

State & Federal Legislation Update

Last week, the General Assembly adopted a budget, and the Legislature is now heading towards adjournment. The House is having a session by itself to examine bills sent to it by the Senate. The Senate will meet in “skeleton” session to make sure that any bills needing last minute attention receive it.

Next session, we should expect the Senate to examine an overhaul of our tax system whereby larger taxes might be lowered, and there might be a number of new taxes that would supplant the revenue lost by certain tax decreases. We could well expect the life insurance premium tax to arise again, but for this session we have emerged in good shape on that issue.

A number of bills of interest were ratified late last week. **SB 468 – Authorize Insurance for Former Employees** was ratified, and it authorizes counties to provide health insurance benefits to former employees who are not receiving retirement benefits. Late in the legislative process, a requirement was added that the former employees must have had at least 10 years of service prior to separation from the county. Also added was a provision that these employees are not to be added to the State Health Plan. However, the county may provide insurance to them by other means. The premium for this coverage is to be paid by the county or by the former employee, or some combination of the two.

HB 212 – Health Insurance Pool Pilot Program also sprang to life very recently. This legislation had been languishing in the Senate due to the fact that the bill as drafted provided a statewide mechanism for the pilot project. The DOI, the carriers and the agent community all indicated that such a proposal would be detrimental to the marketplace. Therefore, the bill was revised to permit only one project rather than multiple projects, and this prompted both the Department of Insurance and Blue Cross to indicate that their official position with respect to the bill was either one of neutrality or one of no opposition. The narrowing of the scope of the legislation enabled it to get out of Senate Commerce and pass the Senate. The House voted by a vote of 103-9 to concur in limiting the Pilot Project to but one project, and the bill will be sent to the Governor for signing.

HB 589 – Insurance/State Health Plan Cover Hearing Aids/Autism would require health benefit plans and the State Health Plan to cover hearing aids and replacement hearing aids and would require the State Health Plan to provide coverage for autism treatment disorders. This bill is in limbo at the present time with the Senate having adopted a conference report that was created to iron out differences in the bill that arose as the House and Senate conferred about it. At this time, it appears that the bill is awaiting final action by the House, and I will let you know if the House adopts the conference report prior to adjournment.

HB 1166 – Insurance Law Changes is also moving towards passage. You will recall that this is the legislation that addresses the relationship between funeral homes and life insurers, and provides a mechanism for funeral homes to receive information about the

proceeds payable by burial policies. This bill passed the Senate late last week and is on the House calendar this evening for a vote of concurrence in the Senate amendments. I expect this legislation to be adopted.

HB 1297 – Provider Credentialing was also ratified late last week. It provides a mechanism for streamlining the process by which providers receive credentials to join the networks of health benefit plans. This legislation also provides a means by which providers and insurers may negotiate contractual terms of their relationship.

Although a month late, an NC budget received preliminary approval this last week. The budget would raise \$990 million in new taxes, most of which comes from a one cent sales tax increase. Residents earning \$60,000 or more as single filers or \$100,000 or more as joint filers would have a surcharge tacked on their state income tax payments. The state would levy sales tax on digital products such as music and ringtones, and smokers and drinkers would pay more for their vices. Democrats said the tax increases were the only way to avoid painful and devastating cuts, particularly to education and social services. However, some cuts were still made.

Advocates for people with disabilities saw a \$40 million cut, about 10 percent, to community services for the mentally ill, disabled or those struggling with addictions. Some other key issues, according to our lobbyist, Robert Paschal:

HB 1297 – Provider Credentialing/Insurers passed the Senate. It had previously passed the House in May, and the Senate version differs from the House version. Therefore, the bill will go back to the House for concurrence in Senate amendments. This legislation is meant to expedite the credentialing process of providers by insurers.

On the **tort reform** side of things, note that **SB 882 – Statute of Repose/Products Liability** was ratified on July 28. It increases the statute of repose for products liability actions from six to 12 years.

HB 813 – Comparative Fault appears to be bogged down at the present time. It passed the House in the middle of May, and has been in Senate J-1 since that time. The House sponsors are Representative Glazier, Blust, Ross and Stiller. Rep. Stiller has resigned from the legislature, and Rep. Ross has been awarded a fellowship which will enable her to travel to India and China. Rep. Ross is making that trip this week, and she has been a staunch advocate of the comparative fault bill.

There has been relatively little activity of interest on the legislative agenda. Senate Commerce will consider **HB 1166 – Insurance Law Changes**. It passed the House last week on July 27. The most prominent component of this bill is the treatment of information that can be provided to funeral homes concerning life insurance on deceased individuals for whom the funeral homes provide services.