



LEGISLATIVE *Update*

State Employees Association of North Carolina • www.seanc.org
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State Budget Passes; Rep. Holliman Set to Kill State Health Plan Bills

House and Senate leaders presented their compromise budget proposal Monday, and a final vote was taken Wednesday. Gov. Bev Perdue then signed the budget into law.

SEANC is disturbed by a proposed 1 percent additional budget cut to all agencies, which gives managers flexibility to make these cuts, including the authority to RIF employees rather than find other savings. Managers need to cut administrative costs and vacant positions (except those that would jeopardize public safety) before sending North Carolinians to the unemployment line.

Also, legislators reduced retirement system contributions by \$139 million, resulting in a lower employer contribution and jeopardizing the funding level of the pension fund. SEANC Executive Director Dana Cope expressed amazement at this move, which was a surprise to everyone, including the treasurer's office. "Legislators have been digging a hole that's become the Grand Canyon," said Cope, noting that SEANC has been the strongest voice for increasing the state's contribution to the retirement fund for years.

On the other hand, SEANC was able to fight off a mandatory 20-hour furlough for all state employees that legislators considered late last week. This would've been a blow to state employees who last year experienced double-digit increases in out-of-pocket State Health Plan (SHP) costs. SEANC also was able to get a provision to prohibit privatization of prison maintenance staff.

As legislators expect to stay in Raleigh only a few more days to finish up business, House Majority Leader Hugh Holliman (D-Davidson) remains intent on killing two health plan bills filed on behalf of SEANC by Reps. Nelson Dollar (R-Wake), Pat Hurley (R-Randolph) and Hugh Blackwell (R-Burke). House Bill 2037 would move the governance of the SHP out from under the poor oversight of the General Assembly, but according to Holliman, this bill will not come up for a vote this session.

Unfortunately, this is not shocking as losing control of the SHP means losing control of big campaign contributions from Blue Cross and Blue Shield of North Carolina, but it's disgraceful after two audits have recommended that the SHP be moved from the legislature.

Another health plan bill, House Bill 1968, would remove the body mass index (BMI) restrictions put in place by last year's SHP legislation. It is ironic that this week's News & Observer reported that 29 percent of all North Carolinians would fail a BMI test. Despite the fact that almost a third of all North Carolinians can't pass the BMI requirement, state employees and retirees are expected to do so. That makes no sense when you factor in that 29 percent of the SHP members have already been moved into a 70/30 plan. If the BMI goes into effect, SEANC believes certain legislators' ultimate goal is to place ALL state employees and retirees into the 70/30 plan, even if you don't smoke or meet the BMI standards.

Campaign cash, politics and passing costs on to you – that's why Holliman is stalling the health plan bills.

The close of the 2010 short session is coming fast, and legislators are in a flurry to get bills passed – unless, of course, the bills help state employees and retirees instead of rewarding big insurance companies. A more complete listing of budget provisions relating to state employees and retirees is available on the SEANC website, www.seanc.org.

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