

# House, Senate Compromise On State Health Plan Changes

*From NCASA's Legislative Link 4-23-09*

On Wednesday the state Legislature approved a bill that aims to keep the State Health Plan solvent for at least two more years. The House approved Senate Bill 287 in a close 60 to 56 vote. The Senate followed suit and passed the measure 29 to 18. The House and Senate considered several changes from competing bills approved separately by the two chambers before ultimately adopting the compromise plan for State Health Plan changes.

The bill provides \$250 million to keep the plan afloat this year and calls for the state to spend approximately \$408 million from the General Fund over the next two years to cover the medical bills for the 667,000 state employees, school personnel and retirees covered by the plan.

Sponsors of the bill emphasized that the compromise reached is meant to be a short-term fix while long-term solutions are considered. However, many legislators voiced concerns about the higher costs that will be passed on to employees and retirees under this legislation and the absence of new measures, such as converting the plan to a calendar year, to help the plan attract younger and healthier individuals to bring the plan's overall costs down in the long run.

Effective July 1, the bill reduces health benefits through increased co-payments and deductibles that will equate to roughly \$600 more per year on average in out-of-pocket costs. Premiums for dependant coverage will increase to 8.9 percent, down from the proposed 10 percent increase that had been in the earlier House version of the bill. Free eye exams will be eliminated, and smokers will be moved to the most expensive 70-30 plan on July 1, 2010. The seriously overweight will also be moved to the 70-30 plan on July 1, 2011. A new co-payment tier will be established for chiropractors, mental health and substance abuse providers, and physical, occupational and speech therapy services, with the 70-30 plan calling for a \$55 co-payment and the 80-20 plan calling for a \$45 cost. A blue ribbon commission will be created to administer an independent audit requiring plan contractors to provide details on billing, transactional data and administrative costs.

A copy of the ratified Senate Bill 287, which now awaits the Governor's signature before it can become law, may be accessed at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=231>.