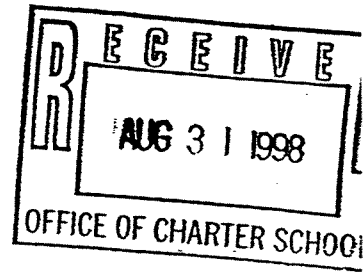




STATE OF NORTH CAROLINA  
 THE TEACHERS' AND STATE EMPLOYEES'  
 COMPREHENSIVE MAJOR MEDICAL PLAN



- MEMORANDUM -

TO Dr Grova L Bridgers  
 Director Charter Schools  
 Department of Public Instruction

FROM David G DeVries *David G. DeVries*  
 Executive Administrator

DATE August 28, 1998

SUBJECT Charter Schools

There has been considerable confusion about the enrollment of charter school employees in the State Health Plan.

To recap, legislation in 1997 made charter school employees eligible for State Health Plan coverage contingent upon a favorable letter ruling from the IRS allowing them to participate in the state's retirement system. That letter was received in January, 1998, thereby making charter school employees eligible for coverage February 1, 1998. After strenuous objections by some charter schools and upon advice of the Attorney General's office, the enrollment of charter school employees was delayed until July 1, 1998 to give the charter schools time to be exempted from coverage by the General Assembly.

On May 28, 1998, SB 1551 (HB 1739) was introduced to allow charter schools to make a one time election by September 1, 1998 to participate or not participate in the State Health Plan (or one of its HMO options). To date, that legislation has not passed.

Unchanged by the proposed legislation is a provision in the 1997 legislation that allows public school teachers to take an extended leave of absence from the public school to teach at a charter school and to keep their State Health Plan coverage. Some charter school teachers have elected this provision and have continued their enrollment in the State Health Plan.

Based on these statutory provisions, we have adopted the following guidelines for enrollment of charter school employees:

1. Until the close of the 1998 Session or passage of SB 1551 (HB 1739), charter schools may elect to have their employees covered by the State Health Plan (and its HMO options) if they elect to participate in the State Retirement System. If the pending legislation passes, those charter schools which

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have not yet elected State Health Plan coverage will be allowed to make their one time election. The election must be made on behalf of the entire school, and not on an individual employee basis.

If SB 1551 (HB 1739) does not pass before the adjournment of the 1998 General Assembly, then the charter schools must enroll all employees in the State Health Plan (or one of its HMO options).

2. Whether or not the proposed legislation passes, those individual teachers who are on extended leave from a public school will be allowed to remain on the public school group for purposes of State Health Plan coverage. Their coverage is fully contributory.

General Statutes 135-40.1(8) requires a Health Benefits Representative (HBR) for each agency who is defined as: "The employee designated by the employing unit to administer the Comprehensive Major Medical Plan for the unit and its employees. The HBR is responsible for enrolling new employees, reporting changes, explaining benefits, reconciling group statements and remitting group fees."

The HBR for each charter school should contact Judy Hawley at our office (919) 881-2300 and Judy Poe at the Claims Processing Contractor (919) 765-2240 for assistance in enrolling their employees in the State Health Plan (including HMO options).