

SHP BOT Roles and Responsibilities Revisions

DRAFT 2/11/09

The current design of the SHP BOT provides the Board with an extremely broad range of responsibilities but provides very little real ability for this body to oversee the Plan. There is also confusion about the role of the Board and that of the Legislative bodies also charged with oversight.

We hereby recommend that the duties be refined to focus on the key areas of plan administration and budgetary performance as outlined below. We suggest limiting the statutory duties and increasing the Plan's reporting and accountability to the BOT in those areas for which the Board is responsible. We do not recommend eliminating the Board's fiduciary responsibilities, but rather limiting the accountability to those areas for which it is responsible. This may require a change in the selection criteria for Board members in terms of their experience and qualifications.

Generally, then, we see the General Assembly as responsible for Plan design, including benefits and premiums, and funding decisions and the BOT for administrative oversight of the Plan. Both the GA and BOT would participate in evaluating, hiring and firing the EA through an amended Administration Commission which was created in statute in the last Legislative session.

Contracting

The BOT should continue to review/approve key contracts, particularly those having an annual cost of \$550,000 or more.

1. Procurement: The BOT will be advised of the need to procure services whether it is a newly identified need or the re-procurement of an existing service. EA will provide information to the BOT about the selection process and the Plan's recommendation prior to finalizing the selection. The BOT chair or designee may participate on the RFP review committee.
2. Contract Management: The Plan will advise the BOT of any performance issues with any major contractor. The Plan will provide audit reports on a regular basis to inform the Board and facilitate their oversight of Plan activities in this regard.

Financial Oversight

1. Budget Development: the BOT will receive the Plan's budget proposals prior to final submission to the General Assembly annually. The Plan will seek input and recommendations from the BOT, but final approval will remain with the Legislature.
2. Financial Performance: the BOT will receive monthly financial and operating reports to enable effective oversight into the effective and efficient operation of the plan, particularly in regards to variance to budgetary targets. The reports will be sent electronically to Board members as soon as they are available. Summaries of pertinent factors will be sent with the actual reports and conference calls may be arranged should the situation warrant. Quarterly reports and discussion will also be held at regularly scheduled BOT meetings.

Oversight of Executive Administrator and Plan Operations

1. EA/Plan Oversight – the BOT should participate in the evaluation of the EA and the Plan as a whole. Chair or a designee should be assigned to participate in the Administrative Commission.
2. BOT will receive reports quarterly on NCHC until its transition to DMA and the Plan's Long Term Care Insurance offering.

Current Continuing Responsibilities

1. Electing Officers (NCGS § 135-44.1)
2. Making Final Agency Decisions on Administrative Appeals (NCGS § 135-44.7(c))
3. Adopting Rules: The BOT may adopt rules to implement the State Health Plan, long term care benefits or North Carolina Health Choice. (NCGS §135-44.8). However, before issuing rules, the EA or Board must provide the public written notice of the proposed rules and at least 30 days to comment.