

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 1027*

Short Title: Study Unfunded Liability/Retiree Health Fund. (Public)

Sponsors: Representative Horn.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement

May 4, 2016

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A JOINT COMMITTEE TO STUDY THE UNFUNDED LIABILITY OF THE RETIREE HEALTH BENEFIT FUND, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is established the Joint Legislative Committee on the Unfunded Liability of the Retiree Health Benefit Fund. The Committee shall consist of 13 members as follows:

- (1) Five members of the Senate appointed upon the recommendation of the President Pro Tempore of the Senate, with one of those members serving as a cochair.
- (2) Five members of the House of Representatives appointed upon the recommendation of the Speaker of the House of Representatives, with one of those members serving as a cochair.
- (3) The State Treasurer, or the State Treasurer's designee, serving ex officio as a nonvoting member.
- (4) The Executive Administrator of the State Health Plan, serving ex officio as a nonvoting member.
- (5) A representative of the Board of Trustees of the State Health Plan for Teachers and State Employees selected by the Board, serving ex officio as a nonvoting member.

Vacancies on the Committee shall be filled by the same appointing authority making the initial appointment.

The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Committee may meet at any time upon the joint call of the cochairs. The Committee may meet in the Legislative Building or the Legislative Office Building. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Committee and the expenses relating to the clerical employees shall be borne by the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.



1 **SECTION 1.(b)** The Joint Legislative Committee on the Unfunded Liability of the
2 Retiree Health Benefit Fund shall examine the following options for reducing the unfunded
3 liability of the Fund:

- 4 (1) Increasing the assets in the Retiree Health Benefit Fund through appropriation
5 by the General Assembly.
- 6 (2) Increasing the costs of retiree benefits borne by the federal government, by
7 means such as the automatic enrollment of Medicare-eligible retirees in
8 Medicare Advantage or the offering of financial incentives to early retirees to
9 obtain insurance through the health insurance exchange created under the
10 Affordable Care Act.
- 11 (3) Reducing the State's future liability by transitioning the State's retiree health
12 benefit from a defined benefit approach to a defined contribution model.
- 13 (4) Reducing the number of persons eligible for retiree benefits by increasing the
14 service time requirements for the benefit or by eliminating the benefit for
15 certain groups.
- 16 (5) Requiring employees to contribute to the Retiree Health Benefit Fund, as they
17 do to the Teachers' and State Employees' Retirement System.
- 18 (6) Increasing the amount that retirees pay for their health benefits by means such
19 as increasing premiums or out-of-pocket costs.
- 20 (7) Any other proposals for reducing the unfunded liability of the Fund identified
21 by the Committee.

22 **SECTION 1.(c)** The Joint Legislative Committee on the Unfunded Liability of the
23 Retiree Health Benefit Fund shall issue a final report of its findings and recommendations,
24 including any legislation necessary to implement those recommendations, to the 2017 Regular
25 Session of the General Assembly upon its convening. The Committee shall terminate upon filing
26 its final report or upon the convening of the 2017 General Assembly, whichever is earlier.

27 **SECTION 2.** This act is effective when it becomes law.