

May 21, 2008

H 2443. STATE HEALTH PLAN. Filed 5/21/08. *TO REWRITE GENERAL STATUTE PROVISIONS PERTAINING TO HEALTH AND LONG-TERM CARE BENEFITS FOR TEACHERS, STATE EMPLOYEES, RETIRED STATE EMPLOYEES, AND THEIR ELIGIBLE DEPENDENTS, AND PERTAINING TO THE NORTH CAROLINA HEALTH CHOICE PROGRAM.*

Recodifies Article 3 of GS Chapter 135 as Article 3A of GS Chapter 135 and changes the title from *Other Teacher; Employee Benefits; Child Health Benefits* to *Other Benefits for Teachers, State Employees, Retired State Employees, and Child Health*. Recodifies Part 3 of Article 3A of GS Chapter 135 as Part 3A of Article 3A of GS Chapter 135 and changes the title from *Comprehensive Major Medical Plan* to *State Health Plan*.

State Health Plan. Enacts a new section GS 135-39.12 to establish a State Health Plan for Teachers and State Employees (Plan) for the benefit of eligible employees, eligible retired employees, and certain eligible dependents. Provides that at least one of the group plans offered must be on a noncontributory basis and equal the coverage offered as of July 1, 2008, unless otherwise authorized by action of the General Assembly. Prohibits offering group plans on a partially contributory basis unless it includes additional benefits to this minimum. Allows the executive Administrator and the Board of Trustees of the State Health Plan for Teachers and State Employees (Board of Trustees) to operate group plans in some type of health organizational arrangement and offer plans on a noncontributory or partially contributory basis. Extends enrollment in the Plan to firefighters, rescue squad workers, and members of the National Guard and certain of their dependents who are not eligible for any other type of comprehensive group health insurance for at least six consecutive months. Allows the Executive Administrator to contract with claims processors and pharmacy benefits managers. Provides for payroll deduction.

Enacts new GS 135-39.13 to establish a general definition section.

Amends GS 135-40.2 (now recodified as GS 135-39.14) by requiring, on and after January 1, 1988, a retiring employee or retiree must have completed at least five years of contributory retirement service prior to retirement to be eligible for group benefits. Reorganizes statute into subsections by delineating individuals eligible for noncontributory coverage, partially contributory coverage, and fully contributory coverage. Deletes the provision limiting state funds contributed for optional coverage for employees and retirees on a partially contributory basis to no more than the Plan's total noncontributory premium for Employees Only coverage, with the person selecting the coverage paying the difference. Includes foster children as dependents if living in a regular parent-child relationship with the expectation of raising the child to adulthood and upon submitting evidence of the foster child relationship. Provides exceptions for extending dependant coverage beyond a child's 19th birthday.

Enacts a new section GS 135-39.15 which provides enrollment procedures and waiting periods.

Enacts a new section GS 135-39.19 to provide for prior approval procedures.

Amends GS 135-40.7, as amended, (now recodified as GS 135-39.20) by excluding reconstructive breast surgery following mastectomy from the definition of *cosmetic surgery or treatment*. Establishes requirements for the coverage of clinical trials, which must involve the treatment of life-threatening medical conditions, be clearly superior to available noninvestigational treatments, and have clinical and preclinical data to show it will be at least as effective as noninvestigational alternatives.

Amends GS 135-40.7B, as amended, (now recodified as GS 135-39.21) by adding licensed physicians and certified professionals working under the direct supervision of such physicians to the list of providers who may provide necessary care and treatment for mental health and chemical dependency in an outpatient setting under the Plan. Removes provision related to the use of outside preferred network providers for the treatment of chemical dependency.

Amends GS 135-40.10 (now recodified as GS 135-39.22) to revise the caption and authorizes an optional Medicare Advantage plan offered to a Medicare eligible Plan member.

Enacts a new GS 135-39.23 to authorize cost savings initiatives and incentive programs through: (1) coverage of over-the-counter medications, with limitations; and (2) incentive programs for change in lifestyle designed to improve health. Requires review by the Committee

on Employee Hospital and Medical Benefits (Committee) of proposed policies prior to implementing these programs.

Amends GS 135-40.11 (now recodified as GS 135-39.24) by deleting the exception that hospital benefits continue after cessation of coverage in the event of hospital confinement at the time coverage ends.

Effective July 1, 2008, except that effective through December 31, 2008, deductible and coinsurance amounts under the Plan will be 50% of the annual deductible and coinsurance amount to reflect the change from calendar to fiscal year effective January 1, 2009.

NC Health Choice Program. Amends GS 108A-70.20 by establishing NC Health Choice as the Health Insurance Program for Children. Repeals GS 108A-70.24 and GS 108A-70.27(c). Effective January 1, 2009.

Miscellaneous Substantive Changes. Amends GS 135-39.5 (now recodified as GS 135-38.7) by eliminating the annual increase in the annual deductible and annual aggregate maximum deductible, based on the CPI Medical Index, by the Board of Trustees

Amends GS 135-39.3, as amended, (now recodified as 135-37.3) by requiring the Legislative Services Commission and the Director of the Budget to authorize the employees that compromise the oversight team, which assists the Committee and the Director of the Budget.

Amends GS 135-39.6A, as amended, (now recodified as GS 135-38.9) by limiting state funds contributed for optional coverage for employees and retirees on a partially contributory basis to no more than the State Plan's total noncontributory premium for Employees Only coverage, with the person selecting the coverage paying the difference. Requires the Board of Trustees to consult on the premium and the optional coverage design with the Committee before imposing a partially contributory premium.

Amends GS 135-39.7 (now recodified as GS 135-38.10) by eliminating a self-funded health maintenance organization from being able to make a *determination* under the administrative review provision and clarifying that the Board of Trustees makes the final agency decision in cases contested under the APA. Amends GS 135-39.8 (now recodified as GS 135-38.11) to exempt rules created under this section from Article 2A of GS Chapter 150B (rule-making provision of the APA).

Technical Revisions. Amends GS 135-39.6 (now recodified as GS 135-38.8) by changing the caption and clarifying that the special funds established under this section are health benefit trust funds. Amends GS 135-39.11 (now recodified as GS 135-37.5) by changing the caption to clarify that the section applies to contract disputes not contested under the Administrative Procedure Act, GS Chapter 150B (APA). Makes clarifying and technical changes to GS 135-37 (now recodified as GS 135-37.1), GS 135-39.9 (now recodified as GS 135-37.4), GS 135-39.4A (now recodified as GS 135-38.5), GS 135-39.3, as amended, (now recodified as 135-37.3), and GS 135-39.2 (now recodified as GS 135-38.3). Makes technical, conforming, and clarifying changes to GS 150B-38(a), GS 150B-1(d)(7), as amended, GS 135-42, GS 135-41.1, GS 135-41(b), GS 135-40.11 (now recodified as GS 135-39.24), GS 135-40.10 (now recodified as GS 135-39.22), GS 135-40.7B, as amended, (now recodified as GS 135-39.21), GS 135-40.7, as amended, (now recodified as GS 135-39.20), GS 135-40.5, as amended, (now recodified as GS 135-39.18), GS 135-40.3, as amended, (now recodified as GS 135-39.16), GS 135-40.2 (now recodified as GS 135-39.14), GS 135-39.5 (now recodified as GS 135-38.7), GS 135-39.6A, as amended, (now recodified as GS 135-38.9), and GS 135-38 (now recodified as GS 135-37.2).

Amends GS 135-38 (now recodified as GS 135-37.2) by simplifying that members, other than the President Pro Tem. of the Senate and the Speaker of the House of Representatives, on the Committee on Employee Hospital and Medical Benefits serve a standard term of two years. Amends GS 135-39 (now recodified as GS 135-38.2) by making conforming and technical changes and clarifying that members of the Board of Trustees serve a standard term of two years.

Repeals section 31.24 of SL 2004-124, GS 135-40.6A, GS 135-40, and GS 135-40.1. Amends section 6 of SL 2006-249 to delete the July 1, 2009 expiration date. Effective July 1, 2008.

Repeals Part 5A of Article 3A of GS Chapter 135. Effective January 1, 2009.

Makes a conforming change to GS 150B-(d)(7), as amended. Effective July 1, 2009.

Unless otherwise indicated, effective July 1, 2008.

June 30, 2008

H 2443. STATE HEALTH PLAN. Filed 5/21/08. House committee substitute makes changes to 1st edition. To be summarized in tomorrow's *Daily Bulletin*.

July 1, 2008

H 2443. STATE HEATH PLAN. Filed 5/21/08. House committee substitute makes the following changes to 1st edition.

The first edition (1) recodified Article 3 of GS Chapter 135 as Article 3A of GS Chapter 135 and changed the title from *Other Teacher; Employee Benefits; Child Health Benefits to Other Benefits for Teachers, State Employees, Retired State Employees, and Child Health* and (2) recodified Part 3 of Article 3A of GS Chapter 135 as Part 3A of Article 3A of GS Chapter 135 and changed the title from *Comprehensive Major Medical Plan* to *State Health Plan*. The committee substitute makes a number of technical and conforming changes to identify provisions and references to those provisions consistent with the recodification.

Amends GS 135-39.5 (now recodified as GS 135-38.7) regarding the powers and duties of the Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan (Comprehensive Plan) to provide that the prompt payment requirements of GS 58-3-225 apply to the Comprehensive Plan.

Amends proposed new GS 135-39.13 (General Definitions) to clarify that *Plan* or *State Health Plan* refers to the North Carolina State Health Plan for Teachers and State Employees. Redefines the Plan year as beginning July 1 and ending on June 30 of the succeeding calendar year (was, begins January 1 and ends on December 31 of the succeeding year).

Amends GS 135-40.2 (now recodified as GS 135-39.14) to reinstate the North Carolina Symphony Society, Inc., and the North Carolina State Art Society, Inc., to the organizations required to pay the full cost of providing benefits under the State Health Plan as determined by the Board of Trustees for the Plan (both organizations were previously deleted in the first edition). Provides that eligibility for the benefits provided to vested members at the time of retirement or to members' spouses based on their employment with certain associations, organizations, and boards applies only to persons who were employed before July 1, 1983, as provided in GS 135-27(d).

Amends GS 135-40.7B (now recodified as GS 135-39.21) to clarify that certified professionals who provide necessary care and treatment for mental health issues must have training and experience in the care and treatment for mental health in order to be an approved provider under the Plan. Also requires training and experience in the care and treatment for chemical dependency for certified professionals who work as providers in the area of chemical dependency.

Requires, effective July 1, 2008, and expiring July 1, 2009, that the State Health Plan not limit the number of visits for covered services for physical therapy, occupational therapy, and speech therapy. Repeals SL 2007-323, Section 28.22A(j) (contains identical provision regarding limitations) and Section 28.22A(k) (sunsets (j) as of June 30, 2009).

Recodifies GS Chapter 135, Part 5 (Health Insurance Program for Children) under GS Chapter 135, Article 3A, as enacted by this act (was, recodifies GS 135-42 under GS Chapter 135, Article 3A, Part 5A). Amends GS 135-42 to identify the Health Insurance Program for Children as *North Carolina Health Choice for Children* (Health Choice Program). Makes conforming change to GS 108A-70.20. Directs that the Department of Health and Human Services (DHHS) administer the Health Choice Program. Directs the Secretary of DHHS to delegate, for a limited time period not to extend past July 1, 2010, the responsibility to administer and process benefit claims provided under the Program to the Executive Administrator (Administrator) and Board of Trustees (Board) of the State Health Plan. Provides that in administering benefits claims, the Administrator and Board are to have the same type of powers and duties as provided under the *Predecessor Plan* (the NC Teachers' and State Employees' Comprehensive Major Medical Plan in effect prior to July 1, 2008). Directs DHHS to make payments to the State Health Plan from state and federal appropriations for the costs incurred by

the State Health Plan in administration, claims processing, and other services in providing medical care for children who are eligible for benefits under the Health Choice Program. Directs that the State Health Plan is not to incur financial obligations for the Health Choice Program that exceed the amount of funds that the State Health Plan receives for the Health Choice Program. Effective July 1, 2008, additionally amends GS 135-42 to provide that the Health Choice Program benefits are to be equivalent to the *Predecessor Plan* in effect through June 30, 2008, as provided under GS Chapter 108A, Article 2, Part 8, and (2) effective July 1, 2010, repeals GS 135-42 as amended. Provides that notwithstanding the effective date (July 1, 2008) of the proposed changes in Section 5. (a) through (m), if Section 10.13 (NC Health Choice Transition) of House Bill 2436 (Modify Appropriations Act of 2007), is enacted effective July 1, 2008, then this section is repealed.

Enacts new GS 135-43 to establish a Child Health Insurance Fund. Directs that all receipts occurring or arising in connection with acute medical care benefits provided under the Health Choice Program be deposited into the Child Health Insurance Fund (Fund). Directs that disbursements from the Fund include amounts needed to pay the benefits and administrative costs of the Health Insurance Program for Children.

Enacts new GS 135-44 to clarify the data that the Administrator and Board for the State Health Plan must provide to DHHS regarding the operations of the Health Choice Program.

Amends GS 108A-70.18 to add a definition for *Predecessor Plan*. Effective when it becomes law. Makes conforming changes to incorporate new definitional term, *Predecessor Plan*, into GS 108A-70.21 and GS 108A-70.23. Adds provisions regarding benefit eligibility for selected over-the-counter medications. Directs that all providers, excluding prescription drug providers, provide services to children enrolled in the Health Choice Program at rates equivalent to 100% of Medicaid rates (was, 115%), minus any co-payments owed by the enrollee. Directs DHHS to establish cost-sharing limitations per individual or per family and to provide that a family who is receiving benefits does not have aggregate costs that exceed 5% of the family's income for the year involved. Provides that there is no lifetime maximum benefit limit for persons enrolled in the Health Choice Program. Further amends GS 108A-70.21 to provide that dental benefits are excluded for services *and materials* that do not meet the standards accepted by the American Dental Association. Effective July 1, 2009, amends GS 108A-70.21(b)(1) to clarify dental benefits covered under the Health Choice Program.

Repeals GS 108A-70.22 regarding the allocation of federal and state funds for the Program.

Makes conforming changes to GS 108A-70.23 (regarding services for children with special needs).

Repeals GS 108A-70.24 (regarding processing claims and payments).

Reinstates (was, repealed in first edition) and amends GS 108A-27(c) to require that DHHS report data (was, responsibility of State Health Plan to report data) on the Health Choice Program to the Joint Legislative Health Care Oversight Committee.

Amends GS 150B-44 (right to judicial intervention when decision unreasonably delayed) to provide that for purposes of seeking relief under this statute, the Board of Trustees of the NC State Health Plan for Teachers and State Employees is a *board*.

Makes additional conforming and technical changes. Unless otherwise noted, effective July 1, 2008.

July 9, 2008

H 2443. STATE HEALTH PLAN. Filed 5/21/08. Senate committee substitute makes the following changes to 2nd edition. Deletes Section 5 of the 2nd edition, consisting of the following related to the North Carolina Health Choice for Children: (1) recodification of GS Chapter 135, Part 5 under GS Chapter 135, Article 3A, (2) amendments to GS 135-42, (3) proposed new GS 135-43 establishing the Child Health Insurance Fund, (4) proposed new GS 135-44, (5) amendments to GS 108A-70.18, (6) amendments to GS 108A-70.20, (7) amendments to GS 108A-70.21, (8) repeal of GS 108A-70.22, (9) amendments to GS 108A-70.23, (10) repeal of GS 108A-70.24, (11) amendments to GS 108A-70.27, and (12) accompanying effective dates and repeal.

Removes the proposed language in GS 135-37.1(b) that would allow the release of information to the Department of Health and Human Services (DHHS) for the implementation of

the transition of NC Health Choice from the Plan to DHHS. Amends GS 135-39.14 (d)(1) to allow coverage of a dependent child to be extended past the 19th birthday if the dependent is a full time student, pursuing a normal workload of a full-time student at an accredited school or college, aged 19 years and one month through the end of the month following the student's 26th birthday (was, between the ages of 19 and 26).

Enacts new GS 135-38.5A to create the three member State Health Plan Administrative Commission (Commission). The members are to be appointed by the General Assembly beginning in 2008 for specified terms. Requires the Commissioner of Insurance or his designee to serve as the Commission's secretary. Requires the Commission to be located administratively in the Department of Insurance but the Commission is to exercise its powers independently of the Commissioner of Insurance. Provides for the filling of vacancies, the removal of members, election of chairs and vice-chairs, quorum, meetings, and travel allowance. Provides that effective the later of 10 days after the act becomes law or the appointment of at least two members of the State Health Plan Administrative Commission, GS 135-38.5(b), as recodified and rewritten by this act, is amended to require the Plan's Executive Administrator to be appointed by the State Health Plan Administrative Commission (was, the Commissioner of Insurance). Also makes conforming changes to give the Commission power to set terms of employment and salary, to remove the Executive Administrator from office, and to fill vacancies.

Makes conforming changes.

August 8, 2008

SL 2008-168 (H 2443). STATE HEALTH PLAN AN ACT TO REWRITE GENERAL STATUTE PROVISIONS PERTAINING TO HEALTH AND LONG-TERM CARE BENEFITS FOR TEACHERS, STATE EMPLOYEES, RETIRED STATE EMPLOYEES, AND THEIR ELIGIBLE DEPENDENTS. Summarized in *Daily Bulletin* 5/21/08, 7/1/08, and 7/9/08. Enacted August 4, 2008. Effective July 1, 2008.