

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 300

Short Title: GPAC-State Employee Health Benefits.

(Public)

Sponsors: (by request) Representatives Hensley, Blue, Diamont, H. Hunter, G. Miller, Nesbitt, and Robinson.

Referred to: Public Employees.

February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT PERFORMANCE AUDIT COMMITTEE REGARDING STATE EMPLOYEE HEALTH BENEFITS.

The General Assembly of North Carolina enacts:

—PREVENTIVE HEALTH BENEFITS.

Section 1. (a) G.S. 135-40.5 is amended by adding a new subsection to read:

"(e) The Plan will cover the expenses in order to detect and initiate early treatment for:

(1) Prenatal management of high-risk pregnancies;

(2) Chronic diseases; and

(3) Cancer

to prevent catastrophic and costly incidence of these conditions.

This will include the preparation and issuance of individual custom preventative health care plans. The care plans will be prepared for all beneficiaries for whom the plans are likely to produce savings in excess of costs. The care plans will define custom preventative protocols, therapeutic programs, and appropriate special orders.

The care program will provide a customized patient and physician reminder system including, as deemed cost-effective, letters, phone calls, and therapeutic consultations. The care program will issue customized patient education materials, incentives, and compliance support materials including disease-specific and patient-specific printed information, videos, reminder cards, pill reminders, tape recordings, newsletters, and the like, to enhance compliance. The care program shall independently monitor the cost-

1 effectiveness of all such measures and provide an annual report to the Governor and the
2 General Assembly detailing the cost of the care program and its cost-effectiveness."

3 (b) G.S. 135-39.5 is amended by adding a new subdivision to read:

4 "(22) Implementing a program to reduce catastrophic care by identifying
5 employees and retirees who are at risk for reasonably preventable
6 catastrophic illnesses due to reasons such as:

7 a. Noncompliance with their medically prescribed treatment
8 program;

9 b. Lack of financial resources to purchase medicines as
10 prescribed; or

11 c. Not seeking testing for such illnesses,
12 and implementing individually tailored programs to improve
13 compliance. This program may be purchased or developed for internal
14 use by the Claims Processor or contracted to an outside vendor subject
15 to the same approvals as required for selection of a claims processor."

16 (c) Appropriations from the General Fund for Employee and Retiree Health
17 Benefits are reduced by sixty-two million dollars (\$62,000,000) for the 1993-94 fiscal
18 year and sixty-two million dollars (\$62,000,000) for the 1994-95 fiscal year due to
19 controlling the costs of employee and retiree health benefits provided by this act.
20 Appropriations from the Highway Fund for Employee and Retiree Health Benefits are
21 reduced by five million dollars (\$5,000,000) for the 1993-94 fiscal year and five million
22 dollars (\$5,000,000) for the 1994-95 fiscal year due to controlling the costs of employee
23 and retiree health benefits provided by this section.

24 (d) It is the intent of the General Assembly to further reduce the General Fund
25 base budget appropriations for Employee and Retiree Health Benefits, in subsequent
26 years, according to the following schedule, due to controlling the costs of employee and
27 retiree health benefits:

Fiscal Year	Amount
1995-96	\$30,000,000
1996-97	\$60,000,000.

31 (e) It is the intent of the General Assembly to further reduce the Highway
32 Fund base budget appropriations for Employee and Retiree Health Benefits, in
33 subsequent years, according to the following schedule, due to controlling the costs of
34 employee and retiree health benefits:

Fiscal Year	Amount
1995-96	\$2,000,000
1996-97	\$4,000,000.

38 (f) The Executive Administrator and Board of Trustees of the Teachers' and
39 State Employees' Comprehensive Major Medical Plan shall effect, beginning October 1,
40 1993, a fifteen percent (15%) reduction in premiums paid by employees for their
41 dependents due to controlling the costs of dependent health benefits provided by this
42 section.

43 (g) This section becomes effective July 1, 1993.

44 —HEALTH BENEFITS-PREMIUMS.

1 Sec. 2. (a) Effective October 1, 1993, G.S. 135-40.2 reads as rewritten:

2 **"§ 135-40.2. Eligibility.**

3 (a) The following persons are eligible for coverage under the Plan, on a
4 ~~nonecontributory~~ partially contributory basis, subject to the provisions of G.S. 135-40.3:

5 (1) All permanent full-time employees of an employing unit who meet the
6 following conditions:

7 a. Paid from general or special State funds, or

8 b. Paid from non-State funds and in a group for which his or her
9 employing unit has agreed to provide coverage.

10 Employees of State agencies, departments, institutions, boards, and
11 commissions not otherwise covered by the Plan who are employed in
12 permanent job positions on a recurring basis and who work 30 or more
13 hours per week for nine or more months per calendar year are covered
14 by the provisions of this subdivision.

15 (1a) Permanent hourly employees as defined in G.S. 126-5(c4) who work at
16 least one-half of the workdays of each pay period.

17 (2) Retired teachers, State employees, members of the General Assembly,
18 and retired State law enforcement officers who retired under the Law
19 Enforcement Officers' Retirement System prior to January 1, 1985,
20 when Medicare is not eligible to be the primary payer of health
21 benefits, and when the aforementioned teachers, State employees,
22 members of the General Assembly, and State law enforcement officers
23 had 10 or more but less than 30 years of retirement service credit at
24 retirement.

25 (2a) ~~Surviving~~ When Medicare is not the primary payer of health benefits,
26 and when the referenced deceased teachers, State employees, members
27 of the General Assembly, and deceased retired employees had 10 or
28 more but less than 30 years of retirement service credit at retirement,
29 the surviving spouses of:

30 a. Deceased retired employees, provided the death of the former
31 Plan member occurred prior to October 1, 1986; and

32 b. Deceased teachers, State employees, and members of the
33 General Assembly who are receiving a survivor's alternate
34 benefit under any of the State-supported retirement programs,
35 provided the death of the former plan member occurred prior to
36 October 1, 1986.

37 (3) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s. 29(b),
38 effective January 1, 1988.

39 (3a) Employees of the General Assembly, not otherwise covered by this
40 section, as determined by the Legislative Services Commission, except
41 for legislative interns and pages.

42 (4) Members of the General Assembly.

43 (b) The following person shall be eligible for coverage under the Plan, on a fully
44 contributory basis, subject to the provisions of G.S. 135-40.3:

- 1 (1) Repealed by Session Laws 1983, c. 761, s. 255, effective upon the
2 convening of the 1985 Regular Session.
- 3 (2) Former members of the General Assembly who enroll before October
4 1, 1986.
- 5 (2a) For enrollments after September 30, 1986, former members of the
6 General Assembly if covered under the Plan at termination of
7 membership in the General Assembly.
- 8 (3) Surviving spouses of deceased former members of the General
9 Assembly who enroll before October 1, 1986.
- 10 (3a) Employees of the General Assembly, not otherwise covered by this
11 section, as determined by the Legislative Services Commission, except
12 for legislative interns and pages.
- 13 (3b) For enrollments after September 30, 1986, surviving spouses of
14 deceased former members of the General Assembly, if covered under
15 the Plan at the time of death of the former member of the General
16 Assembly.
- 17 (4) All permanent part-time employees (designated as half-time or more)
18 of an employing unit who meets the conditions outlined in subdivision
19 (a)(1)a above, and who are not covered by the provisions of G.S. 135-
20 40.2(a)(1).
- 21 (4a) Permanent hourly employees as defined in G.S. 126-5(c4) who work
22 less than one-half of the workdays of each pay period.
- 23 (5) The spouses and eligible dependent children of enrolled employees,
24 retirees, and members of the General Assembly.
- 25 (6) Blind persons licensed by the State to operate vending facilities under
26 contract with the Department of Human Resources, Division of
27 Services for the Blind and its successors, who are:
- 28 a. Operating such a vending facility;
- 29 b. Former operators of such a vending facility whose service as an
30 operator would have made these operators eligible for an early
31 or service retirement allowance under Article 1 of this Chapter
32 had they been members of the Retirement System; and
- 33 c. Former operators of such a vending facility who attain five or
34 more years of service as operators and who become eligible for
35 and receive a disability benefit under the Social Security Act
36 upon cessation of service as an operator.
- 37 (7) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s. 29(j),
38 effective October 1, 1986.
- 39 (8) Surviving spouses of deceased retirees and surviving spouses of
40 deceased teachers, State employees, and members of the General
41 Assembly provided the death of the former Plan member occurred
42 after September 30, 1986, and the surviving spouse was covered under
43 the Plan at the time of death.
- 44 (9) Repealed by Session Laws 1987, c. 857, s. 11.1.

1 (10) Any eligible dependent child of the deceased retiree, teacher, State
2 employee, or member of the General Assembly, provided the child
3 was covered at the time of death of the retiree, teacher, State
4 employee, or member of the General Assembly (or was in posse at the
5 time and is covered at birth under this Part), or was covered under the
6 Plan on September 30, 1986. Any eligible spouse or dependent child of
7 a person eligible under subdivision (8) of this subsection if the spouse
8 or dependent child was enrolled before October 1, 1986.

9 (11) Retired teachers, State employees, members of the General Assembly,
10 and retired State law enforcement officers who retired under the Law
11 Enforcement Officers' Retirement System prior to January 1, 1985,
12 who had less than 10 years of retirement service credit at retirement.

13 (12) Surviving spouses of deceased teachers, State employees, members of
14 the General Assembly, and deceased retired employees with less than
15 10 years of retirement service credit at retirement when the spouses
16 survived:

17 a. Deceased retired employees, provided the death of the former Plan
18 member occurred prior to October 1, 1986; and

19 b. Deceased teachers, State employees, and members of the General
20 Assembly who are receiving a survivor's alternate benefit under
21 any of the State-supported retirement programs, provided the
22 death of the former Plan member occurred prior to October 1,
23 1986.

24 (b1) The following persons shall be eligible for coverage under the Plan, on a
25 noncontributory basis, subject to the provisions of G.S. 135-40.3, when Medicare is the
26 primary payer of health benefits, and when the referenced retired or deceased teachers,
27 State employees, members of the General Assembly, and State law enforcement officers
28 had 30 or more years of retirement service credit at retirement or at the time of death:

29 (1) Retired teachers, State employees, members of the General Assembly,
30 and retired State law enforcement officers who retired under the Law
31 Enforcement Officers' Retirement System prior to January 1, 1985.

32 (2) Surviving spouses of:

33 a. Deceased retired employees, provided the death of the former
34 Plan member occurred prior to October 1, 1986; and

35 b. Deceased teachers, State employees, and members of the
36 General Assembly who are receiving a survivor's alternate
37 benefit under any of the State-supported retirement programs,
38 provided the death of the former Plan member occurred prior to
39 October 1, 1986.

40 (c) No person shall be eligible for coverage as an employee or retired employee
41 and as a dependent of an employee or retired employee at the same time. In addition,
42 no person shall be eligible for coverage as a dependent of more than one employee or
43 retired employee at the same time.

1 (d) Former employees who are receiving disability retirement benefits or
2 disability income benefits pursuant to Article 6 of Chapter 135 of the General Statutes,
3 provided the former employee has at least five years of retirement membership service
4 at the time of disability, shall be eligible for the benefit provisions of this Plan, as set
5 forth in this Part, on the same basis as a retired employee. Such coverage shall
6 terminate as of the end of the month in which such former employee is no longer
7 eligible for disability retirement benefits or disability income benefits pursuant to
8 Article 6 of this Chapter.

9 (e) Employees on official leave of absence without pay may elect to continue this
10 group coverage at group cost provided that they pay the full employee and employer
11 contribution through the employing unit during the leave period.

12 (f) For the support of the benefits made available to any member vested at the
13 time of retirement, their spouses or surviving spouses, and the surviving spouses of
14 employees who are receiving a survivor's alternate benefit under G.S. 135-5(m) of those
15 associations listed in G.S. 135-27(a), licensing and examining boards under G.S. 135-
16 1.1, the North Carolina Art Society, Inc., and the North Carolina Symphony Society,
17 Inc., each association, organization or board shall pay to the Plan the full cost of
18 providing these benefits under this section as determined by the Board of Trustees of the
19 Teachers' and State Employees' Comprehensive Major Medical Plan. In addition, each
20 association, organization or board shall pay to the Plan an amount equal to the cost of
21 the benefits provided under this section to presently retired members of each
22 association, organization or board since such benefits became available at no cost to the
23 retired member.

24 (g) An eligible surviving spouse and any eligible dependent child of a deceased
25 retiree, teacher, State employee, or member of the General Assembly shall be eligible
26 for group benefits under this section without waiting periods for preexisting conditions
27 provided coverage is elected within 90 days after the death of the former plan member.

28 (h) No person shall be eligible for coverage as an employee or retired employee
29 or as a dependent of an employee or retired employee upon a finding by the Executive
30 Administrator or Board of Trustees or by a court of competent jurisdiction that the
31 employee or dependent knowingly and willfully made or caused to be made a false
32 statement or false representation of a material fact in a claim for reimbursement of
33 medical services under the Plan."

34 (b) Effective October 1, 1993, G.S. 135-39.6A reads as rewritten:

35 **"§ 135-39.6A. Premiums set.**

36 (a) The Executive Administrator and Board of Trustees shall, from time to time,
37 establish premium rates for the Comprehensive Major Medical Plan except as they may
38 be established by the General Assembly in the Current Operations Appropriations Act,
39 and establish regulations for payment of the premiums. Premium rates shall be
40 established for coverages where Medicare is the primary payer of health benefits
41 separate and apart from the rates established for coverages where Medicare is not the
42 primary payer of health benefits.

43 (b) Notwithstanding subsection (a) of this section, individuals covered by the
44 provisions of G.S. 135-40.2(a) shall pay the following amounts for their own coverage:

1 (1) For individuals covered by the provisions of G.S. 135-40.2(a)(1), (1a),
 2 (3a), and (4), the contributory amount of their monthly premium shall
 3 be equal to one-half of one percent (0.5%) of their monthly gross
 4 salary amount, but not less than ten dollars (\$10.00) nor more than one
 5 hundred dollars (\$100.00).

6 (2) For individuals covered by the provisions of G.S. 135-40.2(a)(2) and
 7 (2a), the contributory amount of their monthly premium shall be equal
 8 to the Medicare Part B Medical monthly premium amount.

9 (c) Notwithstanding subsection (a) of this section, the spouses and eligible
 10 dependent children of enrolled employees and members of the General Assembly
 11 covered by the provisions of G.S. 135-40.2(b) shall be provided coverage by the
 12 enrolled employee and member of the General Assembly paying a monthly premium
 13 amount equal to five and one-half percent (5.5%) of their monthly gross salary amount
 14 for Employee and Child(ren) coverage, but not more than five hundred dollars
 15 (\$500.00) and a monthly premium amount equal to nine and one-half percent (9.5%) of
 16 their monthly gross salary amount, but not more than five hundred dollars (\$500.00) for
 17 Employee and Family Coverage. These monthly contributory premium amounts are in
 18 addition to the monthly contributory premium amounts contained in subdivision (b)(1)
 19 of this section."

20 (c) Effective October 1, 1993, the State's employer contributions for the
 21 Teachers' and State Employees' Comprehensive Major Medical Plan as contained in the
 22 Current Operations Appropriations Act shall be no more than fifty percent (50%) of the
 23 total applicable individual employee rate for retired teachers, State employees, and
 24 members of the General Assembly with 10 or more but less than 20 years of retirement
 25 service credit at retirement, and no more than seventy-five percent (75%) of the total
 26 applicable individual employee rate for retired teachers, State employees, and members
 27 of the General Assembly with 20 or more but less than 30 years of retirement service
 28 credit at retirement.

29 (d) Appropriations from the General Fund for Employee and Retiree Health
 30 Benefits are reduced by twenty million dollars (\$20,000,000) for the 1993-94 fiscal year
 31 and twenty million dollars (\$20,000,000) for the 1994-95 fiscal year due to controlling
 32 the costs of employee and retiree health benefits provided by this section.
 33 Appropriations from the Highway Fund for Employee and Retiree Health Benefits are
 34 reduced by two million dollars (\$2,000,000) for the 1993-94 fiscal year and two million
 35 dollars (\$2,000,000) for the 1994-95 fiscal year due to controlling the costs of employee
 36 and retiree health benefits provided by this section.

37 (e) It is the intent of the General Assembly to further reduce the General
 38 Fund base budget appropriations for Employee and Retiree Health Benefits, in
 39 subsequent years, according to the following schedule, due to controlling the costs of
 40 employee and retiree health benefits:

Fiscal Year	Amount
1995-96	\$10,000,000
1996-97	\$20,000,000.

1 (f) It is the intent of the General Assembly to further reduce the Highway
2 Fund base budget appropriations for Employee and Retiree Health Benefits, in
3 subsequent years, according to the following schedule, due to controlling the costs of
4 employee and retiree health benefits:

5	Fiscal Year	Amount
6	1995-96	\$1,000,000
7	1996-97	\$2,000,000.

8 (g) This section becomes effective October 1, 1993.