

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 434

Corrected Copy 3/21/97

Pensions & Retirement and Insurance Committee Substitute Adopted 4/24/97

Short Title: National Guard Health Benefits.

(Public)

Sponsors:

Referred to: Appropriations.

March 20, 1997

A BILL TO BE ENTITLED

AN ACT TO PROVIDE HEALTH BENEFITS FOR NATIONAL GUARD MEMBERS AND THEIR ELIGIBLE DEPENDENTS WHO DO NOT HAVE ACCESS TO COMPREHENSIVE GROUP HEALTH BENEFITS BY ALLOWING VOLUNTARY PARTICIPATION IN THE TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-40 is amended by adding a new subsection to read:

"(a1) The State of North Carolina deems it to be in the public interest for members of the North Carolina national guard and certain of their dependents who are not eligible for any other type of comprehensive group health insurance or other comprehensive group health benefits to be given the opportunity to participate in the benefits provided by the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan. Coverage under the Plan shall be voluntary for eligible members of the national guard who elect participation in the Plan for themselves and their eligible dependents."

Section 2. G.S. 135-40.1(3) reads as rewritten:

"(3) Dependent Child. – A natural, legally adopted, or foster child of the employee and/or spouse, unmarried, up to the first of the month

1 following his or her 19th birthday, whether or not the child is living
2 with the employee, as long as the employee is legally responsible for
3 such child's maintenance and support. Dependent child shall also
4 include any child under age 19 who has reached his or her 18th
5 birthday, provided the employee was legally responsible for such child's
6 maintenance and support on his or her 18th birthday.

7 A foster child is covered (i) if living in a regular parent-child
8 relationship with the expectation that the employee will continue to rear
9 the child into adulthood, (ii) if at the time of enrollment, or at the time a
10 foster child relationship is established, whichever occurs first, the
11 employee applies for coverage for such child and submits evidence of a
12 bona fide foster child relationship, identifying the foster child by name
13 and setting forth all relevant aspects of the relationship, (iii) if the
14 Claims Processor accepts the foster child as a participant through a
15 separate written document identifying the foster child by name and
16 specifically recognizing the foster child relationship, and (iv) if at the
17 time a claim is incurred, the foster child relationship, as identified by the
18 employee, continues to exist. Children placed in a home by a welfare
19 agency which obtains control of, and provides for maintenance of, the
20 child(ren), are not eligible participants.

21 Coverage may be extended beyond the 19th birthday under the
22 following conditions:

- 23 a. If the dependent is a full-time student, between the ages of 19
24 and 26, who is pursuing a course of study that represents at least
25 the normal workload of a full-time student at a school or college
26 accredited by the state of jurisdiction.
- 27 b. The dependent is physically or mentally incapacitated to the
28 extent that he or she is incapable of earning a living and (i) such
29 handicap developed or began to develop before the dependent's
30 19th birthday, or (ii) such handicap developed or began to
31 develop before the dependent's 26th birthday if the dependent
32 was covered by the Plan in accordance with G.S. 135-40.1(3)a.

33 Dependent children of national guard members are subject to the
34 same terms and conditions as are other dependent children covered by
35 this subdivision."

36 Section 3. G.S. 135-40.1(6) reads as rewritten:

37 "(6) Employing Unit. – A North Carolina School System; Community
38 College; State Department, Agency or Institution; Administrative Office
39 of the Courts; or Association or Examining Board whose employees are
40 eligible for membership in a State-Supported Retirement System. An
41 employing unit also shall mean a charter school in accordance with Part
42 6A of Chapter 115C of the General Statutes whose employees are
43 deemed to be public employees and members of a State-Supported

1 Retirement System. North Carolina national guard units are deemed to
2 be employing units for the purpose of providing benefits under this
3 Article."

4 Section 4. G.S. 135-40.1(7) reads as rewritten:

5 "(7) Enrollment. – New employees must enroll themselves and their
6 dependents within 30 days from the date of employment. Coverage may
7 become effective on the first day of the month following date of entry
8 on payroll or on the first day of the following month. New employees
9 not enrolling themselves and their dependents within 30 days, or not
10 adding dependents when first eligible as provided herein may enroll on
11 the first day of any month but will be subject to a 12-month waiting
12 period for preexisting health conditions, except for employees who elect
13 to change their coverage in accordance with rules established by the
14 Executive Administrator and Board of Trustees for optional prepaid
15 hospital and medical benefit plans. Children born to covered employees
16 having coverage type (2), or (3), as outlined in G.S. 135-40.3(d) shall be
17 automatically covered at the time of birth without any waiting period for
18 preexisting health conditions. Children born to covered employees
19 having coverage type (1) shall be automatically covered at birth without
20 any waiting period for preexisting health conditions so long as the
21 Claims Processor receives notification within 30 days of the date of
22 birth that the employee desires to change from coverage (1) to coverage
23 type (2), or (3), provided that the employee pays any additional
24 premium required by the coverage type selected retroactive to the first
25 day of the month in which the child was born. National guard members
26 and their eligible dependents are subject to the same terms and
27 conditions as are new employees and their dependents covered by this
28 subdivision. Enrollments in these circumstances must occur within 30
29 days of eligibility to enroll."

30 Section 5. G.S. 135-40.1 is amended by adding a new subdivision to read:

31 "(13b) National guard members. – Members of the North Carolina army and
32 air national guard who are not eligible for any type of comprehensive
33 group health insurance or other comprehensive group health benefit
34 coverage. Members of the North Carolina army and air national guard
35 include those who are actively serving in the national guard as well as
36 former members of the national guard who have completed 20 or more
37 years of service in the national guard but have not attained the minimum
38 age to begin receipt of a uniformed service military retirement benefit.
39 Comprehensive group health insurance and other benefit coverage
40 consists of inpatient and outpatient hospital and medical benefits, as
41 well as other outpatient medical services, prescription drugs, medical
42 supplies and equipment that are generally available in the health
43 insurance market. Comprehensive group health insurance and other

1 benefit coverage includes Medicare benefits, Civilian Health and
2 Medical Program of the Uniformed Services (CHAMPUS) Benefits,
3 and other Uniformed Service health benefits. North Carolina national
4 guard units shall certify the eligibility of their members to the Plan for
5 their participation in its benefits prior to enrollment."

6 Section 6. G.S. 135-40.2(b) is amended by adding a new subdivision to read:

7 "(13) National guard members, their eligible spouses, and eligible dependent
8 children."

9 Section 7. G.S. 135-40.3 is amended by adding a new subsection to read:

10 "(f) National guard members are subject to the same terms and conditions of this
11 section as are employees. Eligible dependents of national guard members are subject to
12 the same terms and conditions of this section as are dependents of employees."

13 Section 8. G.S. 135-39.6A reads as rewritten:

14 **"§ 135-39.6A. Premiums set.**

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

22 In setting premiums for national guard members and their eligible dependents, the
23 Executive Administrator and Board of Trustees shall establish rates separate from those
24 affecting other members of the Plan. These separate premium rates shall include rate
25 factors for incurred but unreported claim costs, for the effects of adverse selection from
26 voluntary participation in the Plan, and for any other actuarially determined measures
27 needed to protect the financial integrity of the Plan for the benefit of its served
28 employees, retired employees, and their eligible dependents."

29 Section 9. This act becomes effective July 1, 1998.