

NC state worker health plan changes get final OK

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RALEIGH, N.C. -- Higher co-pays, deductibles and mandated monthly premiums for all active North Carolina state workers and teachers are included in Republican-penned legislation that received approval Monday night at the Legislature and is headed to Gov. Beverly Perdue's desk.

The Senate voted 31-18 along party lines in favor of changes made by the House last week that are part of a proposal to close a \$515 million State Health Plan shortfall through mid-2013. The bill rolled through the General Assembly in less than two weeks. Administrators must prepare to make cost changes starting July 1. There was no additional debate Monday.

The biggest change would require premiums generally between \$11 and \$22 per month for more than 322,000 active workers, reaching \$23 in July 2012. Retirees who keep the more generous of two insurance offerings also would have to pay premiums, an option that Democrats and a retiree group warn could lead to a lawsuit for ex-workers arguing they were all but promised premium-free health care.

Perdue will review the bill, said Mark Johnson, a spokesman. The Democrat must decide whether to sign the bill, veto it or let the bill become law without her signature. The governor's budget proposal included some employee premiums but still left a no-cost premium option for workers who remain in the less generous plan.

The bill also would raise dependent care coverage by 5.2 percent annually each year. Perdue's budget had recommended a 7.1 percent annual premium increase. An employee paying \$580 a month for the more generous family plan could see that premium exceed \$660 monthly if the Legislature's proposal is implemented.

Workers have paid premiums before for optional higher-tier or HMO coverage, but it's not been required to receive insurance.

Democrats opposed the Republican solution to closing the gap, citing possible future litigation and increased out-of-pocket expenses. For example, co-payments for primary care doctor visits would increase by \$5 to \$35 and annual deductibles from \$800 to \$933 in the less generous insurance tier.

Authors of the bill said they don't like the increased costs but said the measure should put the 663,000-member plan on sounder footing by shifting oversight of the plan from a legislative commission to State Treasurer Janet Cowell's office. A revamped trustee board also will have more power to set rates and benefits separate from political considerations, GOP leaders said.

Moving the plan to the treasurer's office was one of the reasons why the State Employees Association of North Carolina didn't actively oppose the measure. The association also supported language designed to keep the plan's outside administrative contract open to public review and the repeal of wellness programs that penalized smokers with less-generous coverage since July 1 and the very obese starting this summer.

"We never want costs increased in the Health Plan," employees association lobbyist Ardis Watkins said. "That being said, this bill has some things we hope long-term will be controlling the costs for the employees."

The North Carolina Association of Educators, however, vehemently opposed the changes, saying they will give every educator and teacher on average \$1,800 in pay cuts through higher medical costs.

"Teachers and educators are disappointed that legislators refused to make hard choices for the State Health Plan," NCAE President Sheri Strickland said. "Politicians like to talk about supporting teachers and educators, but tonight's vote to cut the pay of a Master's degree teacher making \$33,470 annually proves something else."

A similar State Health Plan bailout cost about \$670 million two years ago and resulted in nearly 9 percent annual increases for dependent care premiums.