

DST POLICIES AND PROCEDURES

DST Reference:	SHP-POL-3014-SHP
Title:	Setting Up a New Group (Employing Unit) on the Plan
Chapter:	Plan Operations
Current Effective Date:	June 18, 2025
Original Effective Date:	April 7, 2020

Applies to: NC Department of State Treasurer – State Health Plan Division

Keywords: Employee Benefits; Employing Unit; Employment Termination; Employing Units; Health Benefit Representative (HBR); State Health Plan

Background

Article 3B of Chapter 135 sets forth the eligibility and enrollment requirements for health benefits under the North Carolina State Health Plan for Teachers and State Employees (Plan).

The Plan is a non-federal governmental health benefits plan exclusively available for the benefit of eligible government employees; eligible retired employees; eligible dependents; and other individuals, such as COBRA participants, former legislators, and state employees that were terminated due to reduction in force. Eligible state employees are permanent regular employees of an Employing Unit. The Plan is required to secure and maintain the federal tax qualification of the Plan and may neither enroll nor maintain the enrollment of any person who may jeopardize the Plan's preferential status as a governmental plan.

Employing Units are defined in N.C.G.S. § 135-1(11). Each Employing Unit participating in the Plan is required to designate an employee of the Employing Unit to administer the Plan for that Employing Unit. The designated employee of the Employing Unit is referred to as the Health Benefits Representative (HBR). The HBR is solely the employee of the Employing Unit and is not the employee or agent of the Plan or controlled by the Plan. The responsibilities of the HBR, as defined in N.C.G.S. § 135-1(13), include ensuring the new employees of the Employing Unit are enrolled on the Plan, accurately advising the Employing Unit of eligibility requirements, reporting Plan changes to the Employing Unit, accurately explaining Plan benefits to the Employing Unit, reconciling group statements, and remitting group fees. Employing Units participating in the Plan are required to adhere to the federal and state laws governing the Plan, as well as the Plan's rules, policies, and procedures. HBRs are responsible for accurately advising their Employing Unit on compliance with the foregoing items.

Purpose

The purpose of this policy is to outline Employing Units' responsibilities for setting up a new group and for their continuing obligation to adhere to the applicable law and Plan policies, rules, and procedures. This policy applies to all Employing Units that request to join the Plan or maintain participation in the Plan.

Policy

Employing Units that request to join the Plan must do so in accordance with this policy. All requests by qualified Employing Units to join the Plan will be contingent on the completion of all steps of this policy to the Plan's satisfaction.

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Employing Units that participate in the Plan have an ongoing responsibility to follow or administer all relevant federal and state laws and comply with Plan policies, rules, and procedures regarding the Employing Unit's employees

Roles and Responsibilities

This policy shall be administered by the Plan with the assistance of the Deputy Executive Administrator, the Plan Operations team, the Plan's vendors, and others, as appropriate.

Employing Units: The Employing Unit will designate an employee of the Employing Unit to serve as its HBR. If the contact information for the HBR (including the HBR's physical or mailing address) changes, the Employing Unit is responsible for notifying the Plan of these changes immediately. The Employing Unit and its HBR are responsible for accurately following and administering all relevant federal and state laws and Plan policies, rules, and procedures regarding the Employing Unit's employees. The Employing Unit is solely responsible for any injury incurred by its employees resulting from the Employing Unit's or its HBR's failure to follow or administer relevant federal and state laws and Plan policies, rules, and procedures regarding the Employing Unit's employees.

Plan: The Plan is responsible for ensuring that all groups are set up appropriately with the Plan's vendors. Plan staff will hold regular training sessions for HBRs regarding relevant federal and state law and Plan policies, rules, and procedures. Plan staff will communicate any changes to Plan policies, rules, or procedures to the Employing Units through the Employing Unit's HBR. The Plan will also assist with issue resolution between the Employing Unit and Plan vendors.

Implementation

Any new, qualified Employing Unit that requests to join the Plan must contact the Plan at least sixty days before the first employees are hired, or at least sixty days before the effective date of the transfer of coverage from another carrier or plan, whichever is applicable. The Plan will confirm the Employing Unit's eligibility for the Plan and confirm the proposed effective date or propose a different effective date.

Once eligibility and effective dates are confirmed by the Plan, the Employing Unit will designate at least one HBR to work with the Plan and the Plan's vendors to complete the new group setup. The HBR will be trained on Plan rules, enrollment responsibilities, and the premium invoice and payment process. It is the continuing responsibility of the HBR to understand and accurately administer the Plan for the employees of the HBR's employing unit. The new group setup will be completed by Plan vendors so that the initial enrollment process can begin.

At the time of setup, the Employing Unit must determine what termination rules the Employing Unit will follow, as well as what ancillary benefits, such as NCFlex benefits, it will offer to employees through the Plan's eligibility and enrollment services contract. If the Employing Unit does not make these determinations, the group will be set up to process terminations as of the end of the month in which employment ends, and no ancillary benefits will be set up in the enrollment platform. If the Employing Unit wishes to change these options, it will be able to do so during configuration for the next Open Enrollment period.

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The HBR must accurately initiate enrollment for all employees when the group is originally set up, and for new employees on an ongoing basis. The HBR is also responsible for accurately managing employment status changes, employment terminations, salaries, and providing accurate information regarding the Plan and its policies, rules, and procedures. The HBR should not complete enrollments for their employees as employees are required to make their own elections, attestations, and process any qualifying life events within the appropriate timeframes. HBRs are also responsible for reconciling the Employing Unit's premium invoices on a monthly basis.

Policies and Rules on enrollment can be found on the Plan's website at www.shpnc.gov.

Enforcement

The Plan's Executive Administrator shall have authority to interpret and apply this policy. This policy may be modified or amended at any time.

Related Statutes, Rules, and Policies

1. Extended Short-Term and Long-Term Disability Policy [SHP-POL-3007-SHP]
2. N.C.G.S. §§ 135-48.40; 135-48.41; 135-48.44; Chapter 135, Article 3B, Parts 1-5
3. 20 NCAC 12 .0101(a), Rule on Enrollment Exceptions and Appeals
4. 20 NCAC 12 .0101(b), Rule on Member Terminations and Reinstatements
5. 20 NCAC 12 .0101(c), Rule on Arrears
6. 20 NCAC 12 .0101(d), Rule on Retiree Health Benefit Enrollment and Premium Payments

Revision/Review History

Version	Date Approved	Description of Changes
1.0	4/7/2020	New Policy
1.1	11/24/2021	Technical changes, conforming to current policy template, updated chapter, other non-substantive changes.
1.2	12/12/2022	Technical changes to remove Nature of the Policy section.
2.0	3/1/2024	Changed timeframe from 30 days to 60 days for a qualified Employing Unit to contact the Plan about joining; clarified HBR always an employee of the Employing Unit and not the Plan; Plan not responsible for injury incurred by Employing Unit for failure of HBR to administer properly; other minor wording changes
2.1	06/18/2025	Technical changes to operations and minor formatting changes

For questions or clarification on any of the information contained in this policy, please contact the policy owner: Deputy Executive Administrator, Caroline.Smart@nctreasurer.com. For general questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).