



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Final State Budget

Board of Trustees Meeting

November 20, 2015

A Division of the Department of State Treasurer

Presentation Overview

- Final State Budget
 - Funding for Employer Contribution for State Health Plan Coverage
 - Special Provisions Impacting the State Health Plan
- Next Steps

SHP Budget Update

	Board Approved Plan Design (Feb 2015)	Governor's Budget	House Budget Proposal ¹	Senate Budget Proposal	Enacted State Budget ⁴	Board Approved Plan Design Updated (Aug 2015)
Premium Increases						
CYs 2016 & 17 (January 1st)	3.37%	3.37%	3.75%	0.00%	3.46%	2.83%
General Fund Appropriations						
FY 2015-16	\$34.0 m	\$34.0 m	\$38.2 m	\$0 ³	\$34.8 m	\$28.4 m
FY 2016-17	\$101.8 m	\$101.8 m	\$109.2 m ²	TBD	\$104.9 m	\$85.8 m

1. House proposal includes funding for HB 56, Rehired Retiree Eligibility
2. House funding for FY 2016-17 contingent upon adoption of changes to reduce the required FB 17-19 increase in employer contributions
3. Senate requires Plan to maintain reserve of 20% of total expenses
4. Final budget includes both the House and Senate provisions but excludes Rehired Retiree funding

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- The Approved Budget includes a special provision mandating benefit changes to reduce the increase to the employer contribution for the 2017-19 biennium as a condition to fully fund the required employer contribution effective for CY 2017:
 - **SECTION 30.26 (a)**. It is the intent of the General Assembly to make funds in the Reserve for Future Benefits Needs available for increasing employer contributions to the State Health Plan for Teachers and State Employees during the 2016-2017 fiscal year only if the General Assembly determines that the State Treasurer and the Board of Trustees established under G.S. 135-48.20 have adopted sufficient measures to limit projected employer contribution increases during the 2017-2019 fiscal biennium, in accordance with their powers and duties enumerated in Article 3B of Chapter 135 of the General Statutes.

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SECTION 30.26 (b-c).

- During the 2015 -2017 fiscal biennium, the State Health Plan for Teachers and State Employees shall maintain a cash reserve of at least twenty percent (20%) of its annual costs. For purposes of this section, the term cash reserve means the total balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund established in G.S.135-48.5 plus the Plan's administrative account, and the term "annual costs" means the total of all medical claims, pharmacy claims, administrative costs, fees, and premium payments for coverage outside of the Plan.
- On and after January 1, 2016, if the State Health Plan for Teachers and State Employees projects a cash reserve of less than the minimum cash reserve required by this section at any time during the remainder of the 2015-2017 fiscal biennium, or the Fiscal Research Division of the General Assembly notifies the Plan that it projects such a deficiency, the Department of State Treasurer shall report to the Joint Legislative Commission on Governmental Operations within 60 days of that projection or notification on actions the Department plans to take in order to maintain that required minimum cash reserve.

Additional Budget Items Related to the State Health Plan

§ 135-48.40. (1a).

- Final Budget includes language that gives Employing units the authority to allow rehired retirees to enroll in plan options available to permanent full-time employees instead of the High Deductible Health Plan (HDHP).

§ 90-414.5. - 90-414.5.

- The State will be creating a new Health Information Exchange (HIE) that requires providers to send data for Medicaid and SHP members.
- Effective January 1, 2018 the Plan will begin receiving HIE data on Plan members.

Next Steps

- Legislative short session begins April 25, 2016
- Identify potential issues to bring to General Assembly
- Address state budget requirements