

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

S

2

SENATE BILL 527
Health Care Committee Substitute Adopted 4/17/25

Short Title: Modify Laws Applicable to LME/MCOs.

(Public)

Sponsors:

Referred to:

March 26, 2025

A BILL TO BE ENTITLED
AN ACT TO MODIFY LAWS APPLICABLE TO LOCAL MANAGEMENT
ENTITIES/MANAGED CARE ORGANIZATIONS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 122C-154 reads as rewritten:

"§ 122C-154. Personnel.

(a) Employees under the direct supervision of the area director are employees of the area authority.

(b) As used in this section, the term "area authority senior management" means the area director and the employees who are key personnel designated under G.S. 122C-121.1 in the following roles, or substantially equivalent positions: chief executive officer, chief financial officer, chief operating officer, chief compliance officer, chief information security officer, and chief risk officer.

(c) The area authority shall establish a salary plan that sets the salaries for employees of the area authority. The salary plan for area authority senior management employees shall be in compliance with Chapter 126 of the General Statutes.

(d) For the purpose of personnel administration, Chapter 126 of the General Statutes applies unless otherwise provided in this ~~Article.~~ Article or in Chapter 126 of the General Statutes. Notwithstanding G.S. 126-9(b), an area authority senior management employee of an area authority may be paid a salary that is in excess of the salary ranges established by the State Human Resources Commission. Any salary for an area authority senior management employee that is higher than the maximum of the applicable salary range shall be supported by documentation of comparable salaries in comparable operations within the region and shall also include the specific amount the board proposes to pay the employee. The area board shall not authorize any salary adjustment for an area authority senior management employee that is above the normal allowable salary range without obtaining prior approval from the Director of the Office of State Human Resources."

SECTION 1.(b) G.S. 122C-156 reads as rewritten:

~~**"§ 122C-156. Salary plan for employees of the area authority.**~~

~~(a) The area authority shall establish a salary plan which shall set the salaries for employees of the area authority. The salary plan shall be in compliance with Chapter 126 of the General Statutes. In a multi-county area, the salary plan shall not exceed the highest paying salary plan of any county in that area. In a single-county area, the salary plan shall not exceed the county's salary plan. The salary plan limitations set forth in this section may be exceeded only if the area authority and the board or boards of county commissioners, as the case may be, jointly agree to exceed these limitations.~~



...."

SECTION 1.(c) G.S. 122C-121 reads as rewritten:

"§ 122C-121. Area director.

...

(a1) The area board shall establish the area director's salary under Article 3 of Chapter 126 of the General Statutes. Notwithstanding G.S. 126-9(b), an area director may be paid a salary that is in excess of the salary ranges established by the State Human Resources Commission. ~~Any salary that is higher than the maximum of the applicable salary range shall be supported by documentation of comparable salaries in comparable operations within the region and shall also include the specific amount the board proposes to pay the director. The area board shall not authorize any salary adjustment that is above the normal allowable salary range without obtaining prior approval from the Director of the Office of State Human Resources Commission, as provided in G.S. 122C-154.~~

...."

SECTION 1.(d) This section applies to salary plans beginning on July 1, 2025.

SECTION 2. G.S. 126-5 reads as rewritten:

"§ 126-5. Employees subject to Chapter; exemptions.

(a) This Chapter applies to all of the following:

(1) All State employees not exempted by this section.

(2) All employees of the following local entities:

a. ~~Area mental health, developmental disabilities, and substance abuse authorities, except as otherwise provided in Chapter 122C of the General Statutes.~~

...

(4) Employees of an area authority, as defined under G.S. 122C-3, except as otherwise provided in Chapter 122C of the General Statutes or otherwise exempted by this section.

...

(c11) The following are exempt from (i) the classification and compensation rules established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); (ii) G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; (iii) G.S. 126-4(6) only as it applies to promotion and transfer; (iv) G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay programs; and (v) Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1:

...

(5) Employees of area authorities, as defined under G.S. 122C-3, other than area authority senior management, as defined under G.S. 122C-154.

...."

SECTION 3. G.S. 108D-60(a)(5) reads as rewritten:

"(5) LME/MCOs operating BH IDD tailored plans ~~shall~~ may contract with an entity that holds a PHP license and that covers the services required to be covered under a standard benefit plan contract."

SECTION 4. Except as otherwise provided, this act is effective when it becomes

law.