

# DST POLICIES AND PROCEDURES

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<b>DST Reference:</b>	<b>SHP-POL-3003-SHP</b>
<b>Title:</b>	<b>Local Government Unit Participation in the State Health Plan</b>
<b>Chapter:</b>	<b>Plan Integration</b>
<b>Current Effective Date:</b>	<b>January 6, 2024</b>
<b>Original Effective Date:</b>	<b>September 9, 2015</b>

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

**Keywords:** Eligibility, Employee Benefits, Local Governments, State Health Plan

## Background

North Carolina General Statutes § 135-48.47 details participation in the State Health Plan (the Plan) by eligible local government employees and their dependents. A Local Government Unit that meets and maintains compliance with all specific requirements may elect to participate in the Plan. Among other requirements, the Local Government Unit must comply with N.C.G.S. §§ 135-48.47, 135-48.1 et seq., and all Plan policies and rules. Once a Local Government Unit participates in the Plan, eligible employees and dependents of employees of the Local Government Unit may elect to participate in the Plan.

## Purpose

N.C.G.S. § 135-48.47 provides specific requirements that a Local Government Unit must meet to participate in the Plan. This policy and procedure instructs Local Government Units on the process for implementation of N.C.G.S. § 135-48.47. This policy and procedure applies to all Local Government Units seeking to participate and maintain participation in the Plan.

## Policy

The Plan is responsible for administering Article 3B of Chapter 135 of the North Carolina General Statutes, including N.C.G.S. § 135-48.47. This policy seeks to carry out the requirements and limitations of North Carolina law and federal law on Local Government Unit participation in the Plan.

## Definitions

**Local Government Unit:** A state or local political subdivision of North Carolina, including a county, city, consolidated city-county, sanitary district, or other local political subdivision authority or agency of local government. The Local Government Unit must qualify as a government entity as that term is used under the Employee Retirement Income Security Act of 1974, supply sufficient documentation of such qualification (Pub. L. No. 93–406 (1974), 88 Stat 829; and 29 U.S.C. § 1002(32)), and shall not impair the tax qualification of the Plan under any applicable provisions of the Internal Revenue Code.

## Roles and Responsibilities

**Local Government Unit:** responsible for reaching and maintaining compliance with all requirements set forth in state and federal law and Plan policies and rules, including this policy.

**Plan Integration Section:** responsible for completing the necessary administrative functions to facilitate and implement Local Government Unit participation, subject to the Local Government Unit’s initial and continuing compliance with state and federal law and Plan policies and rules.

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<b>DST Reference:</b>	<b>SHP-POL-3003-SHP</b>	<b>Page 1 of 8</b>
<b>Title:</b>	<b>Local Government Unit Participation in the State Health Plan</b>	
<b>Chapter:</b>	<b>Plan Integration</b>	
<b>Current Effective Date:</b>		

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# DST POLICIES AND PROCEDURES

## Eligibility

To be eligible for participation, the Local Government Unit must:

- (1) Meet the definition of a Local Government Unit;
- (2) Currently offer health benefits to its employees and their dependent(s);
- (3) Have no more than a total of 1,000 members, including dependents, enrolled under its current health benefit plan; and
- (4) Follow the implementation procedure set forth in this policy within the requisite time frames.

In accordance with N.C. Gen. Stat. § 135-48.47(c), participation in the Plan by Local Government Units is limited to not more than 16,000 total members, effective July 1, 2017. If 16,000 Local Government Unit members are enrolled in the Plan prior to the date of elected participation, then the application for participation will be denied.

## Implementation

To participate in the Plan, Local Government Units must:

1. Provide notice to the Plan of intent to participate at least ninety days prior to the date of requested entry into the Plan by completing the Local Government Unit Notice of Participation and Information Sheet in Appendix A;
2. Pass a valid resolution expressing intent to participate in the Plan; attesting that it is a governmental entity, and its employees are governmental employees, eligible to participate in a governmental plan without jeopardizing the Plan's preferential tax status; and requesting a proposed effective date for participation to begin. A copy of the valid resolution including this information shall be provided to the Plan at least sixty days prior to the requested date of participation;
3. Enter into a Memorandum of Understanding (MOU) with the Plan at least sixty days prior to the requested date of participation (see Appendix B for sample MOU);
4. Work with the Plan's eligibility and enrollment vendor to implement participation; and
5. Adhere to all applicable State and Federal laws and regulations, including Article 3B of Chapter 135 of the North Carolina General Statutes, and all Plan policies, procedures, and rules, including the requirements set forth in this policy.

## Enforcement

The Executive Administrator of the State Health Plan shall have the authority to interpret and apply this policy. Initial and continued participation is not guaranteed to any employee or dependent, and participation is contingent on the Local Government Unit's ongoing compliance with the provisions of this policy as well as State and Federal law and regulation. Failure to comply with any requirements will result in the Local Government Unit and its employees and dependents being ineligible for participation.

# DST POLICIES AND PROCEDURES

## Related Statutes, Rules, and Policies

1. PL 93–406, September 2, 1974, 88 Stat 829
2. 29 U.S.C.A. § 1002
3. Article 3B of Chapter 135 of the North Carolina General Statutes
4. N.C.G.S. §§ 135-48.30(14); 135-48.8(b); 135-48.47; and 135-49

## Revision/Review History

Version	Date Approved	Description of Changes
1.0	9/9/2015	New Policy
2.0	9/10/2020	Revised to reflect new legislation; updated staff names and position titles, other substantive changes resulting in new version
3.0	3/18/2022	Edits for clarity and accuracy throughout; removed or edited statements duplicative or conflicting with statute; reviewed and updated citations; updated appendices; clarified Appendix B MOU is intended to be representative of MOU required to be signed.
3.1	7/22/2022	Tech change – removed fax number from Appendix A; removed Nature of the Policy section
3.2	1/6/2024	Tech changes during 3 <sup>rd</sup> Qtr 2023 review, updated name of EA in Appendix B

## Appendices

Appendix A – Local Government Unit Notice of Participation and Information Sheet

Appendix B – Sample Memorandum of Understanding

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

# DST POLICIES AND PROCEDURES

## Appendix A – Local Government Unit Notice of Participation and Information Sheet

Submit completed form to:

North Carolina State Health Plan Attn: Caroline Smart  
 3200 Atlantic Avenue, Raleigh, NC 27604  
 OR Email: [Caroline.Smart@nctreasurer.com](mailto:Caroline.Smart@nctreasurer.com)

By completing this form, the Local Government Unit named below gives notice to the North Carolina State Health Plan of its intention to participate in the Plan.

Questions	Applicant's Response
Name of Local Government Unit:	
Provide the following: <ul style="list-style-type: none"> <li>Supporting documentation of legal contracting name and Tax ID number;</li> <li>Signed Form W9/IRS Letter with Taxpayer Identification Number; and</li> <li>Supporting documentation of organization as a Local Government Unit.</li> </ul>	Provide copies of all required documentation; no other response required.
<u>Re: Primary Contact</u> Name and Title: Contact Information for Primary Contact Phone Number: Mailing address: Email address:	
<u>Re: Day-to-Day Contract Administrator</u> Name and Title: Phone Number: Mailing address: Email address:	
<u>Re: Signatory Authority</u> Name and Title: Phone Number: Mailing address: Email address:	
Local Government Website URL:	
Do you currently offer a health benefit plan to your employees?	
Are dependents (including spouses) eligible for coverage in your current offering?	
Number of employees enrolled in your current health plan:	



# DST POLICIES AND PROCEDURES

## Appendix B – Sample Memorandum of Understanding

### MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is between XXXXXX, a Local Government Unit (“Unit”), and the North Carolina State Health Plan for Teachers and State Employees (the “Plan”), a division of the North Carolina Department of State Treasurer. The Unit and the Plan are each a separate “Party” and shall collectively be referred to as the “Parties.”

#### **Background**

N.C.G.S. § 135-48.47 allows Local Government Units to participate in the Plan, subject to meeting the eligibility criteria and fulfilling all other requirements of that statute and applicable Plan policies and procedures, including SHP-POL-3003-SHP.

Pursuant to N.C.G.S. § 135-48.47(b)(1)(b.), the Plan and the Unit enter into this MOU in order for the Unit to participate in the Plan.

The Parties agree as follows:

#### **I. OBLIGATIONS:**

1. Initial and continuing participation by the Unit in the Plan is contingent on complying with the requirements for participation set forth in N.C.G.S. § 135-48.47 and the applicable Plan Rules, Policies and Procedures.
2. Participation is contingent on this MOU being fully executed by \_\_\_\_\_ and on the total number of Local Government Unit enrollees not exceeding 16,000 on the designated participation date.
3. The Unit shall adhere to administrative policies adopted by the Plan that affect and are applicable to the Unit’s participation in the Plan.
4. If the above prerequisites are met, participation by the Unit in the Plan will begin on xx/xx/xxxx.
5. The Unit shall pay premiums for all covered employees and their dependents directly to the Plan or its designee as billed
6. Premium payment shall be timely. Failure to pay premiums within sixty days of due date will result in the Unit’s termination from the Plan retroactive to the last day of the month for which a premium was paid in full (N.C.G.S. § 135-48.44(a)(9)).
7. The Unit shall determine the eligibility of its employees and employees’ dependents, but such eligibility shall be consistent with the requirements of N.C.G.S. § 135-48-40 et seq. The Plan may terminate any ineligible person at any time.
8. The Unit shall collect all employee premium contributions.
9. The Unit shall not offer Plan coverage to its retirees.
10. The Unit shall not allow retirees to enroll in the Plan.
11. Employees will have thirty days to enroll in health coverage, beginning on the date they are set up in the enrollment system.

## **DST POLICIES AND PROCEDURES**

12. Employees shall pay their share of premium contributions to the Unit, which shall conform to the premium contributions in the structure set by the Plan.
13. Employees shall pay for their share of dependent premiums. Contribution amount may be determined by the Unit, but may not exceed the rates set by the Plan. If dependent premium contributions differ from the structure set by the Plan, Unit shall report the difference to the Plan at least thirty days prior to the effective date of the dependent premium contributions.

**II. REPRESENTATION:** Unit represents and warrants that it is a political subdivision of the State; that it qualifies as a “government” entity as that term is used under the Employee Retirement Income Security Act of 1974 (PL 93–406, September 2, 1974, 88 Stat 829; and 29 USC § 1002(32)); and that its enrolled employees are governmental employees. Unit shall notify the Plan if its status as a government entity or its employees’ status as governmental employees change within five business days of discovery.

**III. TERM and TERMINATION:** This MOU is effective the date the last party signs, and shall remain in effect until terminated by the Plan upon sixty days written notice to the Unit. Termination of the MOU will result in dis-enrollment of participating members from the Plan and does not relieve the Unit’s obligation to pay premiums for all periods of coverage with the Plan.

**IV. AMENDMENTS:** Upon mutual agreement, this MOU may be amended. Such agreement shall be in writing and be incorporated as an amendment to this MOU.

**V. COUNTERPARTS:** The Parties may execute this MOU in counterparts, which will, in the aggregate, when signed by both Parties constitute one and the same instrument, and thereafter, each counterpart deemed an original.

**VI. CONFLICT RESOLUTION:** In the event of any inconsistency between North Carolina law and this MOU, the law shall prevail.

### **North Carolina Department of State Treasurer**

By: Dale R. Folwell, CPA (or Delegate)

Signature: \_\_\_\_\_

Title: State Treasurer of North Carolina

Date: \_\_\_\_\_

### **North Carolina State Health Plan for Teachers and State Employees**

By: Samuel W. Watts

Signature: \_\_\_\_\_

# DST POLICIES AND PROCEDURES

Title: Executive Administrator

Date: \_\_\_\_\_

**[INSERT NAME OF UNIT]**

By: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_