



LEGISLATIVE *Update*

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What Some Called “Smoke and Mirrors,” SEANC Calls SHP Reform!

SEANC Legislative Affairs Director Ardis Watkins spoke before a packed meeting of the House Appropriations Committee this morning as legislators considered moving forward on Senate Bill 265 ([SB 265](#)) – a bill already approved by the Senate that would create major reform for the State Health Plan (SHP). After widespread debate that followed along party lines, the House Appropriations Committee gave SB 265 a favorable recommendation. The bill then passed second reading in the House this afternoon and is expected to have a final vote soon.

Even though this legislation gets SEANC members that much closer to accomplishing their [number one legislative priority](#) for this session – moving oversight of the State Health Plan (SHP) away from the General Assembly and into a government agency – the bill’s inclusion of health care premiums is giving a lot of people mixed feelings. When Gov. Bev Perdue’s budget recommendations were released in February, it was clear that some form of premiums in the SHP were inevitable. Perdue’s budget opened the door to those premiums, but SB 265 balances out that certainty by taking significant steps to reform larger problems with the SHP.

“Our members don’t like premiums – and we’ve always opposed unfair cost-shifting to state employees – but in its totality, this bill is a huge step forward. Problems in the SHP are not just an issue for state employees and retirees – it’s a taxpayer issue, and we’re all taxpayers” said Watkins during testimony before today’s committee meeting.

The positive reform in this bill is overwhelming and will, for the first time, give state employees, retirees and taxpayers more control over the future of the SHP.

Positive Reform in SB 265:

- Moves oversight of the SHP away from the General Assembly and into the N.C. Department of State Treasurer
- Establishes a SHP Board of Trustees that has half its membership (4 out of 8) comprised of active or retired state employees – for the FIRST time, an active and ongoing voice in the SHP
- Abolishes the BMI and tobacco cessation penalties within the SHP, which were a profound invasion of privacy
- Makes cost-plus contracts, like Blue Cross and Blue Shield of North Carolina’s secret deal for the SHP, unlawful for the state to enter into
- Maintains the \$10 rate for generic pharmacy benefit co-pays
- Offers a premium-free option for all retirees who enroll in the Standard 70/30 Plan

During this morning’s politically-charged debate about the legislation, Democrats made a big show in support of state employees. Yet those same politicians did more damage to state employees in 2009 with the passage of [SB 287](#), which increased SHP out-of-pocket costs across the board.

This morning, [Rep. Grier Martin](#) argued against SB 265 saying that the legislation’s primary impact was adding health care premiums and that the rest of the positive reforms to the SHP were “just smoke and mirrors.”

To that, Watkins replied, “What you call smoke and mirrors – we are finally calling actual reform. Y’all didn’t seem to care this much about state employees two years ago when SB 287 passed.”

Other Democrats argued in favor of but failed to keep the SHP's invasive BMI and tobacco cessation penalties. [Rep. Nelson Dollar](#) spoke up on behalf of state employees' privacy and argued to eliminate the BMI and tobacco cessation penalties, saying the measure was "all sticks and no carrots."

Some language in SB 265 would give the Treasurer's Office, as administrator of the SHP, the option to create a positive, incentive-based wellness program – whereas the BMI and tobacco cessation program is punitive and unfairly punishes state employees instead of encouraging proactive health changes.

The association has never wanted health care premiums for the hardworking men and women of state government, but SB 265 represents the most significant step forward to reform the SHP and ultimately benefit our state.

This day and everyday, SEANC fights for the passage of a common-sense budget that protects quality public services and the men and women who provide them, particularly through the ["Take Pride in Carolina"](#) report that offered more than \$10 billion in cost-savings without cutting a single job.