



*North Carolina*  
**State Health Plan**  
FOR TEACHERS AND STATE EMPLOYEES



## Legislative Agenda

*Board of Trustees Meeting*

January 22, 2015

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*A Division of the Department of State Treasurer*

# 2015 Legislative Agenda

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Plan staff has identified several statutory changes to clarify eligibility and enrollment requirements and facilitate administration of benefits:

- Modify the provision that requires retirees to have a qualifying life event for disenrollment
- Align cancellation of coverage with 135-48.42(e)
- Clarify that retired employees eligible for coverage on a noncontributory basis are not eligible for coverage as RIF employees
- Align statutory provisions with the Affordable Care Act
- Flexibility regarding the State's banking requirements to facilitate procurement of third party administrative services

# Retiree Disenrollment

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- 135-48.42(e) Add language allowing a retiree to disenroll from the Plan during the Plan year without a qualifying event

## Rationale

This requirement was imposed by the State to prevent members from only joining the Plan when they need services. There are members who may have other coverage with a former employer and coverage with the Plan is preventing them from getting that coverage or interfering with coordination of benefits. Allowing retirees to disenroll will not frustrate the intent behind the original legislation and is beneficial to the retiree.

# Cancellation of Coverage

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- 135-48.44(a)(4) Add language to this cessation of coverage provision that recognizes coverage will be cancelled if approved by the Plan and by the last day of the month of approval or as soon thereafter as administratively feasible

## Rationale

The change will bring this provision into alignment with 135-48.42(e) which requires a qualifying life event for subscribers to disenroll and recognizes that all cancellations may not take place by the last day of the month in which a cancellation is requested by retirees. The change clarifies that an employee cannot request a cancellation of coverage, i.e. a cancellation would have to be due to a qualifying life event which would require administrative approval. For retirees enrolled in a Medicare Advantage product it may take longer than 30 days to effectuate disenrollment due to federal processes.

# Reduction in Force Clarification

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- 135-48.40(b)(8) Add language clarifying that retired employees eligible for coverage on a noncontributory basis are not eligible for coverage as RIF employees

## Rationale

We believe this language should have been updated when changes to eligibility for retirees requiring 20 years of service for noncontributory coverage went into effect. In order for RIF employees who become retirees but are not eligible for noncontributory coverage to have the same treatment as other RIF employees, they need to be eligible for continued coverage as a RIF employee not a retiree.

# Affordable Care Act

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- Delete/remove all references to waiting periods and pre-existing conditions to bring the Plan's statute into alignment with existing law

## Rationale

This will ensure consistency between the State's law and the ACA.

# Banking Requirements

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- The Plan will collaborate with the Financial Operations Division of the Department of State Treasurer to determine whether to request authority for the State Treasurer and State Controller to approve exceptions to the state's banking requirements to provide flexibility to agencies in certain circumstances while continuing to protect the State's interests.

## Rationale

When the Plan solicited proposals for third party administrative services in 2012, potential vendors declined to bid due to the State's banking requirements, which require our contractors to establish and manage depository and disbursing accounts in the name of the State Treasurer. The current requirements ensure proper control of State funds and help maximize interest earnings, but can be cost prohibitive to vendors whose claims processing systems cannot easily accommodate such an arrangement, which must include check writing and electronic funds transfer (EFT) capabilities specific to the Plan's members and bank accounts. The Plan is interested in more flexibility in its contracts for third party administrative services (e.g. claims processing), and other agencies have identified needs as well.