

## STATE HEALTH PLAN – WHERE DO WE GO FROM HERE?

Senate Bill 287 is a bad bill. It shifts massive costs to plan members, who will not see a pay raise this year and are threatened with furloughs and layoffs. On average, it will cost State Health Plan members \$600 more a year if the bill passes.

Legislators have been asking SEANC for suggestions on how to reduce costs in the Plan. SEANC and the other member groups met with Speaker Hackney and Rep. Holliman on Tuesday, March 24, to discuss solutions and, at that time, SEANC presented many ideas for cost savings.

Speaker Hackney said he appreciates our ideas, but he needs solutions that yield bigger numbers. To that end, SEANC proposes the following:

- **The General Assembly should immediately appropriate \$250 million from the Rainy Day Fund to allow the State Health Plan to pay current expenses.**
- **The General Assembly should freeze State Health Plan member benefits at current levels until a thorough, proper, professional audit done by a firm that is given full access to State Health Plan contracts can be done to assess where the Plan may be paying for expenses not actually incurred by Plan members.**
- **The General Assembly should fund the 2009-2010 fiscal year of the Plan with the General Fund money that was already going to be spent in SB287 (approximately \$491 million) to allow one year for completion of the audit and reporting of its findings to the General Assembly.**
- **The General Assembly, after examining the audit findings, will decide at that point how much cost shifting (if any) would actually be required to determine funding for 2010-2011. After a proper audit, the members of the Plan can have more confidence in the actions of the General Assembly and all parties can move forward.**

This proposal would address some problematic issues. Last time an audit of the State Health Plan examined overcharges, the NC Auditor's Office found that the Plan was only recovering 0.3 % on claims of more than \$4.15 billion for the period. Nationally, about 5% of hospital bills are overcharges. If the State Health Plan recovered the national average, it would have yielded over \$200 million for the Plan that year alone!

There are many other examples of this nature that an audit would uncover. There has been a lot of media attention lately regarding the lack of an audit between our Plan and BCBSNC. The previous example of taxpayer waste is a prime example of the reasons an audit is long overdue. This issue is of critical importance not just to State Health Plan members, but to taxpayers as well.

We cannot stand by as an association and ask our members to “understand” cost-shifting to them when no one bothers to look into the administration of this Plan. We especially cannot ask this of our members when there has been evidence as reported by our State Auditor of significant overcharges in the past when we had the same third-party administrator – BCBSNC.

We respectfully ask you as a House member to vote “NO” to SB287 and to instead insist upon implementation of the above proposal, which is a “win-win” for Plan members and taxpayers, and will bring long overdue transparency and “sunshine” to the State Health Plan.

