HOUSE BILL 928

Short Title:	State Health Plan Solvency Reform Act.	(Public)
Sponsors:	Representatives Folwell, Murry, Dollar, and Jordan (Primary Sponsors). For a complete list of Sponsors, see Bill Information on the NCGA Web Site.	
Referred to:	State Personnel, if favorable, Finance.	

May 5, 2011

A BILL TO BE ENTITLED

AN ACT TO REFORM THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1. Definitions. – For purposes of this act, the following definitions apply:

(1) Claims Processor. – Defined in G.S. 135-45.

(2) Plan or State Health Plan. – The State Health Plan for Teachers and State Employees established in Article 3A of Chapter 135 of the General Statutes.

SECTION 2. New coverage category. – G.S. 135-45.2 is amended by adding a new subsection to read:

"(c1) Non-Medicare Eligible at Least Age 65. – Retired employees and retirees who (i) would otherwise qualify for coverage under subsections (a) through (c) of this section and (ii) are at least age 65 but do not yet qualify for Medicare, shall instead be eligible under this section. The Plan shall set premium contribution rates for retirees who qualify under this section equal to the difference between the total premium for pre-Medicare retiree coverage and the employer contribution for post-Medicare retiree coverage under subsections (a) through (c) of this section."

SECTION 3. Member audits. – G.S. 135-45.11 is amended by adding a new subsection to read:

"(c) Member Audits of Bills. – The Executive Administrator and Board of Trustees shall adopt an incentive program to encourage Plan members to find errors in medical billing in which a member shall be entitled to a payment in an amount equal to ten percent (10%) of the savings that member finds."

SECTION 4. Subrogation by Plan. – G.S. 135-45.14 reads as rewritten:

"(g) Right of Recovery. – Whenever payments have been made by the Plan or its Claims Processor with respect to covered services in a total amount which is, at any time, in excess of the maximum amount of payment necessary at that time to satisfy the intent of this provision, irrespective of to whom paid, the Plan or its Claims Processor shall have the right to recover such payments, to the extent of such excess, from among one or more of the following, as the Plan or its Claims Processor shall determine: any persons to or for or with respect to whom such payments were made, any insurance companies, or any other organizations."

SECTION 5. Accident questionnaires. – G.S. 135-45.11 is amended by adding a new subsection to read:

"(d) Identification of Third-Party Tortfeasors. – In order to determine the identity of third parties responsible for injuries to Plan members, the Plan or its Claims Processor shall send a questionnaire to Plan members when paying any claim for trauma or similar types of treatment that commonly result from accidents. The questionnaire shall be similar to that used by private insurance companies to identify third parties responsible for injuries to insured parties."

SECTION 6. Calendar year. – (a) Effective January 1, 2013, G.S. 135-45.1(21) reads as rewritten:

"(21) Plan year. – The period beginning ~~July 1~~ January 1 and ending on ~~June 30~~ December 31 of the ~~succeeding~~ same calendar year."

SECTION 6.(b) July 1, 2012, through December 31, 2012, shall operate as a six-month plan year in which deductibles and out-of-pocket maximums shall be half of the prior year's deductibles and out-of-pocket maximums. In setting rates for this half year, the Plan is authorized to deviate from this section if necessary to maintain grandfather status under the Patient Protection and Affordable Care Act, P.L. 111-148, as amended.

SECTION 7. Detection of fraud and abuse. – G.S. 135-45.11 is amended by adding a new subsection to read:

"(e) Fraud Detection. – The Plan and its Claims Processor shall analyze claims prior to making payments in an effort to detect patterns of fraud and abuse."

SECTION 8. Golden LEAF transfer. – There is hereby transferred from the Golden LEAF Foundation the sum of seventy-five million dollars ($75,000,000) to the Golden LEAF to State Health Plan Transfer Reserve, a new reserve in the Office of State Budget and Management. On July 1 of 2011, 2012, 2013, 2014, and 2015, the Office of State Budget and Management shall transfer the sum of fifteen million dollars ($15,000,000) from the Golden LEAF to State Health Plan Transfer Reserve to the Reserve for the State Health Plan in the Office of State Budget and Management to be used to reduce the cost of dependent coverage during those years, as set forth in the complaint State of North Carolina vs. Phillip Morris, R.J. Reynolds, et al., as filed by Attorney General Michael F. Easley, which states that the settlement will be used to cover "Damages for the past and future medical costs paid by North Carolina to medical assistance beneficiaries, State employees, and others for treatment of tobacco-related illnesses." The Executive Administrator of the State Health Plan is encouraged to use the funds transferred from the Golden LEAF Foundation pursuant to this section to develop and offer a high-deductible maternity benefit option with a Health Savings Account.

SECTION 9. Unless otherwise specified, this act becomes effective July 1, 2011.