

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 527

Short Title: Modify Laws Applicable to LME/MCOs. (Public)

Sponsors: Senator Burgin (Primary Sponsor).

Referred to: Rules and Operations of the Senate

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.

Employees under the direct supervision of the area director are employees of the area authority. ~~For the purpose of personnel administration, Chapter 126 of the General Statutes applies unless otherwise provided in this Article. Notwithstanding G.S. 126-9(b), an 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 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 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) Subsection (a) of this section applies to employees of area authorities who are hired on or after the date this section becomes law. Subsection (b) of this section applies to salary plans established on or after the date this section becomes law.

SECTION 2.(a) G.S. 126-5(a)(2)a. is repealed.

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

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

...

(c2) This Chapter does not apply to any of the following:

...

(6) Employees of an area authority as defined under G.S. 122C-3(1).



...."

SECTION 2.(c) This section applies to employees of area mental health, developmental disabilities, and substance use authorities, defined as area authorities under G.S. 122C-3, hired after the date this act becomes law.

SECTION 3. G.S. 126-11 reads as rewritten:

"§ 126-11. Local personnel system may be established; approval and monitoring; rules and regulations.

(a) The board of county commissioners of any county may establish and maintain a personnel system for all employees of the county subject to its jurisdiction, which system and any substantial changes to the system, shall be approved by the State Human Resources Commission as substantially equivalent to the standards established under this Chapter for employees of local departments of social services, local health departments, and ~~area mental health programs~~, local emergency management programs. If approved by the State Human Resources Commission, the employees covered by the county system shall be exempt from all provisions of this Chapter except Article 6.

~~(a1) With approval of each of the boards of commissioners of the county or counties which comprise the area mental health authority, the area mental health authority may establish and maintain a personnel system for all employees of the area mental health authority, which system and any substantial changes to the system, shall be equivalent to the standards established under this Chapter for employees of area mental health authorities. If approved by the State Human Resources Commission, the employees covered by the area mental health authority system shall be exempt from all provisions of this Chapter except Article 6.~~

(b) A board of county commissioners may petition the State Human Resources Commission to determine whether any portion of its total personnel system meets the requirements in (a) above. Upon such determination, county employees shall be exempt from the provisions of this Chapter relating to the approved portions of the county personnel system.

~~(b1) The board of an area mental health authority, with the approval of each of the boards of commissioners of the county or counties which comprise the area mental health authority, may petition the State Human Resources Commission to determine whether any portion of its total personnel system meets the requirements in subsection (a1) above. Upon such determination, area mental health authority employees shall be exempt from the provisions of this Chapter relating to the approved portions of the area mental health authority personnel system except as provided in G.S. 122C-121.~~

~~(c) The Office of State Human Resources shall monitor at least annually county or area mental health authority personnel systems approved under this section in order to ensure compliance.~~

(d) In order to define "substantially equivalent," the State Human Resources Commission is authorized to promulgate rules and regulations to implement the federal merit system standards and these regulations at a minimum shall include: recruitment and selection of employees; position classification; pay administration; training; employee relations; equal employment opportunity; and records and reports."

SECTION 4. G.S. 108D-60(a)(5) reads as rewritten:

"(5) During the initial contract term for BH IDD tailored plans, LME/MCOs operating BH IDD tailored plans shall contract with an entity that holds a PHP license and that covers the services required to be covered under a standard benefit plan contract. After the initial contract term for BH IDD tailored plans, LME/MCOs operating BH IDD tailored plans 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 5. Except as otherwise provided, this act is effective when it becomes law.