate means to secure tax
34 qualification of the Initiative under any applicable provisions of the Internal Revenue
35 Code of 1954 as amended. The Board of Governors and Board of Trustees shall
36 furthermore comply with all applicable provisions of the Internal Revenue Code as
37 amended, to the extent that this compliance is not prohibited by applicable portions of
38 this Article.

39 (f) The University shall establish an institutional trust fund pursuant to
40 G.S. 116-36.1 for premiums paid to the Initiative. The University shall pay into the trust
41 fund premiums for its employees at the same rate that State agencies pay the Plan for
42 coverage of full-time active State employees. The University may collect premiums that
43 employees pay for coverage of their dependents and premiums that employees pay for
44 optional coverage through payroll deductions. These payroll deductions shall also be

1 placed into the institutional trust fund for the Initiative. The funds in the Initiative's
2 institutional trust fund may be expended for administrative costs of the Initiative, to pay
3 claims incurred on behalf of the Initiative's enrollees, to establish reserves for payment
4 of claims, and to establish wellness and disease or condition management programs.

5 (g) The University may enter into contracts for the administration of the Initiative
6 and may enter into preferred provider or other provider contracts for the provision of
7 health care or wellness services to the Initiative's enrollees. The terms pertaining to
8 reimbursement rates or other terms of consideration of any contract between hospitals,
9 hospital authorities, doctors or other medical providers, or a pharmacy benefit manager
10 and The University shall not be a public record under Chapter 132 of the General
11 Statutes for a period of 30 months after the date of the expiration of the contract.
12 Provided, however, nothing in this subsection shall be deemed to prevent or restrict the
13 release of any information made not a public record under this subsection to the State
14 Auditor, the Attorney General, the Director of the State Budget, the Board of
15 Governors, the Board of Trustees of the Initiative, and the administrators of the
16 Initiative solely and exclusively for their use in the furtherance of their duties and
17 responsibilities. The design, adoption, and implementation of the preferred provider
18 contracts and networks are not subject to the requirements of Chapter 143 of the
19 General Statutes, provided that for any hospital preferred provider network all hospitals
20 will have an opportunity to contract with The University if they meet the contract
21 requirements.

22 (h) The Initiative may include wellness and disease or condition management
23 programs. The Initiative may receive grants or gifts to fund these programs and The
24 University may expend any available unrestricted funds for the start-up costs of these
25 programs. The Initiative may offer incentives for University employees and other
26 Initiative enrollees for participating in these programs.

27 (i) The Board of Governors shall evaluate the Initiative on an annual basis
28 including its cost, health care utilization, dependent participation rates, effectiveness of
29 any wellness or disease or condition management program it establishes, and any other
30 indicia of the effectiveness of the Initiative that it deems appropriate. The Board of
31 Governors shall report to the General Assembly on the implementation of this section
32 by March 1, 2006, and annually thereafter. On or before March 1, 2008, the Board of
33 Governors shall recommend to the General Assembly whether or not the Initiative
34 should be extended to retired employees of the University."

35 **SECTION 3.** This act is effective when it becomes law.