

Legislative Report; Week of July 9, 2007

House and Senate budget conferees continue to try to iron out differences on the budget. We might expect to see a budget package at some point next week, and I will keep you advised as discussions on the budget continue. No budget; no adjournment. It's as simple as that.

There were two significant developments involving legislators this week. Former Speaker Jim Black was sentenced to 63 months in the federal prison system this week. Representative David Almond (R-Stanfield) resigned yesterday as a result of some sort of improper behavior that has not yet been identified. Rep. Almond was a member of the House Insurance Committee, and we will let you know if his replacement is appointed to this Committee.

H.B. 265 - Establish High Risk Pool is now scheduled to be heard in Senate Commerce next Tuesday, July 17. Senate Democratic leaders favor State funding when pool premiums are not sufficient to pay pool claims, and discussion is being given to the use of tobacco settlement funds and money earmarked for tax credits for employer sponsored health plans to fund the pool. I will keep you advised as the bill is heard in committee.

H.B. 937 - Mental Health Parity has now passed both the Senate and the House and will be sent to the Governor for his signature. The small business exception was removed from the bill, and as I have previously noted, it covers the nine conditions for which Blue Cross' insureds claim benefits most often.

H.B. 731 - Revise Life and Health Insurance Laws received a favorable report in Senate Commerce this week and thereafter passed the Senate. It will be sent over to the House for concurrence in minor Senate amendments. As I have earlier noted, this legislation addresses the licensing of agents and their continuing education requirements.

H.B. 588 - Update Unauthorized Insurers Law received a favorable report in Senate Commerce this week, and thereafter passed second and third readings in the Senate. It will be sent back to the House for concurrence in minor Senate amendments. This legislation is being advocated by the DOI and would increase penalties for agents who represent insurers who are not authorized to transact business in North Carolina.

Next Tuesday's meeting of Senate Commerce will, as noted, include **H.B. 729 - Rate Evasion**. Also on the calendar will be **H.B. 773 - Protect Military Personnel/Life Insurance**.

Lastly, the proposed **tax on annuities** continues to be at play. The annuity tax is now a part of **H.B. 1016**, which passed second reading in the Senate yesterday. It will be on for third reading in the Senate on Monday evening, July 16. Republicans as a group have opposed this legislation in the Senate, and Democratic leaders in the Senate do not appear to be absolutely insistent that the annuity tax be enacted as part of the mechanism to provide payment for Medicaid coverage. We have already initiated contact with leaders in the House to alert them to the issue and ask that they contest it. Our initial indications are that we may find some support for removing the annuity tax from the Medicaid funding proposal. However, it is a remarkably complex issue, and it is too early to tell how this will play out.

That should cover all of our bases for now. I will keep you advised as the session continues, and as always, would welcome your thoughts and insights at any time.

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