



# LEGISLATIVE *Update*

State Employees Association of North Carolina • [www.seanc.org](http://www.seanc.org)

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## **Legislators question State Treasurer on State Health Plan surcharges**

From a SEANC perspective the most interesting action at the General Assembly occurred Wednesday when the House of Representatives State Personnel Committee met and received a presentation on how the Department of State Treasurer Janet Cowell's State Health Plan proposes to cost-shift health expenses to state employees while refusing to discuss reducing exorbitant hospital reimbursement rates.

Acting State Health Plan Executive Administrator Mona Moon and Legislative Liaison Tom Friedman made the presentation on behalf of the plan and then took questions from lawmakers.

Rep. Pat Hurley (R-Randolph) asked how many members the plan expected to pay surcharges, aka more money out of state employees' pockets, each month on top of their premiums. SHP officials answered they would "get that information to her later."

Rep. James Langdon (R-Johnson) asked if the plan had looked at overpayments to hospitals. In 2010 these payments were reported to be 256 percent of Medicare reimbursement rates. This would cost the plan \$400 million a year, or enough to do away with the employee premium and make surcharges, totally unnecessary.

In response to Rep Langdon's question, Moon stated that dealing with this issue was a "fairly difficult conversation."

SEANC Executive Director Dana Cope expressed no surprise that the conversation with hospitals would indeed be difficult. "For years hospitals have been able to use the State Health Plan as a cash cow, while state employees footed the bill," Cope said. "They are no doubt shocked that anyone would dare challenge this practice."

The elected representatives' questions are the same common-sense questions that SEANC has been asking the plan. From the answers lawmakers received it's good to know that the plan isn't playing favorites with the General Assembly. Cowell's plan isn't able to or isn't willing to answer questions that require "difficult conversations" from apparently anyone.

SEANC will continue to seek answers, transparency and hold Treasurer Cowell's office accountable if she chooses not to have a public "fairly difficult conversation" to correct the gross overpayments to hospitals.

## **PRIVATIZATION UPDATE**

Last year SEANC prevented privatization of inmate health care by educating General Assembly leaders to stay the course and look at the savings that would come from policy changes that had already been made – an automated central pharmacy, new hospitals, reducing payments to outside hospitals and doctors to 70 percent of billed charges, etc. – to drive down the cost of providing this care.

This week in the House Appropriations Subcommittee on Justice and Public Safety, a report on inmate health care costs showed that because of these measures hospitals and other provider payments have been reduced by more than \$50 million since 2009-10.

The new hospitals and central pharmacy automation have become models for other states' treatment of inmate health care needs.

If SEANC had not stepped in, inmate health care would have been privatized and the new contractor would've been given the credit for the savings.

[This report](#) is indicative of what we know and will continue to demonstrate to the legislature – state employees can do the best job for the best price.

### **HOUSE BILL 177**

House Bill 177 "Amend Certificate of Need Laws", sponsored by Rep Marilyn Avila (R-Wake), would allow providers to establish ambulatory surgery centers for procedures that currently have to be performed in a hospital setting simply due to the current law. This results in a monopoly of sorts for hospitals and discourages free market competition.

State employees and retirees would benefit from passage of this bill as it would be yet another way to control costs in the plan and bring down the costs to members.

SEANC is working with the proponents of the bill to ensure that the plan can begin to recoup savings from breaking this monopoly.

### **LOOKING FORWARD**

In the upcoming week, appropriations subcommittees will continue their work reporting on agency budgets and the legislature will await the arrival of Governor Pat McCrory's budget in the next two weeks.

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*The SEANC Legislative Update is published every Friday when the N.C. General Assembly is in session by SEANC's Legislative Affairs Department. For more information, contact Legislative Affairs Director Ardis Watkins at [awatkins@seanc.org](mailto:awatkins@seanc.org).*