

DST POLICIES AND PROCEDURES

DST Reference:	SHP-POL-3016-SHP
Title:	Employing Unit Debt Recovery Policy
Chapter:	Plan Integration
Current Effective Date:	November 8, 2022
Original Effective Date:	October 19, 2020

Applies to: N.C. Department of State Treasurer – State Health Plan Division

Keywords: Debt recovery, wage garnishment, Employing Units, premium invoice

Background

The North Carolina State Health Plan (Plan) was established for the benefit of eligible Members. In addition to offering a comprehensive health benefit plan with a robust network of healthcare providers to eligible Members, the Plan also offers additional services requested by individual Employing Units such as on-site biometric screenings or flu-shot clinics. The health benefits, which are approved by the Plan's Board of Trustees (Board), establish the Member cost-shares. The Board also approves the annual health benefit premiums for Subscribers, Employing Units, and the Retirement Systems.

The Plan's ability to collect Member debts through wage garnishment is outlined in N.C.G.S. § 135-48.37A. If an Employing Unit fails to adhere to the provisions of this section, the Plan shall, after notice to the Employing Unit of its failure to cooperate, be entitled to seek recovery of any amounts due directly from the Employing Unit.

The Plan's ability to collect other Employing Unit debts is established by contract.

Purpose

The purpose of this policy is to outline the steps that the Plan will take to recover a debt from an Employing Unit.

Policy

When the Plan determines there is an unsatisfied Member or Employing Unit debt that has exhausted the collection process outlined below, the Plan will notify the Employing Unit of the debt and provide a deadline for remitting payment. If the Employing Unit does not remit payment by the deadline, the Plan will add the debt to the Employing Unit's next monthly premium invoice.

Definitions

Employing Unit: A North Carolina school system; community college; State department, agency, or institution; Administrative Office of the Courts; or association or examining board whose employees are eligible for membership in a State of North Carolina-supported retirement system as defined in Article 3B of Chapter 135 of the North Carolina General Statutes. An Employing Unit also shall mean a charter school in accordance with Article 14A of Chapter 115C of the North Carolina General Statutes whose board of directors elects to become a participating employer in the Plan under N.C.G.S. § 135-48.54; or a local government unit, defined as an employer by N.C.G.S. § 128-21(11), that has elected to participate in the

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Plan in accordance with N.C.G.S. § 135-48.47. Bona fide fire departments, rescue or emergency medical service squads, and National Guard units are deemed to be Employing Units for the purpose of providing benefits under Article 3B of Chapter 135.

Member: A subscriber or dependent who is eligible and currently enrolled in the Plan and for whom a premium is paid.

Subscriber: A Plan member who is not a dependent.

Roles and Responsibilities

1. Health Benefits Representative (HBR) – An employee of the Employing Unit through whom the Plan communicates about Member and Employing Unit debts. The HBR is responsible for communicating with the appropriate people within the Employing Unit to ensure the debt owed to the Plan is satisfied.
2. Quality Program Manager – the Plan employee, or their delegate, that notifies the Employing Unit of the debt and, if necessary, determines whether the debt will be added to the Employing Unit's premium invoice.
3. Integration Manager – the Plan employee, or their delegate, that confirms the employee's enrollment status at the time the debt was incurred. The Integration Manager, or their delegate may also notify the Employing Unit about the debt and, when necessary, notifies the Plan's third-party administrator (TPA) that a debt should be added to the Employing Unit's premium invoice.

Implementation

There are two types of recoveries the Plan may seek from an Employing Unit - recovery of an unsatisfied Member debt and recovery of an unsatisfied Employing Unit debt.

Recovery of an unsatisfied Member debt: An unsatisfied Member debt is generally a claims recovery debt. A claims recovery debt occurs when a Member fails to repay the Plan for an overpayment of benefits. While the vast majority of claims are paid directly to a provider, there are times when claims payments are made to Members. If a claim that was initially paid to a Member is later determined to have been paid in error, the Plan will seek to recover from the Member. The process for recovery from the Member is as follows:

- The Plan's TPA and/or recovery vendor mails the Subscriber a recovery letter on behalf of the Plan.
- The Subscriber may call in and request a payment plan to repay the debt.
- If the Subscriber is unresponsive for 30 days or unwilling to pay the debt, and the Subscriber is an active employee of an Employing Unit, the debt is sent to the Employing Unit for wage garnishment.
- The Employing Unit should establish wage garnishment after no more than 60 days' but not less than 14 days' written notice to the Subscriber.
- The Employing Unit should remit all amounts offset through wage garnishment to the Plan in intervals corresponding with the Employing Unit's regular pay periods.

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Recovery of an unsatisfied Employing Unit debt: Unsatisfied Employing Unit debts result from the non-payment for services such as, but not limited to, flu shot clinic or biometric screening clinic minimum participation fees or the non-payment of any program fees that the Plan pays on the Employing Units behalf such as the fees and premiums associated with the American Rescue Plan Act (ARPA) or the fees for 1095 services. The process for recovery from the Employing Unit is as follows:

An Employing Unit elects to participate in a program such as the annual 1095 services or signs an agreement to set up services such as a flu shot clinic for a particular worksite. The agreement may include a minimum participation level requirement. If that minimum participation level is not met, the Employing Unit is responsible for paying the minimum participation fees. When the Plan determines there is an unsatisfied Employing Unit debt that has completed the process outlined above, the Quality Program Manager, Plan Integration Manager or delegate will notify the Employing Unit of the debt and provide a deadline for remitting payment. If the Employing Unit does not remit payment by the deadline, the Integration Manager will add the debt to the Employing Unit's next monthly premium invoice via the TPA. As all premium invoices must be paid as billed, the Employing Unit will be required to pay the unsatisfied debt along with the premium payment for the month by the due date on the premium invoice. If the premium invoice is not paid in-full, the Employing Unit's claims will be held. The Plan will send delinquency notifications to the HBR on file until the premium invoice is paid in full.

The Plan shall pursue, by all lawful means available, payment of the full amount owed in accordance with N.C.G.S. § 135-48.37A and SHP-POL-3002-SHP, Accounts Receivable Collection and Write-Off Policy.

Examples:

- Plan vendor holds flu shot event and sets the minimum participation level at 50 employees. Only 40 employees sign up, and therefore the minimum participation level is not met.
- Plan vendor invoices Employing Unit for the minimum participation fees.
- Employing Unit does not pay Plan vendor.
- Plan vendor notifies the Plan of nonpayment.
- The Plan sends another invoice to Employing Unit with a deadline for the Employing Unit to remit payment.
- Employing Unit does not remit the payment by the deadline.
- Plan adds the debt to the Employing Unit's next monthly premium invoice.
 - If the premium invoice is not paid in full, any claims by the Employing Unit will be held.
 - The Plan sends delinquency notices to the HBR on file until the premium invoice is paid in full.

Enforcement

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

Related Statutes, Rules, and Policies

N.C.G.S. Chapter 153, Article 3B; § 135-48.37A

SHP-POL-3002-SHP Accounts Receivable Collection and Write-Off Policy

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Revision/Review History

Version	Date Approved	Description of Changes
1.0	10/19/2021	New Policy
2.0	6/4/2021	Revisions including changing Subscriber unresponsive time from 60 to 30 days and changing wage garnishment after no more than 60 days (used to be 30 days)
2.1	5/11/2022	Technical changes to clarify existing language; remove 'Nature of the Policy' text.
2.2	11/8/2022	Technical changes to clarify and update new vendor process

For questions or clarification on any of the information contained in this policy, please contact the policy owner or designated contact point: [Sr. Director, Plan Integration, Caroline.Smart@nctreasurer.com](#). For questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).