

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 184
Committee Substitute Favorable 3/26/19**

Short Title: Study State Health Plan Design.

(Public)

Sponsors:

Referred to:

February 27, 2019

A BILL TO BE ENTITLED

1 AN ACT TO EXAMINE THE NEEDS AND CONCERNS OF STATE EMPLOYEES
2 PARTICIPATING IN THE NORTH CAROLINA STATE HEALTH PLAN FOR
3 TEACHERS AND STATE EMPLOYEES AND TO FURTHER STUDY REDESIGNING
4 THE STATE HEALTH PLAN IN A WAY THAT ADOPTS NEW PRACTICES AND
5 PAYMENT METHODOLOGIES THAT PROMOTE HEALTH WHILE INCENTIVIZING
6 PARTICIPATION FROM BOTH ENROLLEES AND PROVIDERS.
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8 Whereas, the North Carolina State Health Plan for Teachers and State Employees
9 provides health insurance coverage for more than 750,000 North Carolina teachers, State
10 employees, retirees, and their families; and

11 Whereas, North Carolina teachers, State employees, retirees, and their families
12 deserve the highest, most efficient level of care that promotes health and wellness while lowering
13 costs; and

14 Whereas, the State Treasurer has identified the need to reduce annual costs by \$300
15 million; and

16 Whereas, the North Carolina State Health Plan for Teachers and State Employees
17 does not take advantage of modern cost-saving technologies that also increase access to health
18 care services; and

19 Whereas, North Carolina health care providers are national leaders in work that has
20 redesigned plans that deliver high quality care and lower costs; Now, therefore,
21 The General Assembly of North Carolina enacts:

22 **SECTION 1.(a)** There is created the Joint Legislative Study Committee on the
23 Sustainability of the North Carolina State Health Plan (Committee). The purpose of the
24 Committee is to examine the needs and concerns of North Carolina teachers, State employees,
25 and retirees participating in the North Carolina State Health Plan for Teachers and State
26 Employees (State Health Plan) and to redesign the State Health Plan in a way that adopts new
27 practices and payment methodologies that promote health while incentivizing participation from
28 both enrollees and providers.

29 **SECTION 1.(b)** The Committee shall consist of the following voting members:

- 30 (1) Four members of the House of Representatives appointed by the Speaker of
31 the House of Representatives.
32 (2) Four members of the Senate appointed by the President Pro Tempore of the
33 Senate.
34 (3) The Executive Administrator of the State Health Plan.
35 (4) One member appointed by the North Carolina Medical Society.
36 (5) One member appointed by the North Carolina Healthcare Association.



- 1 (6) One member appointed by the North Carolina Nurses Association.
2 (7) Two members appointed by the State Employees Association of North
3 Carolina.
4 (8) One member appointed by the Retired Government Employees Association
5 of North Carolina.
6 (9) One member appointed by the North Carolina Association of Educators.
7 (10) One member appointed by the North Carolina Psychiatry Association.

8 The State Treasurer shall be an ex officio, nonvoting member. By majority vote, the
9 Committee may increase its membership with representatives from any other entity or
10 organization.

11 The Speaker of the House of Representatives shall designate one representative to
12 serve as cochair, and the President Pro Tempore of the Senate shall designate one senator to serve
13 as cochair. Vacancies on the Committee shall be filled by the same appointing authority making
14 the initial appointment. A quorum shall be a majority of the Committee.

15 **SECTION 1.(c)** The initial meeting of the Committee shall be conducted within 30
16 days of the effective date of this act. Subsequent meetings shall be at the call of the Chair.

17 The Committee, while in the discharge of its official duties, may exercise all powers
18 provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may
19 meet in the Legislative Building or the Legislative Office Building. The Legislative Services
20 Commission, through the Legislative Services Officer, shall assign professional staff to assist the
21 Committee in its work. The Directors of Legislative Assistants of the Senate and of the House of
22 Representatives shall assign clerical staff to the Committee, and the expenses relating to the
23 clerical employees shall be borne by the Committee. General Assembly members of the
24 Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1.
25 The Commission may contract for professional, clerical, or consultant services, as provided by
26 G.S. 120-32.02.

27 **SECTION 1.(d)** The Committee, in developing a recommended design for the State
28 Health Plan, shall consider all of the following:

- 29 (1) Pricing that is referenced to other payment models.
30 (2) Other payment models that have been implemented and have shown to reduce
31 costs without compromising care.
32 (3) Methods by which to ensure transparency with regards to pricing and costs for
33 employees and their dependents as well as for the State Health Plan.
34 (4) Employee and family premiums that are appropriate, preferably without an
35 increase in the employee premium.
36 (5) Incentive programs to encourage utilization of primary care.
37 (6) Virtual health options.
38 (7) Joining the State Health Plan with other State-funded health plans.
39 (8) Payments of subsidies for buying individual plans on the marketplace.
40 (9) Data that compares a five-year history of actual costs to the plan versus
41 anticipated costs and spending projections.
42 (10) Claims data by health care provider claimant.
43 (11) Demographic data of Plan subscribers, including data on cost drivers.
44 (12) Any other items necessary for development of a modern State Health Plan.

45 **SECTION 1.(e)** The Committee shall submit a final report no later than December
46 15, 2019, to the General Assembly by filing a copy of the report with the Office of the President
47 Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, and the
48 Legislative Library. This final report shall contain the results of the study, including any
49 Committee recommendations. The Committee shall terminate upon filing its final report, or on
50 April 1, 2020, whichever is later.

1 **SECTION 2.** For the period of January 1, 2019, through December 31, 2020, the
2 State Treasurer, the State Health Plan for Teachers and State Employees (State Health Plan), the
3 Board of Trustees of the State Health Plan, and the Executive Administrator of the State Health
4 Plan shall continue to utilize the Blue Cross Blue Shield of North Carolina Blue Options provider
5 network and to reimburse participating network providers in accordance with one hundred
6 percent (100%) of the applicable fee schedule. Further, the State Health Plan, the Board of
7 Trustees of the State Health Plan, and the Executive Administrator of the State Health Plan shall
8 not implement or utilize any reference-based pricing model to reimburse providers during the
9 period specified by this section. This section shall not apply to any Medicare advantage plans or
10 plans described in G.S. 135-48.40(e) offered by the State Health Plan.

11 **SECTION 3.** This act is effective when it becomes law.