

2011 General Assembly Session Update

DATE: March 23, 2011

SB 265 Receives a *Favorable Report* in Senate Appropriations Today

On Wednesday morning, the Senate rolled out a Proposed Committee Substitute, in Senate Appropriations having passed given the bill a Favorable Report in Senate Insurance on Tuesday, for Senate [Bill 265 State Health Plan/Appropriations and Transfer](#). The bill, with its new title, is now over 45 pages long.

Section 1 includes the State Appropriation to the General Fund of \$8,061,798 for 2011-2012 and \$101,782,670 for 2012-2013.

The following tables are provided to show you the cost implications for employees/retirees.

	Current Basic Plan (70/30)	2011-2012 Basic Plan (70/30)	2012-2013 Basic Plan (70/30)	Current Standard Plan (80/20)	2011-2012 Standard Plan (80/20)	2012-2013 Standard Plan (80/20)
Active Employee Contribution	\$0	\$10.86	\$11.43	\$0	\$21.72	\$22.85
Retiree (Non-Medicare) Contribution	\$0	\$0	\$0	\$0	\$21.72	\$22.85
Retiree (Medicare) Contribution	\$0	\$0	\$0	\$0	\$16.72	\$17.59

Basic Plan (70/30) Rates	2010-2011 Current Year	2011-2012 5.2% Increase	2012-2013 5.2% Increase
Employee/Retiree with Children	\$178.68	\$187.97	\$197.75
Employee/Retiree with Family	\$490.34	\$515.84	\$542.66

Standard Plan (80/20) Rates	2010-2011 Current Year	2011-2012 5.2% Increase	2012-2013 5.2% Increase
Employee/Retiree with Children	\$237.62	\$249.98	\$262.98
Employee/Retiree with Family	\$580.44	\$610.62	\$642.38

In addition, the deductibles are also increasing for the Basic Plan and the Standard Plan. For example the Standard Plan In-network annual deductible will increase from \$600 to \$700 for 2011-2012. Pharmacy charges will remain at \$10 for generics and other drug prescription co-pays will increase to \$40 for preferred brand, and \$64.00 for non-preferred brand. Other co-pay increases include \$30 for primary care In-network, and \$70 for In-network Specialist co-payment.

The Wellness Initiative is **Repealed** in the bill. The Wellness Initiative was part of the Health Plan. It stated that Health plan participants who were smokers or if they were overweight with a BMI index above a certain level, they would only be allowed into the Basic (70/30) Plan.

The bill provides for coverage of children up to 26 years of age in accordance with the Federal Affordable Care Act.

State Employer contribution rates for retirement and related benefits is 10.61 percent for Teachers and State Employees, University Employees and Community Colleges Optional Retirement System would be 12.66 percent with Medical and Hospital accounting for 5.0 percent and Disability and Death benefits 0.68 percent. The retirement portion will be 4.93 percent for teachers and state employees and university and community colleges will have a 6.98 percent employer contribution for retirement.

The maximum **Employer** contribution monthly payment for 2011-2012 for each employee or retiree Medicare eligible would be \$3,768 and non-Medicare eligible employees and retirees \$4,952. For 2012-2013 the Medicare eligible employer contribution would increase to \$3,965 and non-Medicare eligible would increase to \$5,211.

The Special Exemption from the public records law for the State Health Plan Contracts is changed to become a public document, except that the State Health Plan shall retain the trade secrets protections provided in existing statute. The Plan shall not award a cost plus percentage co cost agreement or contract for any purpose.

The State Health Plan is transferred to the State Treasurer effective January 1, 2012, though the Treasurer is given immediate authority to appoint an Executive Administrator. The State Health plan is being added to Chapter 135 of State Statutes and will include the following sections: 1) General Provisions, 2) Administrative Structure, 3) Plan Operation, 4) Eligibility and Enrollment, 5) Coverage Mandates and Exclusions; Other Mandates, 6) Long-Term Care Benefits.

Much of the remainder of the bill moves many of the State Health Plan Statutes to Article 3B of Chapter 135. A Board of Trustees (10 members) is appointed with the State Treasurer being one of the Board members. This issue is still under discussion since the Treasurer is not in agreement with the Board of Trustees composition.

As part of the law the powers and duties of the State Treasurer will be in G.S. 135-48.30. and include setting benefits, premium rates, co-pays, deductibles, and coinsurance maximums. These are only a small list of the powers and duties. The Board of Trustees was changed today, to now include 8 members: 2 Governor appointments, 2 House appointments, 2 Senate appointments, and 2 Treasurer appointments. Some of the members will be appointed from State associations representing employees and retirees.

SB 265 is expected to be on the Senate Floor for a vote on Thursday, March 25, 2011. The General Assembly has targeted completion of this bill by April 1, 2011 in order to give the State health Plan a chance to notify employees and retirees of the changes to their plan and benefits prior to July 1, 2011 when they go into effect.