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Short Title: State Health Plan/ Statutory Changes.-AB

(Public)

Sponsors:

Referred to:

May 24, 2012

A BILL TO BE ENTITLED

AN ACT TO, FOR THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES, WHICH COVERS RETIREES WITHIN THE RETIREMENT SYSTEM, (1) AMEND THE DEFINITION OF "DEPENDENT CHILD" IN ORDER TO COMPLY WITH THE AFFORDABLE CARE ACT, (2) LIMIT ENROLLMENT WITHOUT A QUALIFYING EVENT TO THE ANNUAL ENROLLMENT PERIOD, (3) REPEAL THE OPTIONAL PROGRAM OF LONG-TERM CARE BENEFITS, AND (4) MAKE A CLARIFYING CHANGE RELATED TO COINSURANCE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 135-48.1(9) reads as rewritten:

"(9) Dependent child. – Subject to the eligibility requirements of subsections (a) and (b) of G.S. 135-48.41, any of the following up to the first month following the dependent child's 26th birthday:

- a. A natural or legally adopted child or children of the employee, whether or not the child is living with the employee.
- b. A foster child or children of the employee, whether or not the child is living with the employee, ~~as long as the employee is legally responsible for the child's maintenance and support.~~employee.
- c. A child for which an employee is a court-appointed ~~guardian, as long as the employee is legally responsible for the child's maintenance and support.~~guardian.
- d. A stepchild of a member who is married to the stepchild's natural parent.
- e. Repealed by Session Laws 2011-96, s. 3(a), effective July 1, 2011."

**SECTION 2.(a)** G.S. 135-48.41(g) reads as rewritten:

"(g) An eligible surviving spouse and any eligible surviving dependent child of a deceased retiree, teacher, State employee, member of the General Assembly, former member of the General Assembly, or Disability Income Plan beneficiary shall be eligible for group benefits under this section without waiting periods for preexisting conditions provided coverage is elected within 90 days after the death of the former plan member. Coverage may be elected at a later time, during an annual enrollment period, but ~~will~~members 19 years of age and older may be subject to the 12-month waiting period for preexisting conditions and will be effective the first day of the month following receipt of the application."

**SECTION 2.(b)** G.S. 135-48.42 reads as rewritten:

"§ 135-48.42. Enrollment.



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1 (a) Except as otherwise required by applicable federal law, new employees must be  
2 given the opportunity to enroll or decline enrollment for themselves and their dependents  
3 within 30 days from the date of employment or from first becoming eligible on a partially  
4 contributory basis. Coverage may become effective on the first day of the month following date  
5 of entry on payroll or on the first day of the following month. New employees age 19 and older  
6 not enrolling themselves and their dependents age 19 and older within 30 days, or not adding  
7 dependents when first eligible as provided herein may enroll ~~on the first day of any~~  
8 month during annual enrollment, but ~~will~~ may be subject to a 12-month waiting period for  
9 preexisting health conditions, except for employees who elect to change their coverage in  
10 accordance with rules established by the State Treasurer for optional or alternative plans  
11 available under the Plan. Children born to covered employees having coverage type (2) or (3),  
12 as outlined in G.S. 135-48.43(d) shall be automatically covered at the time of birth without any  
13 waiting period for preexisting health conditions. Children born to covered employees having  
14 coverage type (1) shall be automatically covered at birth without any waiting period for  
15 preexisting health conditions so long as the claims processor receives notification within 30  
16 days of the date of birth that the employee desires to change from coverage (1) to coverage type  
17 (2) or (3), provided that the employee pays any additional premium required by the coverage  
18 type selected retroactive to the first day of the month in which the child was born.

19 (b) Except as otherwise required by applicable federal law, newly acquired dependents  
20 (spouse/child) age 19 and older enrolled within 30 days of becoming an eligible dependent will  
21 not be subject to the 12-month waiting period for preexisting conditions. A dependent can  
22 become ~~qualified~~ first eligible due to marriage, adoption, legal guardianship, entering a foster  
23 child relationship, and at the beginning of each legislative session (applies only to enrolled  
24 legislators). Effective date for newly acquired dependents if application was made within the 30  
25 days can be the first day of the following month. Effective date for an adopted child can be date  
26 of adoption, or date of placement in the adoptive parents' home, or the first of the month  
27 following the date of adoption or placement. Firefighters, rescue squad workers, and members  
28 of the National Guard, and their eligible dependents, are subject to the same terms and  
29 conditions as are new employees and their dependents covered by this subdivision. Enrollments  
30 in these circumstances must occur within 30 days of eligibility to enroll.

31 (c) Eligible employees younger than age 19 and dependents younger than age 19 may  
32 be enrolled ~~at any time~~ during annual enrollment and shall not be subject to any waiting period  
33 for a preexisting condition.

34 (d) When an eligible or enrolled member applies to enroll the member's eligible  
35 dependent child or spouse, the member shall provide the documentation required by the Plan to  
36 verify the dependent's eligibility for coverage.

37 (e) Eligible employees may only change their elections, including adding or removing  
38 dependents, during the Plan year due to a qualifying event as defined under federal law."

39 **SECTION 2.(c)** G.S. 135-48.43 reads as rewritten:

40 "**§ 135-48.43. Effective dates of coverage.**

41 (a) Employees and Retired Employees. –

42 (1) Employees and retired employees covered under the Predecessor Plan will  
43 continue to be covered, subject to the terms hereof.

44 (2) New employees may apply for coverage to be effective on the first day of  
45 the month following employment, or on a like date the following month if  
46 the employee has enrolled.

47 (3) Employees age 19 or older not enrolling or adding dependents age 19 and  
48 older when first eligible in accordance with G.S. 135-48.42 may enroll later  
49 ~~on the first of any following month~~ during annual enrollment, but ~~will~~ may be  
50 subject to a 12-month waiting period for a preexisting health condition,  
51 except employees who elect to change their coverage in accordance with

rules adopted by the State Treasurer for optional alternative plans offered under the Plan.

(b) **Waiting Periods and Preexisting Conditions.** –

(1) New employees and dependents age 19 and older enrolling when first eligible are subject to no waiting period for preexisting conditions under the Plan.

(2) Employees age 19 or older not enrolling or not adding dependents age 19 and older when first eligible may enroll later ~~on the first of any following month, during annual enrollment,~~ but will ~~enrollees~~ age 19 or older may be subject to a twelve-month waiting period for preexisting conditions except as provided in subdivision (a)(3) of this section. The waiting period under this subdivision is subject to applicable federal law.

(c) **Dependents of Employees and Retired Employees.** –

(5) Employees not adding dependents age 19 and older when first eligible may enroll later ~~on the first of any following month, during annual enrollment,~~ but dependents ~~will~~ may be subject to a 12-month waiting period for preexisting health conditions except as provided in subdivision (a)(3) of this section.

**SECTION 3.(a)** The title of Article 3B of Chapter 135 of the General Statutes reads as rewritten:

"Article 3B.

State Health Plan for Teachers and State ~~Employees; Long-term Care Benefits.~~ Employees."

**SECTION 3.(b)** G.S. 135-48.5(c) is repealed.

**SECTION 3.(c)** Subdivisions (15) and (16) of G.S. 135-48.30 are repealed.

**SECTION 3.(d)** Part 6 of Article 3B of Chapter 135 of the General Statutes is repealed.

**SECTION 3.(e)** An employee, retired employee, or dependent enrolled under long-term care under Part 6 of Article 3B of Chapter 136 of the General Statutes at the time of that Part's repeal shall be entitled to a conversion to a nongroup plan of long-term care benefits. The Executive Administrator and Board of Trustees of the Plan shall determine how those conversion rights shall be administered.

**SECTION 3.(f)** Any unencumbered administrative fees collected by the Plan under Part 6 of Article 3B of Chapter 135 of the General Statutes are transferred to the Public Employee Health Benefit Fund created under G.S. 135-48.5(a).

**SECTION 4.(a)** G.S. 135-48.22(2) reads as rewritten:

"(2) Approve premium rates, co-pays, deductibles, and coinsurance percentages and maximums for the Plan, as provided in G.S. 135-48.30(a)(2)."

**SECTION 4.(b)** G.S. 135-48.30(2) reads as rewritten:

"(2) Set benefits, premium rates, co-pays, deductibles, and coinsurance percentages and maximums, subject to approval by the Board of Trustees. In setting premium rates, the State Treasurer may set a partially contributory rate of zero dollars, subject to approval by the Board of Trustees."

**SECTION 5.** G.S. 135-48.3 reads as rewritten:

**"§ 135-48.3. Right to amend.**

The General Assembly reserves the right to alter, amend, or repeal ~~Parts 2 and 3 of this Article.~~"

1           **SECTION 6.** This act becomes effective July 1, 2012, except that Sections 3(a),  
2 3(b), 3(c), 3(d), and 3(f) become effective January 1, 2013.