

# DST POLICIES AND PROCEDURES

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<b>DST Reference:</b>	<b>SHP-POL-3003-SHP</b>
<b>Title:</b>	<b>Local Government Unit Participation in the State Health Plan</b>
<b>Chapter:</b>	<b>Plan Integration</b>
<b>Current Effective Date:</b>	<b>September 10, 2020</b>
<b>Original Effective Date:</b>	<b>September 9, 2015</b>

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**Applies to:** NC Department of State Treasurer – SHP Division

**Keywords:** Local Governments, Employee Benefits, State Health Plan, Eligibility

## Background

[Session Law 2016-104](#) allows Local Government Units to participate in the State Health Plan (“Plan”). Participation is limited to Local Government Units for which enrollment of employees and dependents will not exceed 1,000 members. Retirees of Local Government Units are not eligible for enrollment. Total Local Government Unit membership in the Plan is statutorily capped at 16,000 members, effective July 1, 2017. A Local Government Unit’s participation in the Plan is subject to the Local Government Unit passing a valid resolution expressing its intent to participate, attesting that it is a governmental entity, and its employees are governmental employees, being eligible to participate in a governmental plan without jeopardizing the Plan’s preferential tax status, entering into a Memorandum of Understanding (“MOU”) with the Plan, and complying with the Plan’s laws, regulations, applicable policies, procedures, and rules. Pursuant to N.C. Gen. Stat. § 135-48.47(e), a Local Government Unit’s election to participate in the Plan is irrevocable.

## Purpose

The purpose of this Policy and Procedure is to instruct Local Government Units on the process for participating in the Plan. N.C. Gen. Stat. § 135-48.47 dictates the requirements for participation, and Session Law 2016-104 provides the vehicle for local units to participate. This Policy and Procedure for enrollment applies to all Local Government Units seeking to participate in the Plan.

## Policy

The Plan is responsible for administering Article 3B of Chapter 135 of the North Carolina General Statutes, including N.C. Gen. Stat. § 135-48.47, which allows Local Government Units to participate in the Plan. It is the policy of the Plan to allow participation in accordance with state and federal law and to provide a process for participation.

## Nature of the Policy

This Policy and Procedure outlines Local Government Units’ participation in the Plan. It defines, interprets and explains the meaning of the laws listed herein. Those laws, not this Policy, shall take priority if they conflict in any way.

## Definitions

**Local Government Unit:** A state or local political subdivision of North Carolina including a county, city, consolidated city-county, sanitary district, or other local political subdivision authority or agency of local

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government. The Local Government Unit must qualify as a “government” entity as that term is used under the Employee Retirement Income Security Act of 1974 (Pub.L.No. 93-406, 88 Stat. 829 (1974) (codified in part at 29 U.S.C. Ch. 18)) and supply sufficient documentation of such qualification.

## Roles and Responsibilities

A Local Government Unit wishing to participate is responsible for completing all of the requirements set forth in state and federal law and this Policy.

The Plan Integration Section is responsible for completing the necessary administrative functions to facilitate and implement Local Government Unit participation, subject to the Local Government Unit’s compliance with state and federal law and this Policy and Procedure.

## Eligibility

To be eligible for participation, the Local Government Unit must:

- (1) Meet the definition of a Local Government Unit; and
- (2) Currently offer health benefits to its employees and their dependent(s) and have no more than a total of 1,000 members, including dependents, enrolled under its current health benefit plan; and
- (3) Follow the Implementation Procedure set forth below within the requisite time frames.

In accordance with N.C. Gen. Stat. § 135-48.47(c), participation in the Plan by Local Government Units is limited to not more than 16,000 total members, effective July 1, 2017. If 16,000 Local Government Unit members are enrolled in the Plan prior to the date of elected participation, then the application for participation will be denied.

## Implementation Procedure

To participate in the Plan, Local Government Units must complete the following steps:

- (1) Provide notice to the Plan of intent to participate at least ninety days prior to the date of requested entry into the Plan by completing the Local Government Unit Notice of Participation and Information Sheet in Appendix A;
- (2) Pass a valid resolution expressing intent to participate in the Plan; attesting that it is a governmental entity, and its employees are governmental employees, eligible to participate in a governmental plan without jeopardizing the Plan’s preferential tax status; and requesting a proposed effective date for participation to begin. A copy of the valid resolution including this information shall be provided to the Plan at least sixty days prior to the requested date of participation;
- (3) Following passage of a valid resolution, enter into an MOU with the Plan in the form of Appendix B at least sixty days prior to the requested date of participation; and
- (4) Work with the Plan’s eligibility and enrollment vendor to implement participation; and, adhere to all applicable sections of Article 3B of Chapter 135 of the North Carolina General Statutes, as well as Plan administrative policies and rules, including the requirements set forth in this Policy.

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## Enforcement

The Executive Administrator of the State Health Plan shall have the authority to interpret and apply this policy. Failure to complete and/or adhere to any of the requirements listed above will result in the Local Government Unit being ineligible for participation.

## Related Statutes, Rules, and Policies

[N.C. Gen. Stat. §§ 135-48.1; 135-48.8\(b\); 135-48.47; 135-49](#)

## Revision/Review History

Version	Date Approved	Description of Changes
1.0	9/9/2015	New Policy
2.0	9/10/2020	Revised to reflect new legislation; updated staff names and position titles, other substantive changes resulting in new version

## Appendices

Appendix A – Local Government Unit Notice of Participation and Information Sheet

Appendix B – Memorandum of Understanding

*For questions or clarification on any of the information contained in this Policy and Procedure, please contact the policy owner or designated contact point: [Sr. Director of Plan Integration, Caroline.Smart@nctreasurer.com](#). For general questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).*

**Appendix A – Local Government Unit Notice of Participation and Information Sheet**

Submit completed form to:  
 North Carolina State Health Plan  
 Attn: Caroline Smart  
 3200 Atlantic Avenue  
 Raleigh, NC 27604  
 OR  
[Caroline.smart@nctreasurer.com](mailto:Caroline.smart@nctreasurer.com)  
 OR  
 Fax: 919-855-5815

By completing this form, the Local Government Unit named below gives notice to the North Carolina State Health Plan of its intention to participate in the Plan.

Questions	Response
Name of Local Government Unit:	
Applicant must provide the following: ___ Supporting documentation of legal contracting name and Tax ID number. ___ Signed Form W9/IRS Letter with Taxpayer Identification Number. ___ Supporting documentation of organization as a Local Government Unit.	Provide copies; no other response required.
Primary Contact (Name and Title):	
Contact Information for Primary Contact Phone Number: Mailing address: Email address:	
Day-to-Day Contract Administrator (Name and Title):	
Contact Information for Day-to-Day Contract Administrator: Phone Number: Mailing address: Email address:	
Signatory Authority (Name and Title):	
Contact Information for Signatory Authority: Phone Number: Mailing address: Email address:	
Local Government Website:	
Do you currently offer a health benefit plan to your employees?	

Are dependents, including spouses, eligible for coverage in your current offering?	
Number of employees enrolled in your current health plan:	
Total number of members (employees plus their covered dependents) enrolled in your current health plan:	
Total number of employees eligible to enroll in your current health plan regardless of whether they are actually enrolled:	
Estimated total number of individuals (employees and dependents combined) eligible to enroll in your current health plan regardless of whether they are actually enrolled:	
Estimated total number of eligible individuals (employees and dependents) expected to enroll in the State Health Plan:	
Requested date for participation with the Plan (This date cannot be less than 90 days from the date this notice is submitted to the State Health Plan.):	

Date of submission: \_\_\_\_\_

I certify that to the best of my knowledge and belief all of the information on this form and supporting documents is correct.

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name)

\_\_\_\_\_  
Title of Authorized Local Government Unit Official

**Appendix B – Memorandum of Understanding**

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (“MOU”) is between \_\_\_\_\_, a Local Government Unit (“Unit”), and the North Carolina State Health Plan for Teachers and State Employees (“Plan”), a division of the Department of State Treasurer. The Unit and the Plan are each a separate “Party” and shall collectively be referred to as the “Parties.”

**Background**

N.C. Gen. Stat. § 135-48.47 allows Local Government Units to participate in the Plan subject to the following:

- The Local Government Unit has less than 1,000 employees and dependents enrolled in health benefits at the time notice of participation is made to the Plan;
- Notice of participation is provided to the Plan at least ninety days prior to date of entry with the Plan;
- The Local Government Unit passes a valid resolution authorizing participation at least sixty days prior to entry with the Plan;
- The Local Government Unit enters into an MOU with the Plan at least sixty days prior to entry with the Plan;
- A Local Government Unit's election to participate in the Plan is irrevocable;
- Effective July 1, 2017, no additional Local Government Units will be allowed to enroll in the Plan once total enrollment of all Local Government Units’ participation reaches 16,000, pursuant to Section 5(b) of Session Law 2016-104.

Pursuant to N.C. Gen. Stat. § 135-48.47(b)(1)(b.), the Plan and the Unit enter into this MOU in order for the Unit to participate in the Plan.

The Parties agree as follows:

**I. OBLIGATIONS:**

1. Participation by the Unit in the Plan will begin on:\_\_\_\_\_. Participation is contingent on this MOU being fully executed by \_\_\_\_\_and on the total number of Local Government Unit enrollees being no more than 16,000 on the designated participation date.
2. Employees will have thirty days to enroll from the date they are set up in the enrollment system to enroll in health coverage.
3. Unit shall pay premiums for all covered employees and dependents directly to the Plan or its designee as billed and by the due date. Failure to pay premiums within sixty days of due date will result in the Unit’s termination from the Plan retroactive to the date for which premiums have not been received. See N.C. Gen. Stat. § 135-48.44(a)(9).
4. The Unit is responsible for determining the eligibility of its employees and employees’ dependents, but such eligibility shall be consistent with Part 4 of Article 3B of Chapter

135 of the North Carolina General Statutes. The Plan may terminate any person deemed ineligible to participate in the Plan at any time.

5. Employees shall pay their share of premium contributions to the Unit for their own coverage which shall conform to the premium contributions in the structure set by the Plan.
6. Employees shall pay for their share of dependent premiums which contribution amount may be determined by the Unit but may not exceed the rates set by the Plan. Unit shall report to the Plan dependent premium contributions that differ from the structure set by the Plan, at least thirty days prior to the effective date of the dependent premium contributions.
7. The Unit is responsible for collecting employee premium contributions.
8. The Unit shall not offer Plan coverage to its retirees nor allow retirees to enroll in the Plan.
9. The Unit shall adhere to administrative policies adopted by the Plan that affect and are applicable to the Unit's participation in the Plan.
10. Initial and continuing participation by the Unit in the Plan is contingent on complying with the requirements for participation set forth in N.C. Gen. Stat. § 135-48.47 and the applicable Plan Rules, Policies and Procedures.

**II. REPRESENTATION:** Unit represents and warrants that it is a political subdivision of the State and qualifies as a "government" entity as that term is used under the Employee Retirement Income Security Act of 1974 (Pub.L.No. 93-406, 88 Stat. 829 (1974) (codified in part at 29 U.S.C. Ch. 18)) and that its enrolled employees are governmental employees. Unit shall notify the Plan within five business days if its status as a government entity, or its employees' status as governmental employees, changes.

**III. TERM and TERMINATION:** This MOU is effective the date the last party signs, and shall remain in effect until terminated by the Plan upon sixty days written notice to the Unit. Termination of the MOU will result in dis-enrollment of participating members from the Plan and does not relieve the Unit's obligation to pay premiums for all periods of coverage with the Plan.

**IV. AMENDMENTS:** Upon mutual agreement, this MOU may be amended. Such agreement shall be in writing and be incorporated as an amendment to this MOU.

**V. COUNTERPARTS:** The Parties may execute this MOU in counterparts, which will, in the aggregate, when signed by both Parties constitute one and the same instrument, and thereafter, each counterpart deemed an original.

**VI. CONFLICT RESOLUTION:** In the event of any inconsistency between North Carolina law and this MOU, the law shall prevail.

**North Carolina State Health Plan for Teachers and State Employees**

By: Dee Jones

Signature: \_\_\_\_\_

Title: Executive Administrator

Date: \_\_\_\_\_

**Office of the State Treasurer**

By: Dale R. Folwell, CPA

Signature: \_\_\_\_\_

Title: State Treasurer of North Carolina

Date: \_\_\_\_\_

\_\_\_\_\_  
By:

Signature: \_\_\_\_\_

Title:

Date: \_\_\_\_\_