

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 782*

Short Title: Revise Employee Insurance Committee Req'ts. (Public)

Sponsors: Senator Hartsell (Primary Sponsor).

Referred to: Insurance

April 28, 2016

A BILL TO BE ENTITLED

AN ACT TO CLARIFY SELECTION AND STRENGTHEN THE FUNCTIONING OF
EMPLOYEE INSURANCE COMMITTEES, AS RECOMMENDED BY THE JOINT
LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-31-60 reads as rewritten:

"§ 58-31-60. Competitive selection of payroll deduction insurance products paid for by State employees.

(a) Employee Insurance Committee. – The head of each State government ~~employee payroll unit~~agency offering payroll deduction insurance products to employees shall appoint an Employee Insurance Committee for the following purposes:

- (1) To review insurance products currently offered through payroll deduction to the State employees in the Employee Insurance Committee's ~~payroll unit~~agency to determine if those products meet the needs and desires of employees in the Employee Insurance Committee's ~~payroll unit~~agency.
- (2) To select the types of insurance products that reflect the needs and desires of employees in the Employee Insurance Committee's ~~payroll unit~~agency.
- (3) To competitively ~~select~~select, no less frequently than every three years, the best insurance products of the types determined by the Employee Insurance Committee to reflect the needs and desires of the employees of that ~~payroll unit~~agency.
- (4) To ensure vendors selected by the Employee Insurance Committee comply with the terms and conditions of established contracts.

As used in this section, "agency" includes an existing department, institution, commission, committee, board, bureau, or a constituent institution of The University of North Carolina, and "insurance product" includes a prepaid legal services plan registered under G.S. 84-23.1.

(b) ~~Appointment—Administration of Employee Insurance Committee Members—Committees.~~ –

- (1) Appointment, membership, and terms. – The members of the Employee Insurance Committee shall be appointed by the head of the ~~payroll unit~~agency. The Committee shall consist of not less than five or more than nine individuals a majority of whom have been employed in the ~~payroll unit~~agency for at least one year. The committee members shall, except where necessary initially to establish the rotation herein prescribed, serve three-year terms with approximately one-third of the terms expiring annually. Committee membership make-up shall fairly represent the geographical distribution and



1 other characteristics of the work force in the payroll unit agency and be selected
2 without regard to any political or other affiliations. It shall be the fiduciary duty
3 of the payroll unit agency head to (i) appoint members of the Committee who
4 are capable of carrying out the purposes and duties set forth in this section in a
5 thorough and diligent manner and (ii) assure that the Employee Insurance
6 Committee is completely autonomous in its selection of insurance products and
7 insurance companies and that no member of the Employee Insurance
8 Committee has any conflict of interest in serving on the Committee. A
9 committee on employee benefits elected or appointed by the faculty
10 representative body of a constituent institution of The University of North
11 Carolina shall be deemed constituted and functioning as an employee insurance
12 committee in accordance with this section.

13 (2) Appeal of committee decisions. – Any decision rendered by the Employee
14 Insurance Committee where the autonomy of the Committee or a conflict of
15 interest is questioned shall be subject to appeal pursuant to the Administrative
16 Procedure Act, or in the case of departments, boards and commissions which
17 are specifically exempt from the Administrative Procedure Act, pursuant to the
18 appeals procedure prescribed for such department, board or commission.

19 (3) Meetings. – The Committee shall meet as often as needed to carry out the
20 purposes and duties set forth in this section but no less frequently than
21 quarterly. Each Committee shall maintain minutes documenting every meeting.

22 (c) Selection of Payroll Deduction Slots. – Each payroll unit agency shall be entitled to not
23 less than four payroll deduction slots to be used for payment of insurance premiums for products
24 selected by the Employee Insurance Committee and offered to the employees of the payroll
25 unit agency. The Employee Insurance Committee shall select only one company per payroll
26 deduction slot. The Company selected by the Employee Insurance Committee shall be permitted
27 to sell through payroll deduction only the products specifically approved by the Employee
28 Insurance Committee. The assignment by the Employee Insurance Committee of a payroll
29 deduction slot shall be for a period of not less than two years unless the insurance company shall
30 be and not greater than three years. The minimum assignment period shall not apply if the
31 Employee Insurance Committee determines the insurance company is in violation of the terms of
32 the written agreement specified in this subsection. The insurance company awarded a payroll
33 deduction slot shall, pursuant to a written agreement setting out the rights and duties of the
34 insurance company, be afforded an adequate opportunity to solicit employees of the payroll
35 unit agency by making such employees aware that a representative of the company will be
36 available at a specified time and at a location convenient to the employees.

37 Notwithstanding any other provision of the General Statutes, once an employee has selected an
38 insurance product for payroll deduction, that product may not be removed from payroll deduction
39 for that employee without his or her specific written consent.

40 When an employee retires from State employment and payroll deduction under this section is
41 no longer available, the insurance company may not terminate life insurance products purchased
42 under the payroll deduction plan without the retiree's specific written consent solely because the
43 premium is no longer deducted from payroll.

44 (c1) Procedure for Selection of Insurance Product Proposals. – Each Committee shall use
45 the procedure set forth in this subsection to select insurance products.

46 (1) When soliciting insurance product proposals, the Committee shall ensure
47 adequate notice and competition by utilizing the Department of
48 Administration's electronic Interactive Purchasing System or a similar
49 electronic purchasing system and shall utilize available procurement templates
50 developed by the Department of Administration.

1 (2) All insurance product proposals shall be sealed. The Committee shall open all
2 proposals in public and record them in the minutes of the Committee, at which
3 time the proposals become public records open to public inspection.

4 (3) Each Committee member shall affirmatively attest they have no association
5 with any agent or insurer offering an insurance product proposal, and if the
6 member cannot make such an attestation, the member shall recuse themselves
7 from further review and decision making regarding product selection. The
8 attestations or recusals shall be recorded in the minutes of the Committee.

9 (4) After the public opening, the Committee shall review the proposals, examining
10 the cost and quality of the products, the reputation and capabilities of the
11 insurance companies submitting the proposals, and other appropriate criteria.
12 The Committee shall determine which proposal, if any, would meet the needs
13 and desires of the employees of that Committee's ~~payroll unit~~agency and shall
14 award a payroll deduction slot to the company submitting the proposal that
15 meets those needs and desires. The Committee may reject any or all proposals.

16 A company may seek to modify or withdraw a proposal only after the public opening and only
17 on the basis that the proposal contains an unintentional clerical error as opposed to an error in
18 judgment. A company seeking to modify or withdraw a proposal shall submit to the Committee a
19 written request, with facts and evidence in support of its position, prior to the award of the payroll
20 deduction slot, but not later than two days after the public opening of the proposals. The
21 Committee shall promptly review the request, examine the nature of the error, and determine
22 whether to permit or deny the request.

23 (d) Criminal Penalty. – It shall be a Class 3 misdemeanor for any State employee, who has
24 supervisory authority over any member of the Employee Insurance Committee, to attempt to
25 influence the autonomy of any Employee Insurance Committee either in the appointment of
26 members to such Committee or in the operation of such Committee; or for anyone to open a sealed
27 insurance product proposal or disclose or exhibit the contents of a sealed insurance product
28 proposal, prior to the public opening of the proposal. The Commissioner of Insurance shall have
29 the authority to investigate complaints alleging acts subject to the criminal penalty and shall report
30 his findings to the Attorney General of North Carolina.

31 (e) Report. – Each employee insurance committee shall report annually to the Office of
32 State Human Resources in a form and manner as the Office may direct, the names and terms of its
33 members, the insurance products offered to employees, the vendors providing those products, the
34 date when those products were last bid, and the premiums charged through payroll deduction for
35 those products."

36 **SECTION 2.** This act becomes effective July 1, 2016, and applies to the appointment
37 or reappointment and operation of Employee Insurance Committees on or after that date.