

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE BILL 911\*

Short Title: Local Governments in State Health Plan. (Public)

Sponsors: Senator Brown (Primary Sponsor).

Referred to: Rules and Operations of the Senate.

May 30, 2012

A BILL TO BE ENTITLED

AN ACT TO ALLOW LOCAL GOVERNMENT UNITS TO ENROLL THEIR  
EMPLOYEES, RETIREES, AND DEPENDENTS IN THE STATE HEALTH PLAN FOR  
TEACHERS AND STATE EMPLOYEES, SUBJECT TO CERTAIN CONDITIONS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 135-48.1(11) reads as rewritten:

"(11) Employing Unit. – A North Carolina School System; Community College; State Department, Agency, or Institution; Administrative Office of the Courts; or Association or Examining Board whose employees are eligible for membership in a State-Supported Retirement System. An employing unit also shall mean (i) a charter school in accordance with Part 6A of Chapter 115C of the General Statutes whose board of directors elects to become a participating employer in the Plan under ~~G.S. 135-48.54.~~ G.S. 135-48.54 or (ii) a local government unit that participates in the Plan under G.S. 135-48.47 or under any other law. Bona fide fire departments, rescue or emergency medical service squads, and National Guard units are deemed to be employing units for the purpose of providing benefits under this Article."

**SECTION 2.** G.S. 135-48.8 reads as rewritten:

"§ 135-48.8. **Statements of public interest.**

(a) The State of North Carolina deems it to be in the public interest for North Carolina firefighters, rescue squad workers, and members of the 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, and who have been without any form of group health insurance or other comprehensive group health benefit coverage for at least six consecutive months, to be given the opportunity to participate in the benefits provided by the State Health Plan for Teachers and State Employees. Coverage under the Plan shall be voluntary for eligible firefighters, rescue squad workers, and members of the National Guard who elect participation in the Plan for themselves and their eligible dependents.

(b) The State of North Carolina deems it to be in the public interest for local government units to be allowed to join the State Health Plan for Teachers and State Employees and to participate in the Plan until July 1, 2014."

**SECTION 3.** Part 4 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read as follows:

**§ 135-48.47. Participation in State Health Plan by local government employees, retirees, and dependents.**



1       (a) Eligibility. – The employees and retirees, as well as the dependents of employees  
2 and retirees, of local government units are eligible to participate in the State Health Plan as  
3 provided in this section. Employees, retirees, and dependents participating under this section  
4 are not guaranteed participation in the Plan, and participation is contingent on their respective  
5 local government units (i) electing to participate in the Plan and (ii) complying with the  
6 provisions of this section and this Article, as well as any policies adopted by the Plan.

7       (b) Participation Requirements. – A local government unit may elect to participate in  
8 the State Health Plan. Participation shall be governed by the following:

9           (1) In order to participate, a local government unit must do the following:

10           a. Pass a valid resolution expressing the local government unit's desire  
11 to participate in the Plan.

12           b. Enter into a memorandum of understanding with the Plan that  
13 acknowledges the conditions of this section and this Article,  
14 including the sunset provided in subsection (c) of this section.

15           c. Provide at least 45 days' notice to the Plan prior to entry and  
16 complete the requirements of this subdivision at least 30 days prior to  
17 entry.

18           (2) In order to participate, a local government unit, its employees, and its  
19 retirees must meet the federal requirements to participate in a governmental  
20 plan. The Plan may refuse participation to persons who would jeopardize the  
21 Plan's qualification as a governmental plan under federal law.

22           (3) The Plan shall admit any local government unit that meets the administrative  
23 and legal requirements of this section, regardless of the claims experience of  
24 the local government unit group or the financial impact on the Plan.

25           (4) A local government unit shall determine the eligibility of its employees and  
26 employees' dependents and what portion of the premiums employees will  
27 pay to the local government unit.

28           (5) A local government unit shall determine the eligibility of its retirees and  
29 retirees' dependents and what portion of the premiums retirees will pay to the  
30 local government unit.

31           (6) Premiums for coverage and Plan options shall be the same as those offered  
32 to State employees, retirees, and dependents. A local government unit may,  
33 however, restrict the number of options offered to its employees, retirees,  
34 and dependents.

35           (7) A local government unit shall pay all premiums for all covered individuals  
36 directly to the Plan or the Plan's designee.

37           (8) No funds shall be paid for the coverage of local government unit retirees to  
38 or from the Retirement System for Teachers and State Employees.

39       (c) Sunset. – Eligibility under this section sunsets July 1, 2014, except that local  
40 government unit retirees who retired prior to July 1, 2014, and who retired while covered under  
41 this section shall continue to be eligible for coverage, as shall their dependents."

42       **SECTION 4.** G.S. 135-48.55 reads as rewritten:

43       **"§ 135-48.55. Interest charged to charter schools and local government units on late**  
44 **premiums.**

45       The total amount of premiums due the Plan from charter schools and local government  
46 units as employing units, including amounts withheld from the compensation of Plan members,  
47 that is not remitted to the Plan by the fifteenth day of the month following the due date of  
48 remittance shall be assessed interest of one and one-half percent (1 ½%) of the amount due the  
49 Plan, per month or fraction thereof, beginning with the sixteenth day of the month following  
50 the due date of the remittance. The interest authorized by this section shall be assessed until the  
51 premium payment plus the accrued interest amount is remitted to the Plan. The remittance of

1 premium payments under this section shall be presumed to have been made if the remittance is  
2 postmarked in the United States mail on a date not later than the fifteenth day of the month  
3 following the due date of the remittance."

4 **SECTION 5.** Any local government unit that participates in the State Health Plan  
5 as of the effective date of this act may, notwithstanding any prior session law, action by a  
6 Board of Trustees of the State Health Plan for Teachers and State Employees or of the  
7 predecessor plan to the current State Health Plan, or other law, elect to be subject to the new  
8 requirements in G.S. 135-48.47, as enacted by this act. Local government units electing to  
9 participate in the Plan under G.S. 135-48.47 shall cease monthly contributions to the  
10 Retirement System for Teachers and State Employees in the month in which coverage begins  
11 under G.S. 135-48.47. Local government units shall not be entitled to a refund of any prior  
12 contributions to the Retirement System for Teachers and State Employees. Nothing in this  
13 section nor an election to participate in the State Health Plan under G.S. 135-48.47 shall impact  
14 any existing debt to the Retirement System for Teachers and State Employees owed by any  
15 local government unit.

16 **SECTION 6.** This act is effective when it becomes law.