



# LEGISLATIVE *Update*

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## **Cowell's power grab aimed at State Health Plan, retirement will cost state employees**

So much happened last week we decided to send members another Legislative Update today.

Not satisfied with having sole control of the \$70 billion state employees' retirement system, State Treasurer Janet Cowell is now making a blatant power grab to control the State Health Plan as well.

Currently, decisions for the SHP are made by an eight-member Board of Trustees and Cowell has no vote except in the event of a tie. That would all change if HB 232, a so-called SHP technical clarification bill, passes. The bill would provide the Treasurer with the authority to adopt and implement health management programs including premium surcharges.

HB 232 was reviewed at Friday's SHP Board of Trustees meeting. Mona Moon, Interim Executive Administrator for the State Health Plan, stated this was a clarification of the Treasurer's current powers and duties. However, SEANC believes the bill's language quite clearly expands Cowell's powers with no requirement for approval by the SHP Board of Trustees.

"I've never seen anyone who wants to be in charge of everything, but responsible for nothing more than Janet Cowell," said SEANC Executive Director Dana Cope.

### **State Health Plan currently \$200 million under budget**

What's more, Cowell's staff also reported that total plan expenses are **more than \$200 million under budget** – roughly equivalent to the premiums imposed two years ago for members to remain in the PPO 80/20 plan. Since those premiums came from the pockets of state employees, it would seem logical that the savings should be used to reduce out of pocket expense for plan members.

### **Pilot projects support SEANC's claim that members will pay more**

Cowell's staff also reported on a SHP pilot project involving members at Brown Creek Correctional Institute and in Charlotte/Mecklenburg schools where more than 30 percent of participants failed to meet a healthy activities requirement, mainly because of high blood pressure. These pilot projects support SEANC's analysis that Cowell's surcharges scheme will cost members, not help them. Moon admitted that some of the savings in the plan will occur from members moving from the 80/20 plan to the 70/30 plan because of the premium surcharges and not just from claims savings.

"These so-called wellness incentives are nothing but a bait-and-switch tactic that will cost middle-class families money," said SEANC President Sidney M. Sandy.

Cowell's staff also indicated that they would be privatizing enrollment functions – a move SEANC also opposes.

## Treasurer Pushes Harmful Retirement Bills without Board Approval

Multiple bills were filed which affect the Teachers' and State Employees' Retirement System (TSERS). As we reported a few weeks ago, on Feb. 22 Cowell's staff made some disturbing proposals to SEANC and other groups at the Retirement Roundtable, including a minimum retirement age for state employees, a change in vesting requirements and a change in the number of years considered for the "average pay" of the employee in calculating a retirement benefits.

SEANC asked Cowell's staff if these "ideas" would be voted on by the TSERS Board of Trustees or if she planned to take them directly to the General Assembly. The trustees voted "no" to similar measures a few years ago. The Treasurer's staff responded that she had "not decided" yet.

But apparently the decision had been made. Cowell is indeed pushing harmful changes to the state retirement system without a vote of the Retirement System Board of Trustees. Four bills were filed last week that will accomplish her proposals.

Among these bills is **HB 381**, which proposes limiting an employee's ability to increase their compensation in the last 48 months of employment in an effort to increase their average final compensation. It adds a fraud investigation requirement to these cases. It also eliminates the 10-year vesting requirement for employees hired on or after August 1, 2011. Their vesting requirement will be five years, the same as all other state employees. SEANC supports these provisions. It also requires the State Treasurer to submit a plan for an Optional Retirement System by May 1, 2014.

SEANC will be following these bills in the legislature and fighting any unnecessary changes to the retirement system.

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*The SEANC Legislative Update is published 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).*