

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 1091
SENATE BILL 1620

AN ACT TO REQUIRE ACTUARIAL NOTES FOR CHANGES IN HEALTH, DISABILITY, AND RELATED BENEFITS FOR TEACHERS AND STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 120-112 reads as rewritten:

"§ 120-112. **Title.** This Article may be cited as the '~~Retirement Systems~~ Legislative Actuarial Note Act'."

Sec. 2. G.S. 120-113 reads as rewritten:

"§ 120-113. **Duties and functions of Fiscal Research Division.** – (a) The Fiscal Research Division of the Legislative Services Commission of the General Assembly shall have authority to evaluate on a continuing basis all aspects of any State, municipal, or other retirement system, funded in whole or in part out of public funds, and all aspects of any program of hospital, medical, disability, or related benefits provided for teachers and State employees, funded in whole or in part by State funds, as to actuarial soundness. The Fiscal Research Division shall make periodic detailed reports ~~both~~ to the General Assembly ~~and the Governor~~ specifically setting forth the findings of such evaluations. In conducting its evaluations the division shall have complete access ~~to all books and accounts of the retirement systems~~ without charge to all books, accounts, and personnel of the retirement systems, and to all books, accounts, and personnel of agencies and contractors charged with providing programs of hospital, medical, disability, or related benefits for teachers and State employees.

(b) No provision of this Article shall be deemed or in any way construed to preclude the authority of any retirement system funded in whole or in part out of public funds to hire an actuary for any such retirement system. No provision of this Article shall be deemed or in any way construed to preclude the authority of any program of hospital, medical, disability, or related benefits provided for teachers and State employees, funded in whole or in part by State funds, to hire an actuary for any such program.

(c) The Fiscal Research Division shall, in addition to the powers and functions conferred by this Article, render such assistance as the Legislative Services Commission may require with respect to any other matter requiring actuarial evaluations."

Sec. 3. G.S. 120-114 reads as rewritten:

"§ 120-114. **Actuarial notes.** – (a) Every bill, joint resolution, and simple or concurrent resolution introduced in the General Assembly proposing any change in the law relative to any State, municipal, or other retirement system, funded in whole or in part out of

public funds, or any program of hospital, medical, disability, or related benefits provided for teachers and State employees, funded in whole or in part by State funds, shall have attached to it at the time of its consideration by any committee of either house of the General Assembly a brief explanatory statement or note which shall include a reliable estimate of the financial and actuarial effect of the proposed change in any such retirement system or program of hospital, medical, disability, or related benefits. This actuarial note shall be attached to the original of each proposed bill or resolution which is reported favorably by any committee of either house of the General Assembly, but shall be separate therefrom, shall be clearly designated as an actuarial note and shall not constitute a part of the law or other provisions or expression of legislative intent proposed by the bill or resolution.

(b) The author of each bill or resolution shall present a copy of the bill or resolution, with his request for an actuarial note, to the Fiscal Research Division which shall have the duty to prepare said actuarial note as promptly as possible. Actuarial notes shall be prepared ~~in the order of receipt of request for such notes but shall be and~~ transmitted to the author or authors ~~of the measure in quintuplicate~~ no later than two weeks after the request for the actuarial note is made, unless an extension of time is agreed to by the author or authors as being necessary in preparation of the note. Any person who signs an actuarial note knowing it to contain false information shall be fined not more than five hundred dollars (\$500.00) or imprisoned not more than six months, or both.

(c) The author of each bill or resolution shall also present a copy of the bill or resolution to any actuary employed by the retirement system, or to any actuary employed by a program of hospital, medical, disability, or related benefits provided for teachers and State employees, affected by the bill or resolution in question. ~~Such actuary shall prepare an actuarial note and transmit it to~~ Actuarial notes shall be prepared and transmitted to the author or authors of the measure in quintuplicate no later than two weeks after the request for the actuarial note is received, unless an extension of time is agreed to by the author or authors as being necessary in preparation of the note. Any person who signs an actuarial note knowing it to contain false information shall be fined not more than five hundred dollars (\$500.00) or imprisoned not more than six months, or both. The provisions of this subsection may be waived for any local government retirement or pension plans not administered by the State, and for any local government program of hospital, medical, disability, or related benefits for local government employees not administered by the State.

(d) The note shall be factual and shall, if possible, provide a reliable estimate of both the immediate effect and, if determinable or reasonably foreseeable, the long range fiscal and actuarial effect of the measure. If, after careful investigation, it is determined that no dollar estimate is possible, the note shall contain a statement to that effect, setting forth the reasons why no dollar estimate can be given. No comment or opinion shall be included in the actuarial note with regard to the merits of the measure for which the note is prepared. However, technical and mechanical defects may be noted.

(e) At any time any committee of either house reports any legislative instrument, to which an actuarial note or notes are attached at the time of committee consideration,

with any amendment of such nature as would substantially affect the cost to or the revenues of any retirement system, or program of hospital, medical, disability, or related benefits for teachers and State employees, as stated in the actuarial note or notes attached to the measure at the time of such consideration, it shall be the responsibility of the chairman of the committee reporting such instrument to obtain from the Fiscal Research Division an actuarial note of the fiscal and actuarial effect of the change proposed by the amendment reported. Such actuarial note shall be attached to the report of the committee on the measure as a supplement thereto. A floor amendment to a bill or resolution to which an actuarial note was attached at the time of committee consideration of the bill or resolution shall not be in order, if the amendment affects the costs to or the revenues of a retirement system, or program of hospital, medical, disability, or related benefits provided for teachers and State employees, unless the amendment is accompanied by an actuarial note, prepared by the Fiscal Research Division, as to the actuarial effect of the amendment."

Sec. 4. G.S. 120-112.5 reads as rewritten:

"(5) Analyze each item of proposed pension and retirement legislation in accordance with Article 15 of Chapter 120 of the General Statutes, ~~'The Retirement Systems Actuarial Note Act.'~~"

Sec. 5. G.S. 135-39.5 reads as rewritten:

"§ 135-39.5. Powers and duties of the Executive Administrator and Board of Trustees. – The Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall have the following powers and duties:

- (1) Supervising and monitoring of the Claims Processor.
- (2) Providing for enrollment of employees in the Plan.
- (3) Communicating with employees enrolled under the Plan.
- (4) Communicating with health care providers providing services under the Plan.
- (5) Making payments at appropriate intervals to the Claims Processor for benefit costs and administrative costs.
- (6) Conducting administrative reviews under G.S. 135-39.7.
- (7) Annually assessing the performance of the Claims Processor.
- (8) Preparing and submitting to the Governor and the General Assembly cost estimates for the health benefits plan, including those required by Article 15 of Chapter 120 of the General Statutes.
- (9) Recommending to the Governor and the General Assembly changes or additions to the health benefits program and health care cost containment programs, together with statements of financial and actuarial effects as required by Article 15 of Chapter 120 of the General Statutes.
- (10) Working with State employee groups to improve health benefit programs.
- (12) Determining basis of payments to health care providers, including payments in accordance with G.S. 58-260.6.
- (13) Requiring bonding of the Claims Processor in the handling of State funds.

(15) In case of termination of the contract under G.S. 135-39.5A, to select a new Claims Processor, after competitive bidding procedures approved by the Department of Administration.

(16) Notwithstanding the provisions of Part 3 of this Article, to formulate and implement cost-containment measures which are not in direct conflict with that Part.

(17) Implementing pilot programs necessary to evaluate proposed cost containment measures which are not in direct conflict with Part 3 of this Article, and expending funds necessary for the implementation of such programs.

(18) Authorizing coverage for alternative forms of care not otherwise provided by the Plan in individual cases when medically necessary, medically equivalent to services covered by the Plan, and when such alternatives would be less costly than would have been otherwise."

Sec. 6. This act shall become effective January 1, 1989.

In the General Assembly read three times and ratified this the 8th day of July, 1988.