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Officials seek cure for state’s medical program

BY MIKE BAKER
The Associated Press

RALEIGH — The health plan that covers teachers and state employees across North Carolina has been bleeding so much money that it is set to run out early next year, and officials say it needs an immediate $300 million cash infusion.

Directors of the State Health Plan have started operating under emergency measures, delaying $45 million in payments to key vendors until after the General Assembly has a chance to fix the problem when it reconvenes in January.

But that bandage will only keep the plan operating until March or April, officials said. Without the delayed payments, the health plan would likely run dry in January. The program insures more than 662,000 teachers, state employees, retirees and their dependents.

To pay its bills and shore up its finances, the program immediately needs $300 million. But perhaps more daunting, health plan chief financial officer Mona Moon said the system will need an additional $500 million to $550 million over the next two years to keep it in the black — unless benefits are altered.

Moon said the plan had $77.2 million at the end of November, an improvement since the end of September partly related to the delayed payments. She also said receipts have been slightly higher than anticipated while payments for claims were slightly lower. But it’s not clear if those trends will continue.

In other words, Gov.-elect Bev Perdue and lawmakers could be forced to demand large payments from either taxpayers or health plan members to cover a widening gap between revenues and expenditures.

The decision could not come at a worse time: Perdue is scouring the budget for more than $1 billion in savings to reconcile state spending with a shortfall that’s growing amid a worsening economy.

Perdue’s office said this week she has been briefed on the health plan deficit. Spokesman David Kochman said Perdue “will be reaching out to legislative leaders, state employees, teachers and retirees to work together on stabilizing the plan.” He wouldn’t offer specifics.

In the past, Perdue has been unwilling to detail any specific plans or commit to any new demands for cash from either taxpayers or plan members, simply saying that the plan needs an overall update to reward preventive care and wellness.

However, those programs have been at the forefront of cuts.

This past summer, plan administrators eliminated a wellness incentives program that allowed members who are physically active or participate in wellness activities to earn points they can use toward prizes.

It’s an even greater dilemma for Perdue, who was closely aligned with the state employees group that endorsed her during her campaign this year.

Dana Cope, executive director of the State Employees Association of North Carolina, which advocates on behalf of state workers, contended that a larger portion of state dollars should go to the health plan. Cope noted that other states fund their health plans to a greater degree. But he said nobody’s sure what the final plan will look like.

“The state needs to realize that in order to retain and attract good people to public service, they’re going to have to pay more into the state health plan,” Cope said. “We want to come up with some good proposal that’s going to benefit all the interested parties — the plan participants, the taxpayers and the dependents that are now left out of the plan.”
State’s health plan near broke
$45 million in payments on hold until legislature returns

BY MIKE BAKER
THE ASSOCIATED PRESS

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To pay its bills and shore up its finances, the program immediately needs $300 million. Perhaps more daunting, said Mona Moon, the health plan’s chief financial officer, is that the system will need an additional $500 million to $550 million over the next two years to keep it in the black — unless benefits are altered.

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Bad timing

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State workers’ view

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