NC 2017 Legislative Session
Budget and Fiscal Policy Highlights

Budget Brief

September 27, 2017

Introduction

Note: Revised October 23 to correct child tax credit language on page 2.

During the 2017 session, the General Assembly enacted a State budget for FY 2017-18 that provides $23 billion in net General Fund appropriations and makes significant statutory policy changes. The FY 2017-18 budget represents a 3.5% increase over the base operating budget. Session Law 2017-57 (S.B. 257), the 2017 Appropriations Act, provides salary increases for educators and State employees, increasing the ongoing monthly benefit for retirees, and additional funds for the Savings Reserve, the Repairs and Renovations Reserve, and disaster relief efforts. The legislation also includes reductions to the Individual and Corporate Income Tax rates and enacts the Juvenile Justice Reinvestment Act. More specifically, the major components of the Appropriations Act include:

- Lowered the Individual Income and Corporate Income tax rates, increased the standard deduction for Individual Income, reduced the Franchise tax on S-corporations, created various exemptions to the Sales and Use tax, repealed the Mill Machinery tax, and extended the Renewable Energy tax credit for projects claiming refunds by 1/1/2018.
- $181 million to provide a $1,000 salary increase to most State-funded employees.
- $102 million to increase the salaries for teachers and instructional support personnel.
- $35.4 million to increase the salaries for Principals and Assistant Principals.
- $44 million to provide a 1.0% cost-of-living adjustment for State retirees.
- Establishment of a Pay-As-You-Go Capital and Infrastructure Fund effective July 1, 2019.
- Enactment of the Juvenile Justice Reinvestment Act by increasing the age range for juvenile court jurisdiction from under-16-years old to under-18-years old.
- Creation of a new Needs-Based Public School Capital Fund with $30 million from Education Lottery proceeds.
- An additional $100 million for disaster recovery, supplementing, the $200 million appropriated in S.L. 2016-124, Disaster Recovery Act of 2016.
- An additional $364 million for the Savings Reserve, and $125 million for repairs and renovations.
- Left remaining a $499.3 million unappropriated balance in the General Fund for the first year of the fiscal biennium.

General Fund Availability, Revenue, and Tax Changes

The total amount of funds available in the General Fund for FY 2017-18, excluding State agency receipts, is $23.5 billion (See Appendix A). The $23.5 billion in availability consists of: the beginning unreserved fund balance, forecasted General Fund revenues, and adjustments for enacted tax law changes.

Beginning Unreserved General Fund Balance

The projected unreserved fund balance at the end of FY 2016-17 was $961 million:

- $109 million in unappropriated funds from the FY 2016-17 budget, adjusted for appropriations made in the Disaster Recovery Act;
- $271 million in reversions (i.e., appropriated but unexpended funds); and
- $581 million in over collected revenue.

From this balance, $263 million was earmarked and another $101 million restored to the Savings Reserve to offset Disaster Recovery Act appropriations made in December 2016, bringing the Reserve's balance to $1.8 billion. The General Assembly also earmarked $125 million for repairs and renovations, resulting in a beginning unreserved fund balance of $471 million in funds available for other purposes in FY 2017-18.

General Fund Revenue

The single largest source of projected State General Fund availability is tax revenue, which the Fiscal Research Division (FRD) and the Office of State Budget and Management (OSBM) estimate through a consensus revenue forecasting process. The joint estimate was projected to be $23.2 billion for FY 2017-18, before tax law changes.

Tax Law Changes

The Appropriations Act includes adjustments to the Individual Income Tax, Corporate Income Tax, Franchise Tax, and Sales and Use Tax.

Individual Income Tax. The Appropriations Act reduces the Individual Income tax rate from 5.499% to 5.25% effective for the 2019 tax year. The Standard Deduction is increased from $17,500 to $20,000 beginning in 2019 and the standard deduction for head of household filers is changed from 80% to 75% of the amount for married filing jointly taxpayers. The child tax credit is repealed and replaced with a child deduction, effective for the 2018 tax year. These changes to personal income tax will reduce revenue by $782.9 million in FY 2019-20, the first full year of implementation.

Corporate Income Tax. In 2015, the General Assembly reduced the corporate income tax rate from 5% to 4% and provided for a further decrease to 3% if a General Fund revenue target was met. That rate reduction trigger was met, and the rate dropped to 3% in 2017. The Appropriations Act further reduces the corporate income tax, to 2.5%, effective for the 2019 tax year. This change will reduce availability by $130.9 million in FY 2019-20, the first full year of implementation.

Franchise Tax. The Appropriations Act reduces the franchise tax rate for S corporations by applying a flat $200 on the first $1 million of the entity's tax base, applicable to the calculation of franchise tax reported by the entity on 2018 and later corporate income tax returns. This change reduces availability by approximately $20 million annually beginning in FY 2018-19.

Sales and Use Tax. The Appropriations Act exempts from sales tax distribution equipment, and accessories, or repair parts for distribution equipment, sold to a large fulfillment facility, effective July 1, 2017.

Renewable Energy Tax Credit. The Appropriations Act allows certain biomass resource-related projects to claim the renewable energy tax credit if it had a certain minimum level of completion prior to January 1, 2016, and it was placed in service prior to May 5, 2017.

Other Taxes. Other changes to State tax laws include:

- Sales tax exemptions include:
    - Distribution equipment, and accessories, attachments, or repair parts for distribution equipment, sold to a large fulfillment facility, effective July 1, 2017.
    - **Mill machinery** and certain other manufacturing and industrial equipment (replaces the current 1%/$80 privilege tax applicable), effective July 1, 2018.
    - Repair or replacement parts for a ready mix concrete mill, regardless of whether the mill is freestanding or affixed to a motor vehicle, effective July 1, 2018.
    - Certain expenses associated with transformative investment opportunities, which require a business to invest at least $4 billion and create at least 5,000 jobs.

General Fund Appropriations and Budgetary Actions

The budget enacted by the General Assembly provides $23 billion in net General Fund appropriations in FY 2017-18, and includes salary increases and benefit changes for State employees, and various adjustments to State agency budgets.

<u>Salary and Benefit Changes</u>

Salary Increases for Most State-funded Employees. The net General Fund budget includes approximately $12 billion, excluding agency receipts and other sources of funds, in FY 2017-18 to support the salaries of over 248,600 full-time equivalent (FTE) State-funded positions in State agencies, the University of North Carolina (UNC) system, community colleges, and Local Education Agencies (LEAs). Notable compensation increases provided in the Appropriations Act include:

- $181 million to provide a $1,000 salary increase to most State employees and non-certified personnel in LEAs,
- $102 million to increase salaries for teachers and instructional support personnel paid according to the teacher salary schedule (see Appendix B),
- $18.4 million to complete the third and final phase of Correctional Officer custody-based salary increases, and,
- $35.4 million to increase salaries for School-Based Administrators (Principals/Assistant Principals).

LEA Performance-Based Pay. The Appropriations Act overhauls the principal salary schedule by replacing the prior schedule based on experience and number of supervised positions with a schedule based on school size and school growth (see Appendix C). The new schedule sets principal salaries higher, on average, than the previous salary schedule, with early career principals receiving the largest increases. A principal can receive a salary increase above the base salary for the respective school size by meeting (10% increase) or exceeding (20% increase) the Education Value Added Assessment System (EVAAS) growth expectations in 2 of 3 years.

In addition to the new principal salary schedule, principals are eligible to receive bonuses based on their supervised school's growth. Principals in the top 50% of the State in school growth will receive a bonus ranging from $1,000 to $5,000 depending on school-growth ranking. Principals supervising a school that is not exceeding growth expectations and subsequently receives an exceeded growth evaluation will receive an additional bonus of $5,000 (the bonus increases to $10,000 if the school is a grade D or F as measured under G.S. 115C-83.15(d)).

Sections 8.8D and 8.8E of the Appropriations Act create a $25.3 million nonrecurring bonus program for FY 2017-18 to provide reading performance bonuses to teachers from grades 4 through 8, and math performance bonuses to teachers in grades 4 and 5 based on EVAAS growth scores. For each subject, teachers in the top 25% of the State or within their LEA will receive a $2,150 bonus.

Retirement Systems. The Appropriations Act funds each of the State-supported retirement systems at the actuarially determined employer contribution (ADEC) or higher, reflecting all impacts of 2017 legislation. The employer contribution rate for the Teachers and State Employees' Retirement System (TSERS) is increased to 10.78% of an employee's pay for FY 2017-18. The additional net appropriations for this increase are $81 million in FY 2017-18. TSERS, which is the largest of the retirement systems, has 305,000 contributing members, 200,000 beneficiaries, and pays retirement benefits of $4.2 billion annually to retirees of State agencies, departments, institutions, universities, local public schools, and community colleges.

The Appropriations Act also provides a 1.0% cost-of-living adjustment (COLA) to retirees of TSERS, the Consolidated Judicial Retirement System, and the Legislative Retirement System at a recurring cost of $44 million and makes probation/parole officers eligible for certain law-enforcement retirement benefits at a recurring cost of $2 million. These additional costs are included in the contribution increase amounts.

State Health Plan (SHP). The SHP administers health benefit coverage for 715,000 active State agency, department, institution, university, local public school, and community college employees; eligible retired employees; certain dependents of active and retired employees; active and retired employees of selected local governments; and certain fire and rescue squad and National Guard members. Total funding requirements for the SHP from all sources for FY 2017-18 is projected to be approximately $3.5 billion. 2017 premiums for the SHP are shown in Appendix D.

The Appropriations Act includes an additional $80 million to increase SHP employer premiums by 4% in January 2018, which includes increased contributions to cover retirees in the SHP.

Section 35.21 of the Appropriations Act amends Article 3B of Chapter 135 of the General Statutes to require that future retirees earn contributory retirement service in a State retirement system prior to January 1, 2021, and do not withdraw that service, among other requirements, in order to be eligible for coverage in the SHP as a retiree under the amended law. That section also establishes a committee to study State employee compensation and benefits and requires report of its findings by February 1, 2019.

Budget Adjustments by Appropriations Committee Area

The chart below shows the total base and enacted agency budgets for each appropriations committee for the 2017-18 fiscal year.

Budget Comparison by Appropriations Committee
FY 2017-18 Base vs. 2017-18 Enacted[1] Budgets ($ millions)

Committee/Area	FY 2017-18 Base	FY 2017-18 Enacted	% Change
Education[2]	12,609.1	13,109.1	4.0%
Health and Human Services	5,273.9	5,253.3	(0.4%)
Justice and Public Safety	2,623.9	2,701.9	3.0%
Agriculture and Natural and Economic Resources	541.9	587.8	8.5%
General Government	384.4	409.6	6.6%
Debt Service, Reserves, IT and Capital	761.5	919.0	20.7%
Total Net General Fund Appropriations	**$22,194.7**	**$22,980.7**	**3.5%**

[1]-As amended by S.L. 2017-197, Budget Technical Corrections.

[2]-Enrollment growth funds appropriated in Statewide Reserves have been included in Education Committee totals for comparison purposes.

Education. Major budget and policy changes in Education include:

- Providing an additional $6.3 million in each year of the biennium to serve a greater percentage of school-age children with disabilities. School districts will receive $4,254 for each child identified with disabilities up to a 12.75% of the school district's average daily membership (ADM). In previous fiscal years, a school district's funding was capped at 12.5% of ADM.

- Prohibiting school districts from transferring funds out of four public school allotments. Beginning in 2017-18, school districts are prohibited from transferring funds out of the Children with Disabilities or Limited English Proficiency allotments. In FY 2018-19, two additional allotments are subject to the prohibition: Academically or Intellectually Gifted and Textbooks and Digital Resources.

- Creating the Joint Legislative Task Force on Education Finance Reform consisting of 18 legislators (9 from each chamber) to study various weighted student formula funding models and develop a new funding model for elementary and secondary public schools.

An expanded summary of legislative actions impacting agency budgets and public policy under the purview of the Education Appropriations Committees can be found here.

Justice and Public Safety. The Juvenile Justice Reinvestment Act, Section 16D.4 of the Appropriations Act, increases the age range for juvenile court jurisdiction from under-16-years-old to under-18-years-old. Class A through Class G felony offenses must be tried in adult court, while Class H and Class I felonies and all misdemeanors are tried in juvenile court unless they are transferred to adult court.

While some portions of the Juvenile Justice Reinvestment Act have already taken effect, the primary policy change of increasing the age of jurisdiction for H-I felonies and all misdemeanors has an effective date of December 1, 2019. The budget contains $519,600 in the first year of the biennium and $478,000 in the second year for the planning phases of implementation, along with $13.2 million in capital funding for a new Youth Development Center. However, the bulk of the Act's costs will be closer to the effective date.

Fiscal Research, in a fiscal note for a similar bill considered in the 2017 Regular Session, estimated that the Department of Public Safety (DPS), Indigent Defense Services (IDS), and the Administrative Office of the Courts (AOC) would begin incurring costs in FY 2019-20, while full costs would not be incurred until FY 2020-21. If this implementation timeline holds, Fiscal Research estimates the Act will cost all impacted agencies a total of $28.5 million (261 FTE) in FY 2019-20 and $40.8 million (411.5 FTE) in FY 2020-21. Future years will likely track with FY 2020-21 expenditures, with adjustments for inflation and changes in the juvenile delinquent population.

A Juvenile Jurisdiction Advisory Committee is established to develop and present cost estimates and a plan for implementation, including potential extension of juvenile jurisdiction in other offenses, to the General Assembly.

A more detailed summary of budget actions in Justice and Public Safety can be found here.

Other Significant Budget Policy:

Savings Reserve Changes

Session Law 2017-5, Strengthen Savings Reserve, made major changes to the State's primary means for addressing revenue shortfalls during an economic downturn or an unforeseen event. Prior to this law's passage, Chapter 143C, the State Budget Act had: 1) required that 25% of the State's unreserved fund balance be transferred to the Savings Reserve at the end of each fiscal year and, 2) set a goal to maintain a balance in the Savings Reserve equal to or greater than 8% of the prior year's General Fund operating budget.

Effective October 1, 2017, S.L. 2017-5 replaces the requirements set in G.S. 143C-4-2, and institutes a new savings target for the Savings Reserve, "…sufficient to cover 2 years of need for 9 out of 10 scenarios involving a decline in General Fund revenue from one fiscal year to the next fiscal year." The new law also eliminates the 25% unreserved fund balance transfer directive, and instead requires the General Assembly to include in each Current Operations Appropriations Act a transfer into the Savings Reserve of at least 15% of each fiscal year's estimated growth in State tax revenues that are deposited in the General Fund.

The act establishes the following the parameters for use of the Savings Reserve:

- Upon a majority vote of each chamber in the General Assembly and in an amount totaling no more than 7.5% of the State's prior year operating budget, the Reserve may be used to address revenue declines; operating budget shortfalls; costs imposed by a court and, for addressing an emergency as defined in G.S. 166A-19.3.

- Upon a two-thirds vote of each chamber in the General Assembly, the amount of funds drawn from the Reserve may exceed the 7.5% cap and be used for the purposes enumerated above.

- Upon a two-thirds vote of each chamber of the General Assembly, the Reserve may be used in an amount determined by and for purposes deemed appropriate at the discretion of the General Assembly.

With S.L. 2017-5 not becoming effective until October 1, 2017, the General Assembly was subject to the prior Savings Reserve requirements in developing the FY 2017-19 Appropriations Act. The 2017 Appropriations Act earmarks $263 million of the unreserved fund balance to the Savings Reserve, bringing the total in the Reserve to just under $1.84 billion, or about 8.2% of the prior year net General Fund operating budget, the largest total since inception of the Reserve. The budget also accounts for an estimated $72 million transfer into the Savings Reserve in FY 2018-19 due to projected growth in tax revenues.

Pay-As-You-Go Capital and Infrastructure Fund

The Appropriations Act establishes the Pay-As-You-Go Capital and Infrastructure Fund (Fund) on July 1, 2019. G.S.143C-4-3, the State's Repairs and Renovations Reserve, is repealed July 1, 2019 and replaced by a new section G.S. 143C-4-3.1, establishing a recurring funding source to address the ongoing capital and infrastructure needs of the State.

The Fund will consist of 4% of net State tax revenues that are deposited in the General Fund, one-fourth of the year end unreserved fund balance, appropriations by the General Assembly, interest and investment earnings, and any other funds as authorized by the General Assembly. The Fund will pay the State's debt service obligations and be used for new State agency and university capital projects and repairs and renovations of State-owned buildings. The Fund will be administered by the Office of State Budget and Management and be available for expenditure only upon appropriation by the General Assembly. The Governor's Recommended State Budget is required to include a transfer of 4% of the estimated net tax revenues that are deposited in the General Fund.

Lottery Allocations to Needs-Based Public School Capital Fund

Section 5.3 of the Appropriations Act adjusts allocations within the Education Lottery Fund (ELF) based on growing revenue from the State lottery and creates a new Needs-Based Public School Capital Fund (NBPSCF), which will receive $30 million in FY 2017-18, and $75 million in FY 2018-19. Section 5.3 also establishes a statutory appropriation dedicating all future ELF revenue growth, over and above the amounts appropriated in Session Law 2017-57 (after ensuring that a minimum balance of $25 million remains in the Lottery Reserve Fund) to the NBPSCF. The NBPSCF is projected to receive $360.3 million in net lottery proceeds over the next 5 fiscal years.

The NBPSCF will be administered by the Superintendent of Public Instruction and will provide public school construction grants to tier 1 and tier 2 counties as determined under G.S. 143B-437.08. Grants awards are capped at $10 million to $15 million depending on tier designation and may be used only for new capital projects. The chart below shows all appropriations from the Education Lottery Fund for the fiscal biennium.

Education Lottery Fund (ELF) Appropriations

Program	FY 2017-18	FY 2018-19
Noninstructional Support Personnel	383,888,897	385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	30,000,000	75,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
LEA Transportation	43,277,192	1,386,090
TOTAL ELF Appropriations	**$676,612,932**	**$681,747,388**

Disaster Recovery Relief

In mid-December 2016, the General Assembly convened a special session enacting S.L. 2016-124, Disaster Recovery Act of 2016, which transferred and appropriated $100.9 million from the Savings Reserve to the General Fund. The legislation also appropriated $100 million from the FY 2016-17 unappropriated General Fund balance for a combined total of over $200 million for State disaster recovery relief. Of that $200 million, $76.2 million was allocated to the State Emergency Response and Disaster Relief Fund to be spent on matching federal programs and future emergencies. The balances of the funds were designated for damage caused by Hurricane Mathew and wildfires in the western part of the State. The Act also required that the Governor's Recommended State Budget for FY2017-18 include a recommendation to replenish the $100.9 million back to the Savings Reserve.

During the 2017 regular session, the General Assembly appropriated an additional $99.6 million in disaster relief funding to supplement its earlier efforts. In a separate act, Session Law 2017-119, Disaster Recovery Act of 2017 allocated the additional recovery funds to various State agencies and expanded the types of disaster covered and the uses of the funds. Allocations included an additional $22.3 million to the State Emergency Response and Disaster Relief Fund to match federal disaster assistance programs.

Additional summaries of selected budget and policy changes in other Appropriations Committees including Health and Human Services, Agriculture and Natural and Economic Resources, General Government and other areas can be found at the following links or at www.ncleg.net/fiscalresearch/fiscal_briefs/fiscal_briefs.html:

- Education
- Health and Human Services
- Agriculture and Natural and Economic Resources
- Justice and Public Safety
- General Government
- Transportation
- Information Technology
- Capital

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Appendices

Appendix A: Revised General Fund Availability Statement

General Fund Availability Statement[1]

		Fiscal Year 2017-18	Fiscal Year 2018-19
1	Unappropriated Balance	208,607,416	499,303,328
2	Disaster Recovery Appropriations (S.L. 2016-124)	(200,928,370)	0
3	Transfer From Savings Reserve	100,928,370	0
4	Revised Unappropriated Balance	108,607,416	499,303,328
5			
6	Over Collections FY 2016-17	580,600,000	0
7	Reversions FY 2016-17	271,000,000	0
8	Replenish Savings Reserve (S.L. 2016-124)	(100,928,370)	0
9	Earmarkings of Year End Fund Balance:		
10	Savings Reserve	(263,000,000)	0
11	Repairs and Renovations	(125,000,000)	0
12	**Beginning Unreserved Fund Balance**	**471,279,046**	**499,303,328**
13			
14	**Revenues Based on Existing Tax Structure**	**22,303,700,000**	**23,299,200,000**
15			
16	**Non-tax Revenues**		
17	Investment Income	60,100,000	60,600,000
18	Judicial Fees	240,900,000	240,500,000
19	Disproportionate Share	164,700,000	149,600,000
20	Insurance	75,500,000	75,500,000
21	Master Settlement Agreement (MSA)	127,200,000	127,200,000
22	Other Non-Tax Revenues	180,600,000	182,900,000
23	**Subtotal Non-tax Revenues**	**849,000,000**	**836,300,000**
24			
25			
26	**Total General Fund Availability**	**23,623,979,046**	**24,634,803,328**
27			
28	**Adjustments to Availability: 2017 Session**		
29	Tax Law Changes	(6,900,000)	(521,800,000)
30	Transfer of Taxes from Short-Term Lease or Rental of Motor Vehicles to Highway Fund	(10,000,000)	(10,000,000)
31	Transfer to Savings Reserve (S.L. 2017-5)	0	(72,090,000)
32	Transfer Additional MSA funds to Golden L.E.A.F.	(7,500,000)	(7,500,000)
33	Transfer to Medicaid Transformation Reserve	(75,000,000)	0
34	Transfer from Contingency and Emergency Fund	7,000,000	0
35	Transfer from Department of Insurance	3,655,405	4,026,728
36	Transfer from the Department of the State Treasurer	(5,453,230)	(5,434,773)
37	**Subtotal Adjustments to Availability: 2017 Session**	**(94,197,825)**	**(612,798,045)**
38			
39	**Revised General Fund Availability**	**23,529,781,221**	**24,022,005,283**
40			
41	Less General Fund Net Appropriations	(23,030,477,893)	(23,652,171,951)
42			
43	**Unappropriated Balance Remaining**	**499,303,328**	**369,833,332**

[1]As amended by S.L. 2017-197, Budget Technical Corrections.

Appendix B: Monthly FY 2017-18 and Intended FY 2018-19 "A" Teacher Salary Schedule

Years of Experience	FY 2017-18	Intended FY 2018-19
0	$3,500	$3,500
1	$3,600	$3,600
2	$3,630	$3,700
3	$3,730	$3,800
4	$3,730	$3,900
5	$3,830	$4,000
6	$3,830	$4,100
7	$3,930	$4,200
8	$3,930	$4,300
9	$4,055	$4,400
10	$4,055	$4,500
11	$4,205	$4,600
12	$4,205	$4,700
13	$4,355	$4,800
14	$4,355	$4,900
15	$4,555	$5,000
16	$4,630	$5,000
17	$4,730	$5,000
18	$4,730	$5,000
19	$4,830	$5,000
20	$4,830	$5,000
21	$4,930	$5,000
22	$4,930	$5,000
23	$5,000	$5,000
24	$5,000	$5,000
25+	$5,130	$5,130

Appendix C: Annual FY 2017-18 Principal Salary Schedule

Average Daily Membership	Base	Met Growth	Exceeded Growth
0-400	$61,751	$67,926	$74,101
401-700	$64,839	$71,322	$77,806
701-1,000	$67,926	$74,719	$81,511
1,001-1,300	$71,014	$78,115	$85,216
1,301+	$74,101	$81,511	$88,921

Note: Placement on "Base", "Met Growth", or "Exceeded Growth" section of the schedule based on the highest EVAAS growth evaluation in 2 of the 3 most recent school years.

Appendix D: Employee/Retiree Monthly Premiums Effective January 1, 2017[1]

Coverage Type	Traditional 70/30 Plan	Enhanced 80/20 Plan[2]	Consumer Directed[2]
Non-Medicare Active Employee/Retiree			
Employee/Retiree Only	$0.00	$15.04	$0.00
Employee/Retiree + Child(ren)	$218.14	$305.18	$196.32
Employee/Retiree + Spouse	$562.10	$683.52	$505.90
Employee/Retiree + Family	$598.70	$723.76	$538.82

Medicare Primary for Both Employee/Retiree and Dependent(s)	Traditional 70/30 Plan	Base Medicare Advantage
Employee/Retiree Only	$0.00	$0.00
Employee/Retiree + Child(ren)	$155.20	$124.80
Employee/Retiree + Spouse	$408.08	$124.80
Employee/Retiree + Family	$444.66	$249.60

[1] Employer premium is $479.48 per month ($372.56 for Medicare Primary).

[2] Premiums for Enhanced 80/20 and Consumer Directed Health Plan (CDHP) assume member completes three wellness activities: smoking attestation; primary care physician selection and Patient Centered Medical Home video viewing; and a health assessment. Premiums for Traditional 70/30 assume member completed smoking attestation.