

## Legislative Report; Week of July 2, 2007

It's Tuesday. You ask why in the world I am sending you a legislative report so early in the week. Well, if you were serving in the North Carolina General Assembly, you would know today is the last day that the Legislature will be in session this week. They will take the day off on July 4<sup>th</sup>. They will have skeleton crews from the Raleigh area hold brief sessions in the House and Senate on Thursday, and as usual, they will take Friday off. For most of the General Assembly this is truly a long weekend.

Budgetary discussions between House and Senate conferees continue without success. The proposed **annuity tax** is still very much in the mix. It now appears that the annuity tax is part of the overall budget discussions rather than part of the solution to the Medicaid issue that is being addressed in **S.B. 1484**. It is developing that the annuity tax will not generate as much revenue as had been thought, and states with annuities taxes have seen sales of annuities diminish once the tax is imposed. Therefore, the annuity tax would not provide a stable source of funding. Well coordinated efforts between carriers and the agent community to derail the tax continue.

This week the Senate gave favorable consideration to **S.B. 1527 – Amend Insurance Laws**. The Senate slightly modified the House version of the bill, and it will be sent back to the House for concurrence in the Senate amendments. You will recall that this is the legislation that addresses the licensing of agents and the fees they pay for continuing education.

This afternoon the Senate, by a vote of 36-12, approved its version of **H.B. 973 - Mental Health Parity**, and sent it back to the House for its concurrence in the Senate revisions. At the urging of Blue Cross, the Senate amended the bill to mandate coverage on a parity basis for the nine most commonly treated mental health conditions as reflected in Blue Cross' book of business. Substance abuse remains absent from the bill, and note that it does not apply to groups of 25 lives or less. I will keep you advised as the House considers the changes to the bill made by the Senate.

**HB 265 - Establish High Risk Pool** was mentioned by Sen. Tony Rand (D-Fayetteville) this afternoon in the floor debate on the mental health parity bill. Sen. Rand indicated that he and Sen. David Hoyle (D-Gastonia) were working to secure "public funding" for the pool. There is a good bit of behind-the-scenes activity on the risk pool bill, and when I am able, I will give you a full report on how the risk pool concept will take shape.

There will likely also be some behind-the-scenes budgetary discussions as the week progresses. However, several of the key legislators involved in the budget process have indicated that they are going home today and will not return until next Monday. There will be no formal legislative activity for the rest of the week.

I hope your 4<sup>th</sup> of July is a safe and happy one, and I will stay in touch with you as the legislative process resumes next week.

### **Robert C. Paschal**

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