

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 751
Select Committee on Employee Hospital and Medical Benefits Committee
Substitute Adopted 5/31/05

Short Title: State Health Plan/Options.

(Public)

Sponsors:

Referred to:

April 11, 2005

A BILL TO BE ENTITLED

1 AN ACT TO MAKE CHANGES TO THE TEACHERS' AND STATE EMPLOYEES'
2 COMPREHENSIVE MAJOR MEDICAL PLAN IN ORDER TO PROVIDE
3 AFFORDABLE HEALTH BENEFIT OPTIONS TO COVERED EMPLOYEES.
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5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** G.S. 135-39.5B reads as rewritten:

7 "**§ 135-39.5B. Prepaid plans.**

8 (a) The Executive Administrator and Board of Trustees may, after consultation
9 with the Committee on Employee Hospital and Medical Benefits, provide for optional
10 prepaid hospital and medical benefits plans. Benefits offered under such optional plans
11 shall be comparable to those offered under the Plan. The amounts of State funds
12 contributed for such optional plans shall not be more than the amounts contributed for
13 each person eligible under G.S. 135-40.2 on a noncontributory Employee Only basis,
14 with the person selecting an optional plan paying any excess, if necessary. The amount
15 of State funds contributed to such optional plans shall also not exceed the amount of an
16 optional plan's cost for Employee Only coverage. The Executive Administrator and
17 Board of Trustees are authorized to assess and collect fees from participating optional
18 plans provided by this section for administrative purposes and for risk management
19 purposes. Such fees may be based upon the enrollees' risk factors and the number and
20 types of contracts enrolled by each participating optional plan, and may be collected by
21 the Plan in a manner prescribed by the Executive Administrator and Board of Trustees.
22 In no instance shall benefits be paid under Part 3 of this Article for persons enrolled in
23 an optional prepaid hospital and medical benefit plan authorized under this section on
24 and after the effective date of enrollment in the optional prepaid plan, except in cases of
25 continuous hospital confinement approved by the Executive Administrator.

26 (b) The Executive Administrator and Board of Trustees may, after consulting
27 with the Committee on Employee Hospital and Medical Benefits, adopt an arrangement
28 for an optional prepaid hospital and medical benefits program other than the one

1 specified in subsection (a) of this section. The optional program may include one that is
2 purchased or underwritten by the State, and may be a PPO, HMO, or other type optional
3 program. Optional programs under this section are not subject to benefits and
4 cost-sharing requirements under G.S. 135-40.5 through G.S. 135-40.9. Contracts for an
5 optional program under this subsection are not subject to Article 3 of Chapter 143 of the
6 General Statutes."

7 **SECTION 1.(b)** G.S. 135-40.4(a) reads as rewritten:

8 **"§ 135-40.4. Benefits in general.**

9 (a) In the event a covered person, as a result of accidental bodily injury, disease
10 or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts
11 described in G.S. 135-40.5 through G.S. 135-40.9.

12 The Plan is divided into two parts. The first part includes certain benefits which are
13 not subject to a deductible or coinsurance. The second part is a comprehensive plan and
14 includes those benefits which are subject to both a three hundred fifty dollar (\$350.00)
15 deductible for each covered individual to an aggregate maximum of one thousand fifty
16 dollars (\$1,050) per employee and child(ren) or employee and family coverage contract
17 and coinsurance of 80%/20%. There is a limit on out-of-pocket expenses under the
18 second part.

19 Notwithstanding the provisions of this Article, the Executive Administrator and
20 Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical
21 Plan may contract with providers of institutional and professional medical care and
22 services to established preferred provider networks. The terms pertaining to
23 reimbursement rates or other terms of consideration of any contract between hospitals,
24 hospital authorities, doctors or other medical providers, an optional program contract
25 authorized under G.S. 135-39B(b), or a pharmacy benefit manager and the Plan shall
26 not be a public record under Chapter 132 of the General Statutes for a period of thirty
27 months after the date of the expiration of the contract. Provided, however, nothing in
28 this subsection shall be deemed to prevent or restrict the release of any information
29 made not a public record under this subsection to the State Auditor, the Attorney
30 General, the Director of the State Budget, the Plan's Executive Administrator, and the
31 Committee on Employee Hospital and Medical Benefits solely and exclusively for their
32 use in the furtherance of their duties and responsibilities. The design, adoption, and
33 implementation of the preferred provider contracts and networks are not subject to the
34 requirements of Chapter 143 of the General Statutes, provided that for any hospital
35 preferred provider network all hospitals will have an opportunity to contract with the
36 Plan if they meet the contract requirements. The Executive Administrator and Board of
37 Trustees shall, under the provisions of G.S. 135-39.5(12), pursue such preferred
38 provider contracts on a timely basis and shall make reports as requested to the President
39 of the Senate, the President Pro Tempore of the Senate, the Speaker of the House of
40 Representatives, and the Committee on Employee Hospital and Medical Benefits on its
41 progress in negotiating the preferred provider contracts. The Executive Administrator
42 and Board of Trustees shall implement a refined diagnostic-related grouping or
43 diagnostic-related grouping-based reimbursement system for hospitals as soon as
44 practicable, but no later than January 1, 1995."

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SECTION 2. This act becomes effective July 1, 2005.