



Legislative Update #19-03 February 22, 2019

The General Assembly's picked up its pace this week. All Appropriations subcommittees met to begin budget development for next biennium. Both House and Senate Pensions and Health Committees met to discuss the state's future health plan and to get an overview of the pension system. Your Board of Directors met with legislators on Tuesday advocating to sustain your benefits and for a much-needed COLA.

The **House and Senate Pensions Committees** met jointly on Tuesday to hear an overview of the pension systems from the State Treasurer and his staff. The presentation focused on policy topics confronting the pension systems which includes: pension sustainability and solvency, and reduction in the retirement system's complexity. These issues will be the focus of the State Treasurer's legislative agenda.

The Treasurer's staff also discussed several factors that are negatively impacting both state and local pensions. Investment returns on the pension plans have been, and will continue to be, subpar for the foreseeable future causing increased contribution requirements for both local governments and the legislature. The pension systems actuaries predict that contribution rates for local governments (to the retirement system) will double over the next 5 years and for the legislature's contribution rate (to the retirement system) to increase by \$800,000,000 during the same timeframe.

The current lack of investment returns and the projected increased contribution rate makes identifying funds for a COLA much more difficult.

The **Senate and House Health Committees** met jointly on Tuesday morning. State Treasurer Folwell presented his "Clear Pricing Project" which will establish a new network of healthcare providers for the State Health Plan with reimbursement limits to those providers. Several providers also presented their concerns with the Treasurer's proposal to reduce provider reimbursements under his "Clear Pricing Project". Several committee members expressed a desire for the Treasurer and the providers work out a compromise to provide savings to the state and allow healthcare

providers that ability to continue to serve State Health Plan members across the state. The hearing lasted two hours. At the end of the meeting it was “clear” that this matter will continue to be an issue of debate in the General Assembly.

We will follow these very important issues as the General Assembly session continues. Our March-April issue of our ***Living Power*** newsletter will include the phone number and email address of each member of the General Assembly, alphabetized by county. As the session continues, we will encourage you to contact your senators and representatives to ask for their support on issues that NCRGEA advocates on your behalf. Your association has more than 68,000 members and it is vital that your legislators also hear from you.

Stay Tuned!!

Richard Rogers
NCRGEA Executive Director