

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 402*

Short Title: TRICARE Supplement for Flex Accounts. (Public)

Sponsors: Representatives Szoka, Dockham, Ramsey, and Floyd (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: State Personnel, if favorable, Appropriations.

March 21, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW A TRICARE SUPPLEMENT FOR FLEXIBLE COMPENSATION
3 PLANS OFFERED BY THE STATE.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 115C-341.1 reads as rewritten:

6 "§ 115C-341.1. Flexible Compensation Plan.

7 Notwithstanding any other provisions of law relating to the salaries of employees of local
8 boards of education, the State Board of Education is authorized to provide a plan of flexible
9 compensation to eligible employees of local school administrative units for benefits available
10 under Section 125 and related sections of the Internal Revenue Code of 1986 as amended. This
11 plan shall not include those benefits provided to employees under Articles 1, ~~3~~, 3B, and 6 of
12 Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any other leave that
13 may be carried forward from year to year by employees as a form of deferred compensation.
14 The plan may, however, offer a TRICARE supplement. In providing a plan of flexible
15 compensation, the State Board may authorize local school administrative units to enter into
16 agreements with their employees for reductions in the salaries of employees electing to
17 participate in the plan of flexible compensation provided by this section. Should the State
18 Board decide to contract with a third party to administer the terms and conditions of a plan of
19 flexible compensation as provided by this section, it may select such a contractor only upon a
20 thorough and completely advertised competitive procurement process."

21 SECTION 2. G.S. 115D-25.2 reads as rewritten:

22 "§ 115D-25.2. Flexible Compensation Plan.

23 Notwithstanding any other provisions of law relating to the salaries of employees of
24 community college boards of trustees, the State Board of Community Colleges is authorized to
25 provide a plan of flexible compensation to eligible employees of constituent institutions for
26 benefits available under Section 125 and related sections of the Internal Revenue Code of 1986
27 as amended. This plan shall not include those benefits provided to employees under Articles 1,
28 ~~3~~, 3B, and 6 of Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any
29 other leave that may be carried forward from year to year by employees as a form of deferred
30 compensation. The plan may, however, offer a TRICARE supplement. In providing a plan of
31 flexible compensation, the State Board may authorize constituent institutions to enter into
32 agreements with their employees for reductions in the salaries of employees electing to
33 participate in the plan of flexible compensation provided by this section. With the approval of
34 the Director of the Budget, savings in the employer's share of contributions under the Federal
35 Insurance Contributions Act on account of the reduction in salary may be used to pay some or



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1 all of the administrative expenses of the program. Should the State Board decide to contract
2 with a third party to administer the terms and conditions of a plan of flexible compensation as
3 provided by this section, it may select such a contractor only upon a thorough and completely
4 advertised competitive procurement process."

5 **SECTION 3.** G.S. 116-17.2 reads as rewritten:

6 "**§ 116-17.2. Flexible Compensation Plan.**

7 Notwithstanding any other provisions of law relating to the salaries of employees of The
8 University of North Carolina, the Board of Governors of The University of North Carolina is
9 authorized to provide a plan of flexible compensation to eligible employees of constituent
10 institutions for benefits available under Section 125 and related sections of the Internal
11 Revenue Code of 1986 as amended. This plan shall not include those benefits provided to
12 employees under Articles 1, ~~3~~, 3B, and 6 of Chapter 135 of the General Statutes nor any
13 vacation leave, sick leave, or any other leave that may be carried forward from year to year by
14 employees as a form of deferred compensation. The plan may, however, offer a TRICARE
15 supplement. In providing a plan of flexible compensation, the Board of Governors may
16 authorize constituent institutions to enter into agreements with their employees for reductions
17 in the salaries of employees electing to participate in the plan of flexible compensation
18 provided by this section. With the approval of the Director of the Budget, savings in the
19 employer's share of contributions under the Federal Insurance Contributions Act on account of
20 the reduction in salary may be used to pay some or all of the administrative expenses of the
21 program. Should the Board of Governors decide to contract with a third party to administer the
22 terms and conditions of a plan of flexible compensation as provided by this section, it may
23 select such a contractor only upon a thorough and completely advertised competitive
24 procurement process."

25 **SECTION 4.** G.S. 126-95(b) reads as rewritten:

26 "(b) Notwithstanding any other provisions of law relating to the salaries of officers and
27 employees of departments, institutions, and agencies of State government, the Director of the
28 Budget may provide a plan of flexible compensation to eligible officers and employees of State
29 departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 for
30 benefits available under section 125 and related sections of the Internal Revenue Code of 1986,
31 as amended. This plan shall not replace, substitute for, or duplicate any benefits provided to
32 employees and officers under Article 1A of Chapter 120 of the General Statutes and Articles 1,
33 ~~3~~, 3B, 4, and 6 of Chapter 135 of the General Statutes. The plan may, however, include
34 offerings for products and benefits that are supplemental or additional to these statutory
35 benefits. The plan may also offer a TRICARE supplement. In providing a plan of flexible
36 compensation, the Director of the Budget may authorize State departments, institutions, and
37 agencies to enter into agreements with their employees for reductions in the salaries of
38 employees electing to participate in the plan of flexible compensation provided by this section.
39 With the approval of the Director of the Budget, savings in the employer's share of
40 contributions under the Federal Insurance Contributions Act on account of the reduction in
41 salary may be used to pay some or all of the administrative expenses of the program. Should
42 the Director of the Budget decide to contract with a third party to administer the terms and
43 conditions of a plan of flexible compensation as provided by this section, it may select such a
44 contractor only upon a thorough and completely advertised competitive procurement process."

45 **SECTION 5.** Any State entity that decides to offer a TRICARE supplement option
46 shall use a competitive bid process to award contracts to any third-party provider. The NC Flex
47 plan administered by the Office of State Personnel shall offer a TRICARE supplement no later
48 than January 1, 2015.

49 **SECTION 6.** This act is effective when it becomes law.