



LEGISLATIVE Update

State Employees Association of North Carolina • www.seanc.org

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Sweet & Sour Changes to the State Health Plan *Governance Moves to Treasurer, Co-pays Increase*

SEANC Executive Director Dana Cope provided key testimony this morning as members of the Senate Appropriations Committee considered and passed [Senate Bill 265](#) (SB 265) – legislation that will make several significant changes to the State Health Plan (SHP) that provides health insurance coverage for over 663,000 active and retired state employees and their family members. The legislation was also passed by the Senate Insurance Committee yesterday, March 22.

“This reminds me of my favorite Chinese foods – sweet and sour shrimp. SB 265 contains elements that are both sweet and sour for state employees and retirees. This is a big policy step forward for state workers, and I’m looking forward to working with the bill and making more improvements as it continues through the legislative process – particularly in terms of co-pays and other out-of-pocket expenses,” said Cope during a presentation before senate members and other visitors to the committee.

The Sweet	The Sour
Makes cost-plus contracts, like Blue Cross and Blue Shield of North Carolina’s secret deal for the SHP, unlawful for the state	Establishes monthly premiums within the SHP – following through on Gov. Perdue’s initial suggestion to balance the budget on the backs of state employees
Moves oversight of the SHP away from the General Assembly and into the N.C. Department of State Treasurer	Increases co-pays for medical visits – such as visits to primary care physicians in the Standard 80/20 plan (from \$25 to \$30) and urgent care visits in both the Basic 70/30 plan and the Standard 80/20 plan (from \$75 to \$87)
Establishes a SHP Board of Trustees that has half it’s membership (4 out of 8) comprised of active or retired state employees	
Abolishes the BMI and tobacco cessation penalties within the SHP	
Maintains rate for generic pharmacy benefit co-pays (\$10)	

Gov. Bev Perdue began this process by establishing a monthly premium for state employees and retirees in her budget. Unfortunately this legislation followed her lead. SB 265 proposes a monthly premium for the Standard 80/20 plan of \$21.72 for state employees and non-Medicare eligible retirees, \$16.72 for Medicare-eligible retirees and \$10.86 for the Basic 70/30 plan.

When the bill was being debated, legislators spoke in favor of and in opposition to the BMI and tobacco cessation penalties. [Sen. Linda Garrou](#) tried but failed to slide in a grossly anti-worker amendment that would keep those penalties in the legislation. Her attempt was shot down and defeated by several other senators who recognized that it was an invasion of privacy to dictate that a worker’s health plan would test for BMI and tobacco use at the worksite.

In particular, Senate Rules Committee Chairman [Tom Apodaca](#) defended state workers by telling about a recent conversation with a state employee who was living a healthy lifestyle after going through gastric bypass surgery – but who still had a BMI that would exceed the limits in the plan. All of the discussion about penalizing state workers for

tobacco use through penalties in the SHP is ironic, given that many legislative leaders [oppose](#) increasing the cigarette tax by \$1 per pack. This cigarette tax increase was just one idea of more than \$10 billion in cost-saving proposals by SEANC in the [Take Pride in Carolina report](#) – an effort to encourage legislators to pass a common-sense budget that protected public services and the people who provide them.

SEANC is committed to working with the General Assembly leadership to reduce the increases in medical benefit co-pays. The association has and always will work to oppose additional out-of-pocket expenses for state employees and retirees – such as the increase in co-pays for medical benefits in this legislation.

There are positive parts to this bill, however. The number one priority in the Top Ten Policy Platform voted on by 2010 SEANC delegates is contained in this bill: *“Seek legislation to remove oversight of the State Health Plan from under the auspices of the Majority Leaders of the Senate and House to a government agency.”*

As SB 265 continues moving through the legislative process, SEANC will be there every step of the way to advocate for lower costs for members in the SHP.

With North Carolina facing a \$2.4 billion budget shortfall, legislators could bring hundreds of millions of dollars in savings to the state’s coffers by moving oversight of the SHP, which continues to need additional investment just to keep afloat. It is still early in the process for this bill. Now having passed the Senate Appropriations Committee, the bill will be brought before the full Senate for consideration.