STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

Employment First State for Individuals with Disabilities

JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

November 23, 2026

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker

SUBJECT: Deviation Requests from the NC Department of State Treasurer

Pursuant to G.S. 143C-6-4 (b1) prior consultation with Governmental Operations is required when an over-expenditure would cause a department's total requirements for a budget code to exceed the department's certified budget for a fiscal year for that budget code by more than three percent (3%) prior to authorizing the over-expenditure.

The Department of State Treasurer (DST) is requesting to deviate in its budget code 63420 and 63410 to transfer funds from the Retiree Health Benefit fund to the State Health Plan. In response to short term liquidity, the Treasurer and the SHP Board of Trustees, per their authority under G.S. 135-48.30(a)(2) and 48.22(2), increased the employer premium for retiree coverage for the Plan's Medicare Advantage product for July 2026-December 2026. The employer portion of premiums for qualifying retirees is paid out of the Retiree Health Benefit Trust Fund, per G.S. 135-7(f). G.S. 135-48.5(a) requires these premiums to be deposited into the Public Employee Health Benefit Fund. It is the intention of the State Health Plan to repay excess Retiree premiums collected to the Retiree Health Benefit Fund. This request enables the department to address short term funding challenges facing the State Health Plan.

Please see the attached Deviation Exception Request Form for more details.

If you have questions or concerns, please contact DST Chief Financial Officer Brandon Watson, at brandon.watson@nctreasurer.gov and OSBM budget analyst Sam Barber at samuel.barber@osbm.nc.gov.

CC: Jennifer Neisner
Rachel Stallings
Samuel Barber
Brandon Watson
Samiel Fuller
Angela Boggus
Brenda Watkins

REQUEST TO DEVIATE UNDER G.S. 143C-6-4(b)(3)(b1):
(b1) Consistent with G.S. 120-76.1(a)(1), if the overexpenditure would cause a department's total requirements for a budget code to exceed the department's certified budget for a fiscal year for that budget code by more than three percent (3%), the Director shall consult with the Joint Legislative Commission on Governmental Operations prior to authorizing the overexpenditure.

DEPARTMENT:	NC Dept of State Treasurer
FISCAL YEAR:	2026-2027
DATE:	16-Nov-26
BUDGET REVISION #:	12-0004

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
63420	$ 4,427,021,523.00	$ 132,810,645.69	$ 415,000,000.00	$ 282,189,354.31
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -

JUSTIFICATION FOR REQUEST:

In response to short term liquidity, the Treasurer and the SHP Board of Trustees, per their authority under G.S. 135-48.30(a)(2) and 48.22(2), increased the employer premium for retiree coverage for the Plan's Medicare Advantage product for July 2026-Dec 2026. The employer portion of premiums for qualifying retirees is paid out of the Retiree Health Benefit Trust Fund, per G.S. 135-7(f). G.S. 135-48.5(a) requires these premiums to be deposited into the Public Employee Health Benefit Fund.

OPERATING BUDGET REVISION - RETIREE PREMIUM INCREASE

Status: Submitted_To_OSBM

Fiscal Year: 2026-2027
Status: Submitted To OSBM
Department/Agency: Department of State Treasurer
BRU: Department of State Treasurer
Budget Code: 63420 - State Treasurer - State Health Plan - PPO
Title: Retiree premium increase
Journal Entry Number: N/A
Statutory: No
Special Provision: No
Lapsed Salary: No
One-time Salary Change No
Carry Forward: No

Reference Number: 12-0004
Revision Type: 12
Effective Date: 07/01/2026
Approval Date: 11/20/2026
Recurrence: Non-recurring
Included in Base Budget: No
Ibis ID: 1A0IB
New Grant: No
Change to Existing Grant: No
Over-realized Departmental Receipts: Yes
Realignment: No
Program Restructure: No
Other: No

Justification: In response to short term liquidity, the Treasurer and the SHP Board of Trustees, per their authority under G.S. 135-48.30(a)(2) and 48.22(2), increased the employer premium for retiree coverage for the Plan's Medicare Advantage product for July 2026-Dec 2026. The employer portion of premiums for qualifying retirees is paid out of the Retiree Health Benefit Trust Fund, per G.S. 135-7(f). G.S. 135-48.5(a) requires these premiums to be deposited into the Public Employee Health Benefit Fund.

It is SHP's intention to repay excess Retiree premiums collected to the Retiree Health Benefit Fund.

Requirements

Budget Fund	Account Number	Account Description	AMU	NCFS Program	Fund Source	Project	Inter Fund	Amount (2025-26)	Amount (2026-27)	Annualized Amount	Authorized Budget (2025-26)	Authorized Budget (2026-27)
600231	55242000	MEDICAL CLAIM PAYMENTS	0000000	0000000	0000	0000000000	000000	$0.00	$332,000,000.00	$0.00	$0.00	$1,157,382,323.00
600231	55244000	PHARMACY CLAIM PAYMENTS	0000000	0000000	0000	0000000000	000000	$0.00	$83,000,000.00	$0.00	$0.00	$632,856,775.00

Receipts

Budget Fund	Account Number	Account Description	AMU	NCFS Program	Fund Source	Project	Inter Fund	Amount (2025-26)	Amount (2026-27)	Annualized Amount	Authorized Budget (2025-26)	Authorized Budget (2026-27)
600231	44600000	INSURANCE PREMIUMS	0000000	0000000	2000	0000000000	000000	$0.00	$415,000,000.00	$0.00	$0.00	$0.00

Summary

	Amount (2025-26)	Amount (2026-27)	Annualized Amount
Total Requirements	$0.00	$415,000,000.00	$0.00
Total Receipts	$0.00	$415,000,000.00	$0.00
Change in Fund Balance	$0.00	$0.00	$0.00

Budget Overview

Requirements							
Budget Fund	**Account Number**	**Account Description**	**Fund Source**	**Amount (2025-26)**	**Amount (2026-27)**	**Authorized Budget (2025-26)**	**Authorized Budget (2026-27)**
600231	55242000	MEDICAL CLAIM PAYMENTS	0000	$0.00	$332,000,000.00	$3,768,904,750.00	$3,157,382,323.00
600231	55244000	PHARMACY CLAIM PAYMENTS	0000	$0.00	$83,000,000.00	$862,080,355.00	$632,856,775.00
Fund(600231) Totals				**$0.00**	**$415,000,000.00**	**$4,630,985,105.00**	**$3,790,239,098.00**

Receipts							
Budget Fund	**Account Number**	**Account Description**	**Fund Source**	**Amount (2025-26)**	**Amount (2026-27)**	**Authorized Budget (2025-26)**	**Authorized Budget (2026-27)**
600231	44600000	INSURANCE PREMIUMS	2000	$0.00	$415,000,000.00	$0.00	$0.00
Fund(600231) Totals				**$0.00**	**$415,000,000.00**	**$0.00**	**$0.00**

Attachments

Name	Type	Size	Date	Uploaded By
BD701 Certified_Nov_11.16.26.pdf	application/pdf	205998 Bytes	11/17/26	Angela Boggus
BD701 RHBF 11.19.2026.pdf	application/pdf	105316 Bytes	11/19/26	Samuel Barber
Request_to_Deviate_Form_63420_11.16.26 (1).xlsx	application/vnd.openxmlformats-officedocument.spreadsheetml.sheet	23535 Bytes	11/20/26	Brenda Watkins
SHP Presentation-Retiree increase.pdf	application/pdf	179591 Bytes	11/17/26	Angela Boggus

AUDIT INFORMATION

Created by Angela Boggus on 11/13/2026 16:17 PM
Submitted by Brenda Watkins on 11/17/2026 14:18 PM
Revised by Samuel Barber on 11/19/2026 15:48 PM
Returned by Samuel Barber on 11/19/2026 17:16 PM
Revised by Brenda Watkins on 11/20/2026 16:06 PM
Submitted by Brenda Watkins on 11/20/2026 16:17 PM