

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**SENATE BILL 2158\***

Short Title: State Health Plan/Local Govt Participation. (Public)

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Sponsors: Senator Rand.

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Referred to: Select Committee on Employee Hospital and Medical Benefits .

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May 29, 2008

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH THE REQUIREMENTS FOR LOCAL GOVERNMENT  
3 PARTICIPATION IN THE STATE HEALTH PLAN FOR TEACHERS AND  
4 STATE EMPLOYEES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Article 3 of Chapter 135 of the General Statutes is amended by  
7 adding the following new Part to read:

8 "Part 6. Local Government Participation.

9 **"§ 135-43. Requirements for local government participation in the State Health**  
10 **Plan.**

11 (a) Purpose. – The State of North Carolina deems it to be in the public interest  
12 for employees of an employer, as defined for local government employers by  
13 G.S. 128-21(11), to be given the opportunity to participate in the benefits provided by  
14 the State Health Plan for Teachers and State Employees. Participation shall be voluntary  
15 for local government employers.

16 (b) Authorization to Enroll. – A local government employer, as defined in  
17 G.S. 128-21(11), may elect to enroll its active employees only or to enroll its active  
18 employees and its retired employees in the State Health Plan in accordance with this  
19 Part. In order to enroll its active or its active and retired employees in the State Health  
20 Plan, a local government employer must:

21 (1) By resolution, legally adopted by the local government employer, elect  
22 to have its eligible active employees only or its eligible active  
23 employees and its eligible retired employees, at the employer's option,  
24 become eligible to participate in the Plan.

25 (2) Enroll all of its eligible active employees and, if the employer elects to  
26 also enroll its eligible retired employees, it must enroll all of its  
27 eligible retired employees.

28 (3) Enroll the eligible dependents of its active employees and eligible  
29 dependents of its retired employees, as applicable.

1       (c) Eligibility. – A local government shall establish eligibility for participation in  
2 the Plan by its active employees based on the employee's years of service as a local  
3 government employee and may set rates of contribution to be made by eligible local  
4 government employees to the premium paid by the local government to the Plan. The  
5 local government may set contribution rates on a noncontributory, partially  
6 contributory, or fully contributory basis.

7       (d) Premiums and Contributions. – In the amounts established by the Executive  
8 Administrator and Board of Trustees:

9           (1) A local government employer shall pay to the State Health Plan  
10 premiums for its enrolled active employees.

11           (2) If a local government employer elects to also enroll its eligible retired  
12 employees in the Plan, then:

13           a. The local government employer shall make a contribution to the  
14 Local Government Employees' Retirement System equal to the  
15 contribution required of all other employing units to the State  
16 Retirement Systems for covering the local government's eligible  
17 retired employees. If the local government employer does not  
18 participate in the Local Government Employees' Retirement  
19 System and has another formally established retirement plan,  
20 the local government employer shall remit to the State Health  
21 Plan for Teachers and State Employees the amount of the  
22 premium requested by the Executive Administrator and Board  
23 of Trustees for coverage of the local government employer's  
24 eligible retired employees and their eligible family members.

25           b. Should a local government employer for any reason become  
26 financially unable to make the contributions payable on account  
27 of its eligible retired employees, the local government employer  
28 shall be deemed to be in temporary default. Temporary default  
29 shall not relieve the local government employer from any  
30 liability for its contributions payable on account of its eligible  
31 retired employees.

32       (e) General Requirements. – In addition to other requirements of this section,  
33 local government employers are subject to the following:

34           (1) A local government employer must require its enrolled active and  
35 enrolled retired employees and the eligible dependents of enrolled  
36 active employees and of enrolled retired employees to participate in  
37 disease management, case management, and all other mandatory and  
38 voluntary cost containment measures implemented by the Executive  
39 Administrator and Board of Trustees.

40           (2) A local government employer may elect to discontinue its participation  
41 in the Plan. If a local government employer elects to discontinue its  
42 participation in the Plan, the local government employer is not eligible  
43 to reenroll its eligible active employees or its eligible active employees  
44 and eligible retired employees, and their eligible dependents, until ten

- 1                   years have elapsed from the date of the local government's  
2                   discontinuance of its participation.
- 3           (3)   A local government seeking to become an authorized employing unit  
4                   under the Plan through an act of the General Assembly, or as  
5                   authorized under Section 5 of S.L. 2005-249, must, prior to  
6                   introduction of the legislation, provide the Plan with the following  
7                   information:
- 8                   a.    Data necessary to assess current and prior claims experience for  
9                         the most recent 24-month period for all previously and currently  
10                        offered plans.
- 11                   b.    The most recent 24 months of enrollment data by category and  
12                        coverage category for all previously or currently offered plans.
- 13                   c.    A copy of current and previous plan designs for all plans  
14                        offered within the two prior plan years.
- 15                   d.    The current employer contribution amount and subscriber  
16                        contribution amount for coverage by plan and coverage  
17                        category. Contribution amount should reflect amounts for  
18                        subscriber coverage and dependent coverage.
- 19                   e.    A current census of all eligible active employees and  
20                        dependents of active employees covered by current plans  
21                        offered including a separate census for employees who have  
22                        waived coverage by plan.
- 23                   f.    A current census of all eligible retired employees and  
24                        dependents of retired employees covered by current plans  
25                        offered including a separate census for retired employees who  
26                        have waived coverage by plan.

27           In addition to the requirements of this subsection, the Executive Administrator may  
28           require a local government to submit other reasonable and necessary information to  
29           enable the Executive Administrator to project any potential actuarial impact to the Plan.  
30           As required by Article 15 of Chapter 120 of the General Statutes, the Executive  
31           Administrator shall provide to the Fiscal Research Division of the Legislative Services  
32           Office of the North Carolina General Assembly a copy of the information required  
33           under this section."

34           **SECTION 2.** Those local government employers that have applied for  
35 participation in the Plan as of July 1, 2008, may be enrolled in the Plan either through  
36 selection by the Executive Administrator and Board of Trustees, as provided by law, or  
37 by an act of the 2007 General Assembly, 2008 Regular Session, and those local  
38 governments may apply local eligibility requirements for enrollment in the Plan. No  
39 other local government employers may enroll their employees or retirees in the Plan  
40 during the period July 1, 2008, through December 31, 2008. Effective January 1, 2009,  
41 local governments may apply to participate in the Plan and their active and retired  
42 employees must meet the eligibility requirements for Plan participation that apply to  
43 active and retired State employees.

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