

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 434  
Corrected Copy 3/21/97

Short Title: National Guard Health Benefits.

(Public)

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Sponsors: Senators Forrester; Albertson, Cochrane, East, Garwood, Hoyle, Jenkins, Lee, Page, Plyler, Rand, Reeves, and Soles.

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Referred to: Pensions & Retirement and Insurance.

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March 20, 1997

A BILL TO BE ENTITLED

1  
2 AN ACT TO PROVIDE HEALTH BENEFITS FOR NATIONAL GUARD MEMBERS  
3 AND THEIR ELIGIBLE DEPENDENTS WHO DO NOT HAVE ACCESS TO  
4 COMPREHENSIVE GROUP HEALTH BENEFITS BY ALLOWING  
5 VOLUNTARY PARTICIPATION IN THE TEACHERS' AND STATE  
6 EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN.

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 135-40 is amended by adding a new subsection to read:

9 "(a1) The State of North Carolina deems it to be in the public interest for members  
10 of the North Carolina national guard and certain of their dependents who are not eligible  
11 for any other type of comprehensive group health insurance or other comprehensive  
12 group health benefits to be given the opportunity to participate in the benefits provided by  
13 the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.  
14 Coverage under the Plan shall be voluntary for eligible members of the national guard  
15 who elect participation in the Plan for themselves and their eligible dependents."

16 Section 2. G.S. 135-40.1(3) reads as rewritten:

17 "(3) Dependent Child. – A natural, legally adopted, or foster child of the  
18 employee and/or spouse, unmarried, up to the first of the month

1 following his or her 19th birthday, whether or not the child is living  
2 with the employee, as long as the employee is legally responsible for  
3 such child's maintenance and support. Dependent child shall also  
4 include any child under age 19 who has reached his or her 18th  
5 birthday, provided the employee was legally responsible for such child's  
6 maintenance and support on his or her 18th birthday.

7 A foster child is covered (i) if living in a regular parent-child  
8 relationship with the expectation that the employee will continue to rear  
9 the child into adulthood, (ii) if at the time of enrollment, or at the time a  
10 foster child relationship is established, whichever occurs first, the  
11 employee applies for coverage for such child and submits evidence of a  
12 bona fide foster child relationship, identifying the foster child by name  
13 and setting forth all relevant aspects of the relationship, (iii) if the  
14 Claims Processor accepts the foster child as a participant through a  
15 separate written document identifying the foster child by name and  
16 specifically recognizing the foster child relationship, and (iv) if at the  
17 time a claim is incurred, the foster child relationship, as identified by the  
18 employee, continues to exist. Children placed in a home by a welfare  
19 agency which obtains control of, and provides for maintenance of, the  
20 child(ren), are not eligible participants.

21 Coverage may be extended beyond the 19th birthday under the  
22 following conditions:

- 23 a. If the dependent is a full-time student, between the ages of 19  
24 and 26, who is pursuing a course of study that represents at least  
25 the normal workload of a full-time student at a school or college  
26 accredited by the state of jurisdiction.
- 27 b. The dependent is physically or mentally incapacitated to the  
28 extent that he or she is incapable of earning a living and (i) such  
29 handicap developed or began to develop before the dependent's  
30 19th birthday, or (ii) such handicap developed or began to  
31 develop before the dependent's 26th birthday if the dependent  
32 was covered by the Plan in accordance with G.S. 135-40.1(3)a.

33 Dependent children of national guard members are subject to the  
34 same terms and conditions as are other dependent children covered by  
35 this subdivision."

36 Section 3. G.S. 135-40.1(6) reads as rewritten:

37 "(6) Employing Unit. – A North Carolina School System; Community  
38 College; State Department, Agency or Institution; Administrative Office  
39 of the Courts; or Association or Examining Board whose employees are  
40 eligible for membership in a State-Supported Retirement System. An  
41 employing unit also shall mean a charter school in accordance with Part  
42 6A of Chapter 115C of the General Statutes whose employees are  
43 deemed to be public employees and members of a State-Supported

1           Retirement System. North Carolina national guard units are deemed to  
2           be employing units for the purpose of providing benefits under this  
3           Article."

4           Section 4. G.S. 135-40.1(7) reads as rewritten:

5           "(7) Enrollment. – New employees must enroll themselves and their  
6           dependents within 30 days from the date of employment. Coverage may  
7           become effective on the first day of the month following date of entry  
8           on payroll or on the first day of the following month. New employees  
9           not enrolling themselves and their dependents within 30 days, or not  
10          adding dependents when first eligible as provided herein may enroll on  
11          the first day of any month but will be subject to a 12-month waiting  
12          period for preexisting health conditions, except for employees who elect  
13          to change their coverage in accordance with rules established by the  
14          Executive Administrator and Board of Trustees for optional prepaid  
15          hospital and medical benefit plans. Children born to covered employees  
16          having coverage type (2), or (3), as outlined in G.S. 135-40.3(d) shall be  
17          automatically covered at the time of birth without any waiting period for  
18          preexisting health conditions. Children born to covered employees  
19          having coverage type (1) shall be automatically covered at birth without  
20          any waiting period for preexisting health conditions so long as the  
21          Claims Processor receives notification within 30 days of the date of  
22          birth that the employee desires to change from coverage (1) to coverage  
23          type (2), or (3), provided that the employee pays any additional  
24          premium required by the coverage type selected retroactive to the first  
25          day of the month in which the child was born. National guard members  
26          and their eligible dependents are subject to the same terms and  
27          conditions as are new employees and their dependents covered by this  
28          subdivision. Enrollments in these circumstances must occur within 30  
29          days of eligibility to enroll."

30          Section 5. G.S. 135-40.1 is amended by adding a new subdivision to read:

31          "(13b) National guard members. – Members of the North Carolina army and  
32          air national guard who are not eligible for any type of comprehensive  
33          group health insurance or other comprehensive group health benefit  
34          coverage. Members of the North Carolina army and air national guard  
35          include those who are actively serving in the national guard as well as  
36          former members of the national guard who have completed 20 or more  
37          years of service in the national guard but have not attained the minimum  
38          age to begin receipt of a uniformed service military retirement benefit.  
39          Comprehensive group health insurance and other benefit coverage  
40          consists of inpatient and outpatient hospital and medical benefits, as  
41          well as other outpatient medical services, prescription drugs, medical  
42          supplies and equipment that are generally available in the health  
43          insurance market. North Carolina national guard units shall certify the

1 eligibility of their members to the Plan for their participation in its  
2 benefits prior to enrollment."

3 Section 6. G.S. 135-40.2(b) is amended by adding a new subdivision to read:

4 "(13) National guard members, their eligible spouses, and eligible dependent  
5 children."

6 Section 7. G.S. 135-40.3 is amended by adding a new subsection to read:

7 "(f) National guard members are subject to the same terms and conditions of this  
8 section as are employees. Eligible dependents of national guard members are subject to  
9 the same terms and conditions of this section as are dependents of employees."

10 Section 8. G.S. 135-39.6A reads as rewritten:

11 "**§ 135-39.6A. Premiums set.**

12 The Executive Administrator and Board of Trustees shall, from time to time, establish  
13 premium rates for the Comprehensive Major Medical Plan except as they may be  
14 established by the General Assembly in the Current Operations Appropriations Act, and  
15 establish regulations for payment of the premiums. Premium rates shall be established  
16 for coverages where Medicare is the primary payer of health benefits separate and apart  
17 from the rates established for coverages where Medicare is not the primary payer of  
18 health benefits.

19 In setting premiums for national guard members and their eligible dependents, the  
20 Executive Administrator and Board of Trustees shall establish rates separate from those  
21 affecting other members of the Plan. These separate premium rates shall include rate  
22 factors for incurred but unreported claim costs, for the effects of adverse selection from  
23 voluntary participation in the Plan, and for any other actuarially determined measures  
24 needed to protect the financial integrity of the Plan for the benefit of its served  
25 employees, retired employees, and their eligible dependents."

26 Section 9. This act becomes effective July 1, 1998.