

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S

1

SENATE BILL 331

Short Title: GPAC/Health Benefits-Premiums.

(Public)

Sponsors: Senator Martin of Guilford.

Referred to: Government Performance Audit.

February 23, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT PERFORMANCE AUDIT COMMITTEE WITH REGARDS TO BENEFITS PROVIDED THROUGH THE TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN AND RELATED BENEFIT PLANS.-2

The General Assembly of North Carolina enacts:

Section 1. Effective October 1, 1993, G.S. 135-40.2 reads as rewritten:

"§ 135-40.2. Eligibility.

(a) The following persons are eligible for coverage under the Plan, on a ~~noncontributory~~ partially contributory basis, subject to the provisions of G.S. 135-40.3:

(1) All permanent full-time employees of an employing unit who meet the following conditions:

- a. Paid from general or special State funds, or
b. Paid from non-State funds and in a group for which his or her employing unit has agreed to provide coverage.

Employees of State agencies, departments, institutions, boards, and commissions not otherwise covered by the Plan who are employed in permanent job positions on a recurring basis and who work 30 or more hours per week for nine or more months per calendar year are covered by the provisions of this subdivision.

(1a) Permanent hourly employees as defined in G.S. 126-5(c4) who work at least one-half of the workdays of each pay period.

- 1 (2) Retired teachers, State employees, members of the General Assembly,
2 and retired State law enforcement officers who retired under the Law
3 Enforcement Officers' Retirement System prior to January 1, 1985,
4 when Medicare is not eligible to be the primary payer of health
5 benefits, and when the aforementioned teachers, State employees,
6 members of the General Assembly, and State law enforcement officers
7 had 10 or more but less than 30 years of retirement service credit at
8 retirement.
- 9 (2a) ~~Surviving~~ When Medicare is not the primary payer of health benefits,
10 and when the referenced deceased teachers, State employees, members
11 of the General Assembly, and deceased retired employees had 10 or
12 more but less than 30 years of retirement service credit at retirement,
13 the surviving spouses of:
- 14 a. Deceased retired employees, provided the death of the former
15 Plan member occurred prior to October 1, 1986; and
- 16 b. Deceased teachers, State employees, and members of the
17 General Assembly who are receiving a survivor's alternate
18 benefit under any of the State-supported retirement programs,
19 provided the death of the former plan member occurred prior to
20 October 1, 1986.
- 21 (3) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s. 29(b),
22 effective January 1, 1988.
- 23 (3a) Employees of the General Assembly, not otherwise covered by this
24 section, as determined by the Legislative Services Commission, except
25 for legislative interns and pages.
- 26 (4) Members of the General Assembly.
- 27 (b) The following person shall be eligible for coverage under the Plan, on a fully
28 contributory basis, subject to the provisions of G.S. 135-40.3:
- 29 (1) Repealed by Session Laws 1983, c. 761, s. 255, effective upon the
30 convening of the 1985 Regular Session.
- 31 (2) Former members of the General Assembly who enroll before October
32 1, 1986.
- 33 (2a) For enrollments after September 30, 1986, former members of the
34 General Assembly if covered under the Plan at termination of
35 membership in the General Assembly.
- 36 (3) Surviving spouses of deceased former members of the General
37 Assembly who enroll before October 1, 1986.
- 38 (3a) Employees of the General Assembly, not otherwise covered by this
39 section, as determined by the Legislative Services Commission, except
40 for legislative interns and pages.
- 41 (3b) For enrollments after September 30, 1986, surviving spouses of
42 deceased former members of the General Assembly, if covered under
43 the Plan at the time of death of the former member of the General
44 Assembly.

- 1 (4) All permanent part-time employees (designated as half-time or more)
2 of an employing unit who meets the conditions outlined in subdivision
3 (a)(1)a above, and who are not covered by the provisions of G.S. 135-
4 40.2(a)(1).
- 5 (4a) Permanent hourly employees as defined in G.S. 126-5(c4) who work
6 less than one-half of the workdays of each pay period.
- 7 (5) The spouses and eligible dependent children of enrolled employees,
8 retirees, and members of the General Assembly.
- 9 (6) Blind persons licensed by the State to operate vending facilities under
10 contract with the Department of Human Resources, Division of
11 Services for the Blind and its successors, who are:
- 12 a. Operating such a vending facility;
- 13 b. Former operators of such a vending facility whose service as an
14 operator would have made these operators eligible for an early
15 or service retirement allowance under Article 1 of this Chapter
16 had they been members of the Retirement System; and
- 17 c. Former operators of such a vending facility who attain five or
18 more years of service as operators and who become eligible for
19 and receive a disability benefit under the Social Security Act
20 upon cessation of service as an operator.
- 21 (7) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s. 29(j),
22 effective October 1, 1986.
- 23 (8) Surviving spouses of deceased retirees and surviving spouses of
24 deceased teachers, State employees, and members of the General
25 Assembly provided the death of the former Plan member occurred
26 after September 30, 1986, and the surviving spouse was covered under
27 the Plan at the time of death.
- 28 (9) Repealed by Session Laws 1987, c. 857, s. 11.1.
- 29 (10) Any eligible dependent child of the deceased retiree, teacher, State
30 employee, or member of the General Assembly, provided the child
31 was covered at the time of death of the retiree, teacher, State
32 employee, or member of the General Assembly (or was in posse at the
33 time and is covered at birth under this Part), or was covered under the
34 Plan on September 30, 1986. Any eligible spouse or dependent child of
35 a person eligible under subdivision (8) of this subsection if the spouse
36 or dependent child was enrolled before October 1, 1986.
- 37 (11) Retired teachers, State employees, members of the General Assembly,
38 and retired State law enforcement officers who retired under the Law
39 Enforcement Officers' Retirement System prior to January 1, 1985,
40 who had less than 10 years of retirement service credit at retirement.
- 41 (12) Surviving spouses of deceased teachers, State employees, members of
42 the General Assembly, and deceased retired employees with less than
43 10 years of retirement service credit at retirement when the spouses
44 survived:

- 1 a. Deceased retired employees, provided the death of the former Plan
2 member occurred prior to October 1, 1986; and
3 b. Deceased teachers, State employees, and members of the General
4 Assembly who are receiving a survivor's alternate benefit under
5 any of the State-supported retirement programs, provided the
6 death of the former Plan member occurred prior to October 1,
7 1986.

8 (b1) The following persons shall be eligible for coverage under the Plan, on a
9 noncontributory basis, subject to the provisions of G.S. 135-40.3, when Medicare is the
10 primary payer of health benefits, and when the referenced retired or deceased teachers,
11 State employees, members of the General Assembly, and State law enforcement officers
12 had 30 or more years of retirement service credit at retirement or at the time of death:

13 (1) Retired teachers, State employees, members of the General Assembly,
14 and retired State law enforcement officers who retired under the Law
15 Enforcement Officers' Retirement System prior to January 1, 1985.

16 (2) Surviving spouses of:

- 17 a. Deceased retired employees, provided the death of the former
18 Plan member occurred prior to October 1, 1986; and
19 b. Deceased teachers, State employees, and members of the
20 General Assembly who are receiving a survivor's alternate
21 benefit under any of the State-supported retirement programs,
22 provided the death of the former Plan member occurred prior to
23 October 1, 1986.

24 (c) No person shall be eligible for coverage as an employee or retired employee
25 and as a dependent of an employee or retired employee at the same time. In addition,
26 no person shall be eligible for coverage as a dependent of more than one employee or
27 retired employee at the same time.

28 (d) Former employees who are receiving disability retirement benefits or
29 disability income benefits pursuant to Article 6 of Chapter 135 of the General Statutes,
30 provided the former employee has at least five years of retirement membership service
31 at the time of disability, shall be eligible for the benefit provisions of this Plan, as set
32 forth in this Part, on the same basis as a retired employee. Such coverage shall
33 terminate as of the end of the month in which such former employee is no longer
34 eligible for disability retirement benefits or disability income benefits pursuant to
35 Article 6 of this Chapter.

36 (e) Employees on official leave of absence without pay may elect to continue this
37 group coverage at group cost provided that they pay the full employee and employer
38 contribution through the employing unit during the leave period.

39 (f) For the support of the benefits made available to any member vested at the
40 time of retirement, their spouses or surviving spouses, and the surviving spouses of
41 employees who are receiving a survivor's alternate benefit under G.S. 135-5(m) of those
42 associations listed in G.S. 135-27(a), licensing and examining boards under G.S. 135-
43 1.1, the North Carolina Art Society, Inc., and the North Carolina Symphony Society,
44 Inc., each association, organization or board shall pay to the Plan the full cost of

1 providing these benefits under this section as determined by the Board of Trustees of the
2 Teachers' and State Employees' Comprehensive Major Medical Plan. In addition, each
3 association, organization or board shall pay to the Plan an amount equal to the cost of
4 the benefits provided under this section to presently retired members of each
5 association, organization or board since such benefits became available at no cost to the
6 retired member.

7 (g) An eligible surviving spouse and any eligible dependent child of a deceased
8 retiree, teacher, State employee, or member of the General Assembly shall be eligible
9 for group benefits under this section without waiting periods for preexisting conditions
10 provided coverage is elected within 90 days after the death of the former plan member.

11 (h) No person shall be eligible for coverage as an employee or retired employee
12 or as a dependent of an employee or retired employee upon a finding by the Executive
13 Administrator or Board of Trustees or by a court of competent jurisdiction that the
14 employee or dependent knowingly and willfully made or caused to be made a false
15 statement or false representation of a material fact in a claim for reimbursement of
16 medical services under the Plan."

17 Sec. 2. Effective October 1, 1993, G.S. 135-39.6A reads as rewritten:

18 **"§ 135-39.6A. Premiums set.**

19 (a) The Executive Administrator and Board of Trustees shall, from time to time,
20 establish premium rates for the Comprehensive Major Medical Plan except as they may
21 be established by the General Assembly in the Current Operations Appropriations Act,
22 and establish regulations for payment of the premiums. Premium rates shall be
23 established for coverages where Medicare is the primary payer of health benefits
24 separate and apart from the rates established for coverages where Medicare is not the
25 primary payer of health benefits.

26 (b) Notwithstanding subsection (a) of this section, individuals covered by the
27 provisions of G.S. 135-40.2(a) shall pay the following amounts for their own coverage:

28 (1) For individuals covered by the provisions of G.S. 135-40.2(a)(1), (1a),
29 (3a), and (4), the contributory amount of their monthly premium shall
30 be equal to one-half of one percent (0.5%) of their monthly gross
31 salary amount, but not less than ten dollars (\$10.00) nor more than one
32 hundred dollars (\$100.00).

33 (2) For individuals covered by the provisions of G.S. 135-40.2(a)(2) and
34 (2a), the contributory amount of their monthly premium shall be equal
35 to the Medicare Part B Medical monthly premium amount.

36 (c) Notwithstanding subsection (a) of this section, the spouses and eligible
37 dependent children of enrolled employees and members of the General Assembly
38 covered by the provisions of G.S. 135-40.2(b) shall be provided coverage by the
39 enrolled employee and member of the General Assembly paying a monthly premium
40 amount equal to five and one-half percent (5.5%) of their monthly gross salary amount
41 for Employee and Child(ren) coverage, but not more than five hundred dollars
42 (\$500.00) and a monthly premium amount equal to nine and one-half percent (9.5%) of
43 their monthly gross salary amount, but not more than five hundred dollars (\$500.00) for
44 Employee and Family Coverage. These monthly contributory premium amounts are in

1 addition to the monthly contributory premium amounts contained in subdivision (b)(1)
2 of this section."

3 Sec. 3. Effective October 1, 1993, the State's employer contributions for the
4 Teachers' and State Employees' Comprehensive Major Medical Plan as contained in the
5 Current Operations Appropriations Act shall be no more than fifty percent (50%) of the
6 total applicable individual employee rate for retired teachers, State employees, and
7 members of the General Assembly with 10 or more but less than 20 years of retirement
8 service credit at retirement, and no more than seventy-five percent (75%) of the total
9 applicable individual employee rate for retired teachers, State employees, and members
10 of the General Assembly with 20 or more but less than 30 years of retirement service
11 credit at retirement.

12 Sec. 4. (a) Appropriations from the General Fund for Employee and Retiree
13 Health Benefits are reduced by twenty million dollars (\$20,000,000) for the 1993-94
14 fiscal year and twenty million dollars (\$20,000,000) for the 1994-95 fiscal year due to
15 controlling the costs of employee and retiree health benefits provided by this act.
16 Appropriations from the Highway Fund for Employee and Retiree Health Benefits are
17 reduced by two million dollars (\$2,000,000) for the 1993-94 fiscal year and two million
18 dollars (\$2,000,000) for the 1994-95 fiscal year due to controlling the costs of employee
19 and retiree health benefits provided by this act.

20 (b) It is the intent of the General Assembly to further reduce the General Fund
21 base budget appropriations for Employee and Retiree Health Benefits, in subsequent
22 years, according to the following schedule, due to controlling the costs of employee and
23 retiree health benefits:

24	Fiscal Year	Amount
25	1995-96	\$10,000,000
26	1996-97	\$20,000,000.

27 (c) It is the intent of the General Assembly to further reduce the Highway Fund
28 base budget appropriations for Employee and Retiree Health Benefits, in subsequent
29 years, according to the following schedule, due to controlling the costs of employee and
30 retiree health benefits:

31	Fiscal Year	Amount
32	1995-96	\$1,000,000
33	1996-97	\$2,000,000.

34 Sec. 5. This act becomes effective October 1, 1993.