

House Panel Alters State Health Plan Bill

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The House Insurance Committee narrowly recommended on Thursday a bill aimed at bailing out the State Health Plan, but not before adding changes that increased the measure's price tag from \$650 million to nearly \$700 million.

The legislation, even before the changes were made this week, includes higher premiums and deductibles and eroded benefits for the 667,000 state employees, school personnel, retirees and dependents covered by the plan. But House lawmakers agreed to new provisions that will cost the state more in the short term even though supporters say they'll lead to long-term savings. The additions weren't enough for some legislators to approve the bailout because they said it was a rush job that fails to fix the plan's chronic financial problems.

"All we're doing is putting a Band-Aid on a gaping wound," said Rep. Jerry Dockham, R-Davidson, who voted against the revised bill, which passed 9-7 and now goes to the full House Appropriations Committee for further review.

The House Insurance Committee agreed to lower co-payments for patients who see chiropractors and physical, occupational and speech therapists; under the approved revision, visits to these groups of medical practitioners will be subject to primary care co-payments rather than specialty care charges. But a cost analysis said the changes would raise premiums for dependent coverage by another 0.2 percent, which already had been slated to rise 8.6 percent annually for the next two years, and cost another \$24 million for the state. Another approved amendment, which would change the plan's fiscal year to follow the calendar year starting in 2011, would save money and attract new, younger workers, supporters said. But it still would cost the state as much as \$24 million in one-time transition costs, a legislative analyst said.

Legislative leaders had set an April 1 deadline for getting the legislation to Gov. Beverly Perdue because Health Plan Administrator Jack Walker warned the plan will run out of money. But lawmakers are trying to finalize the plan changes and get the law enacted before April 9, which legislative analysts have said is an absolute deadline that must be reached if premium and benefit changes that are now proposed are to take effect July 1. If that deadline is not reached, the plan changes will not be able to go into effect until Oct. 1, due to the required enrollment period in which covered plan members may change coverage options for themselves and their dependents, and that three-month delay would cost the state an additional \$45 million, according to legislative analysts.

Before the House committee voted on the revised bill Thursday, a North Carolina Association of Educators spokesman outlined concerns that his group shares with the North Carolina Association of School Administrators (NCASA) and the North Carolina Retired School Personnel. NCASA earlier this week expressed those same concerns in a letter to all members of the House Insurance Committee.

A copy of that letter, a summary of changes proposed for the State Health Plan and the latest version of the bill are available at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=231>.