

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 177

Short Title: State Health Plan Administrative Changes.-AB (Public)

Sponsors: Representatives Lambeth, McNeill, and Hurley (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State Personnel, if favorable, Health, if favorable, Insurance, if favorable, Rules,
Calendar, and Operations of the House

March 1, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES
3 TO LAWS RELATING TO THE STATE HEALTH PLAN FOR TEACHERS AND STATE
4 EMPLOYEES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 135-48.33(a) reads as rewritten:

7 "(a) The Board of Trustees must approve all Plan contracts in excess of ~~five hundred~~
8 ~~thousand dollars (\$500,000), five million dollars (\$5,000,000),~~ including contracts with an initial
9 cost of less than ~~five hundred thousand dollars (\$500,000), five million dollars (\$5,000,000)~~ but
10 that may exceed ~~five hundred thousand dollars (\$500,000)~~ five million dollars (\$5,000,000)
11 during the term of the contract."

12 **SECTION 2.** G.S. 135-48.41 reads as rewritten:

13 **"§ 135-48.41. Additional eligibility provisions.**

14 ...

15 (b) ~~A dependent child shall not be eligible for coverage under the Plan if the dependent~~
16 ~~child is eligible for employer based health care outside of the State Health Plan for Teachers and~~
17 ~~State Employees, other than a parent's claim. Coverage~~ Notwithstanding the age requirement
18 under G.S. 135-48.1(9), coverage of a dependent child may be extended ~~continued~~ beyond the
19 dependent child's 26th birthday if the dependent child is physically or mentally incapacitated to
20 the extent that he or she is incapable of earning a living and (i) such handicap developed or began
21 to develop before the dependent's 19th birthday, or (ii) such handicap developed or began to
22 develop before the dependent's 26th birthday disabled and if the dependent was covered by the
23 Plan in accordance with G.S. 135-48.40(d)(7) on the dependent child's 26th birthday.
24 Verification of the dependent child's disability shall be provided to the Plan no later than 60 days
25 after the dependent child's 26th birthday.

26 (c) No person shall be eligible for coverage as a dependent if eligible as an employee or
27 retired employee, except when a spouse is eligible on a fully contributory ~~basis~~ basis or when
28 the person is a disabled dependent child. In addition, no person shall be eligible for coverage as
29 a dependent of more than one employee or retired employee at the same time.

30"

31 **SECTION 3.(a)** G.S. 135-48.24 reads as rewritten:

32 **"§ 135-48.24. Administrative review.**

33 (a) If, after exhaustion of internal appeal handling ~~as outlined in the contract with the~~
34 ~~Claims Processor~~ Processor, any person is aggrieved, then the Claims Processor shall bring the



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1 matter to the attention of the Executive Administrator and Board of Trustees, which
 2 Administrator. The Executive Administrator shall promptly decide whether the subject matter of
 3 the internal appeal is a determination subject to external review under Part 4 of Article 50 of
 4 Chapter 58 of the General Statutes. The following shall apply to decisions made under this
 5 subsection:

6 (1) The Executive Administrator ~~and Board of Trustees~~ shall inform the
 7 aggrieved person and the aggrieved person's provider of the decision and shall
 8 provide the aggrieved person notice of the aggrieved person's right to appeal
 9 that decision as provided in this subsection.

10 (2) If the Executive Administrator ~~and Board of Trustees decide~~ decides that the
 11 subject matter ~~of the~~ raised on internal appeal is not a determination subject
 12 to external review, then the Executive Administrator ~~and Board of Trustees~~
 13 ~~may~~ shall have the authority to make a binding decision on the matter ~~in~~
 14 ~~accordance with procedures established by the Executive Administrator and~~
 15 ~~Board of Trustees. The Executive Administrator and Board of Trustees shall~~
 16 ~~provide a written summary of the decisions made pursuant to this section to~~
 17 ~~all employing units, all health benefit representatives, all relevant health care~~
 18 ~~providers affected by a decision, and to any other parties requesting a written~~
 19 ~~summary and approved by the Executive Administrator and Board of Trustees~~
 20 ~~to receive a summary immediately following the issuance of a decision matter.~~

21 (3) ~~A decision by~~ If the Executive Administrator ~~and Board of Trustees~~ decides
 22 that ~~a~~ the subject matter raised on internal appeal is a determination subject to
 23 external review ~~as provided in subsection (b) of this section~~ review, as
 24 provided for under subsection (b) of this section, then that decision may be
 25 contested by the aggrieved person under Chapter 150B of the General
 26 Statutes. The person contesting the decision may proceed with external review
 27 pending a decision in the contested case under Chapter 150B of the General
 28 Statutes.

29 (b) The State Treasurer, in consultation with the Board of Trustees, shall adopt and
 30 implement utilization review and internal grievance procedures that are substantially equivalent
 31 to those required under G.S. 58-50-61 and G.S. 58-50-62. External review of determinations
 32 shall be conducted in accordance with Part 4 of Article 50 of Chapter 58 of the General Statutes.
 33 As used in this section, "determination" is a decision by the State Treasurer, or the Plan's
 34 designated utilization review organization administrated by or under contract with the Plan that
 35 an admission, availability of care, continued stay, or other health care service has been reviewed
 36 and, based upon information provided, does not meet the Plan's benefit offerings, or requirements
 37 for medical necessity, appropriateness, health care setting, or level of care or care, or
 38 effectiveness, and the requested service is therefore denied, reduced, or terminated.

39 (c) Repealed by Session Laws 2011-398, s. 49, effective January 1, 2012, and applicable
 40 to contested cases commenced on or after that date."

41 **SECTION 3.(b)** G.S. 135-48.22(3) is repealed.

42 **SECTION 3.(c)** G.S. 150B-1(e) reads as rewritten:

43 "(e) Exemptions From Contested Case Provisions. – The contested case provisions of this
 44 Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The
 45 contested case provisions of this Chapter do not apply to the following:

46 ...
 47 (13) The State Health Plan for Teachers and State Employees with respect to
 48 ~~determinations~~ (i) decisions by the Executive Administrator ~~and Board of~~
 49 ~~Trustees, that an internal appeal is not subject to external review under~~
 50 G.S. 135-48.24, or (ii) a determination by the Executive Administrator, the
 51 Plan's designated utilization review organization, or a self-funded health

1 maintenance organization under contract with the Plan that an admission,
2 availability of care, continued stay, or other health care service has been
3 reviewed and, based upon the information provided, does not meet the Plan's
4 benefits offering, or requirements for medical necessity, appropriateness,
5 health care setting, or level of care care, or effectiveness, and the requested
6 service is therefore denied, reduced, or terminated.

7"

8 **SECTION 4.** G.S. 135-48.27 reads as rewritten:

9 **"§ 135-48.27. Reports to the General Assembly; General Assembly access to information.**

10 ~~In addition to the reports required by G.S. 135-48.23(d), the~~ The State Treasurer, the
11 Executive Administrator, and Board of Trustees shall report to the General Assembly ~~at such~~
12 ~~times and in such forms as shall be designated as requested, and in the manner designated,~~ by the
13 President Pro Tempore of the Senate and the Speaker of the House of Representatives.
14 Employees of the Legislative Services Commission designated by the Legislative Services
15 Officer (i) shall have access to all records related to the Plan of the State Treasurer, the Board of
16 Trustees, the Executive Administrator, the Claims Processor, and the Plan and (ii) shall be
17 entitled to attend all meetings, including executive sessions, of the Board of Trustees."

18 **SECTION 5.** G.S. 135-48.1(14) reads as rewritten:

19 "(14) Plan or State Health Plan. – The North Carolina State Health Plan for Teachers
20 and State Employees. Depending on the context, the term may refer to the
21 entity created in ~~G.S. 153-48.2~~ G.S. 135-48.2 or to the health benefit plans
22 offered by the entity, in which case "Plan" includes all comprehensive health
23 benefit plans offered under the Plan."

24 **SECTION 6.** This act is effective when it becomes law.