



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



## Local Governmental Unit Participation in State Health Plan

*Board of Trustees Meeting*

August 28, 2015

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*A Division of the Department of State Treasurer*

# Local Governmental Units - Overview

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- Review of Legislation
- Requirements for Local Governmental Unit Participation
- Tracking Impact on State Health Plan

# S.L. 2015-112: Adding Local Units to the State Health Plan

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- Summary of Legislation (HB 154):
  - Allows local governmental units (up to 10,000 total members) to join the State Health Plan
    - There are currently about 3,500 members enrolled from local units on the State Health Plan
  - Units with more than 1,000 covered lives are ineligible
  - Current and future retirees are ineligible to join the Plan
  - The Plan must allow participation if the local governmental unit meets administrative and legal requirements
- Fiscal Impact FY 2015-16 (from Segal):
  - Combined Local Bills: \$3.39M, however, Segal cannot quantify for HB 154 because specific units are not named and units are not required to provide data

# Requirements for Local Governmental Units to Join

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- Per State law to enroll members into the Plan local governmental units must:
  - Pass a valid resolution expressing intent to join the Plan
  - Enter into a Memorandum of Understanding with the Plan
  - Provide at least 90 days' notice to the Plan prior to entry and complete all other requirements at least 60 days prior to entry
- The local governmental unit and its employees must meet the federal requirements to participate in a governmental plan and the Plan may refuse participation to persons who would jeopardize the Plan's qualification as a governmental plan under federal law
- The local governmental unit determines the eligibility of its employees and employees' dependents and what portion of the premiums employees will pay to the local governmental unit
- Premiums and plan options must be the same as those offered to State employees and dependents on a fully contributory basis
- The local governmental unit must pay all premiums for all covered individuals directly to the Plan or the Plan's designee

The Plan has developed a policy and procedure for local governments to follow to meet the statutory mandate and facilitate participation

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# Tracking Impact of Local Governmental Units

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- There is no actuarial note for HB 154
- The Plan has tracked the impact participating local units have historically had on the Plan's claims experience
- The experience of the current units are relatively neutral
- The Plan will track the new local units and provide updates regarding their financial impact on the Plan
  - Approximately 30 local units have reached out to the Plan
  - The size of the units ranges from 5 members to approximately 300