

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 402\*  
Second Edition Engrossed 5/7/13  
Senate Pensions & Retirement and Aging Committee Substitute Adopted 6/25/13

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

Sponsors:

Referred to:

March 21, 2013

A BILL TO BE ENTITLED

AN ACT TO REQUIRE A TRICARE SUPPLEMENT TO BE OFFERED IF A PLAN OF FLEXIBLE COMPENSATION IS OFFERED BY THE STATE.

The General Assembly of North Carolina enacts:

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

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

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

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

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

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



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1 salary may be used to pay some or all of the administrative expenses of the program. Should  
2 the State Board decide to contract with a third party to administer the terms and conditions of a  
3 plan of flexible compensation as provided by this section, it may select such a contractor only  
4 upon a thorough and completely 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. If a plan of flexible compensation is offered,  
15 then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the  
16 Board of Governors may authorize constituent institutions to enter into agreements with their  
17 employees for reductions in the salaries of employees electing to participate in the plan of  
18 flexible compensation provided by this section. With the approval of the Director of the  
19 Budget, savings in the employer's share of contributions under the Federal Insurance  
20 Contributions Act on account of the reduction in salary may be used to pay some or all of the  
21 administrative expenses of the program. Should the Board of Governors decide to contract with  
22 a third party to administer the terms and conditions of a plan of flexible compensation as  
23 provided by this section, it may select such a contractor only upon a thorough and completely  
24 advertised competitive 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. If a plan of flexible compensation is offered, then a TRICARE supplement shall be  
36 offered. In providing a plan of flexible compensation, the Director of the Budget may authorize  
37 State departments, institutions, and agencies to enter into agreements with their employees for  
38 reductions in the salaries of employees electing to participate in the plan of flexible  
39 compensation provided by this section. With the approval of the Director of the Budget,  
40 savings in the employer's share of contributions under the Federal Insurance Contributions Act  
41 on account of the reduction in salary may be used to pay some or all of the administrative  
42 expenses of the program. Should the Director of the Budget decide to contract with a third  
43 party to administer the terms and conditions of a plan of flexible compensation as provided by  
44 this section, it may select such a contractor only upon a thorough and completely advertised  
45 competitive procurement process."

46 **SECTION 5.** State entities shall use a competitive bid process to award contracts  
47 to third-party providers for TRICARE supplement options. The NC Flex plan administered by  
48 the Office of State Personnel shall offer a TRICARE supplement no later than January 1, 2015.

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