



Summary of Legislative Changes Affecting Retired School Personnel

The “long session” of the General Assembly convened January 26, 2011 and adjourned June 18, 2011. The Assembly set July 13, 2011 as the start date for a “special session” on redistricting. The Assembly may consider veto overrides during this special session.*

Appropriations (Budget Bill):

S.L. 2011-145 (HB 200) APPROPRIATIONS ACT OF 2011.

An Act To Spur The Creation Of Private Sector Jobs; Reorganize And Reform State Government; Make Base Budget Appropriations For Current Operations Of State Departments And Institutions; And To Enact Budget Related Amendments.

Retirement System

The budget bill appropriates \$248.1 million for 2011-12 and \$336 million for 2012-13 to the Teachers and State Employees Retirement System (TSERS). The Employer (State) contribution rates will be 7.44% for 2011-12 and 8.33% for 2012-13.

The budget bill also changes the amortization period for the Retirement Fund from the current nine (9) year period to twelve (12) years.

State Health Plan:

S.L. 2011-85 (SB 323) STATE HEALTH PLAN/APPROPRIATIONS & TRANSFER

An Act to make Appropriations and Adjustments for the 2011-13 Fiscal Biennium to the SHP for TSERS; and to transfer the SHP for TSERS to the Office of State Treasurer.

AND

S.L. 2011-96 (HB 578) STATE HEALTH PLAN/ADDITIONAL CHANGES.

An Act (1) to allow the SHP for TSERS to provide the Basic Plan premium-free using available cash balance reserves, (2) To delay implementation of certain changes to the SHP until September 2011, (3) To comply with the Federal Affordable Care Act, (4) To clarify the SHP’s Subrogation Rights, (5) To grant the State Treasurer immediate access to confidential SHP documents to plan for the transfer, and (6) To clarify the Board composition and stagger initial appointments.

Transfers the SHP to the Office of State Treasurer and creates a Board of Trustees.

For the first time, effective September 1, 2011, active and retired employees who wish to enroll in the 80/20 Standard plan will be required to pay a premium for subscriber only coverage. However, there will be a premium-free option for the 70/30 Basic plan for employees and retirees. (See chart below) In addition to these changes, there will be a 5.3 percent increase in dependent premiums for the 2011/2012 benefit plan year, beginning September 1, 2011.

(The rate paid by the state for Medicare eligible individuals increases only slightly for 2011-12 from \$312.76/month to \$320.64/month and for non-Medicare individuals, from \$410.80 to \$410.94.)

The bill generally increases co-pays, co-insurance, deductibles and prescription drug costs for members. Generic drug costs increase from \$10 to \$12.

Effective September 1, 2011, the tobacco and weight management component will no longer determine the plan in which members may enroll—the Comprehensive Wellness component was eliminated.

Premium Rates	70/30	80/20
Employee/Non-Medicare Eligible or Medicare Secondary Contribution	\$0.00	\$21.62
Retiree/Non-Medicare Eligible Contribution	\$0.00	\$21.62
Medicare Eligible Retiree Contribution	\$0.00	\$10.00

S.L. 2011-232 (HB 927) STATE PENSION PLAN SOLVENCY REFORM ACT.

An act to make changes to the statutes governing TSERS and the Consolidated Judicial Retirement System to ensure the future solvency of those systems; To amend the provisions of the Special Separation Allowance for Law Enforcement Officers for officers hired on or after August 1, 2011; And to make it a Class 1 Misdemeanor to fraudulently receive the retirement benefit of a deceased retiree at least two months after the retiree's death.

This bill changes the vesting period from the current five (5) years to ten (10) years for teachers and state employees hired on or after August 1, 2011. Also adds a new misdemeanor for persons who fraudulently receive retirement benefits of a deceased retiree.

*** Senate Bill 727: No Dues Check-off for School Employees (An Act to Eliminate the Dues Check-off Option for Active and Retired Public School Employees.)**

Eliminates dues deduction option for members of NCAE and NCRSP.

Governor Perdue vetoed this bill. On July 13, 2011 the Senate voted 30-18 to override her veto. The House may reconsider the bill on July 25, 2011.

(Prepared by NC Retired School Personnel—July 13, 2011)