

Legislative Report; Week of May 21, 2007

The rush to the May 24 crossover deadline was a fast and furious one this week. Activity both within committees and on the floor of the House and Senate was in overdrive, and I will give you a report below on what transpired.

HB 973 – Mental Health Parity passed the House this week, but not before being amended in two significant ways. The bill was first heard in House Insurance, and the motion was made to strip the substance abuse provisions from the bill. This amendment passed overwhelmingly, and the bill thereafter received a favorable report and was sent to the floor of the House. In the House, this legislation, by a very close vote, was amended to require that the mental health parity mandate apply only to group health benefit plans covering more than 25 employees. After this amendment was adopted and the House was made aware that the bill did not apply to substance abuse, the bill passed overwhelmingly. It will now be sent to the Senate Health Care Committee.

HB 1719 – Health Insurance Pilot/Piedmont Triad also came up in House Insurance this week. The bill created a good bit of quiet fury over the implementation of an association health plan project. The bill sponsor agreed to amend the bill to direct the Commissioner of Insurance to study and make recommendations to the General Assembly on the establishment of a pilot program that will allow the Chambers of Commerce in certain counties to provide group health insurance covering all members of the Chamber. The Commissioner is to report to the General Assembly not later than next year's legislative session.

HB 1642 – Life Insurance/Funeral Homes was, without notice, added to the agenda of House Insurance this week. A motion was made to give it a favorable report. However, this motion failed. This bill would have permitted funeral homes to inquire of life insurers as to the policy proceeds of life insurance on deceased individuals. Privacy issues that arose in this imperfectly drafted legislation were significant, and the bill had no chance of getting out of committee.

SB 1032 – Health Insurance/Prompt Pay Timelines passed the Senate this week and will be sent to the House Commerce Committee. The theory behind this legislation is as follows: not less than thirty calendar days before an insurer seeks overpayment recovery or offsets future payments, the insurer must give written notice to the health care provider or health care facility. The recovery of overpayments or offsetting of future payments would be made not more than two years after the date of the original claim payment unless the insurer has reasonable belief of fraud or other intentional misconduct by the health care provider or health care facility or its agents, or the claim involves a health care provider or health care facility receiving payment for the same service from a government payor.

SB 1512 – Health Insurance Risk Pool/Healthy NC, which is sponsored by Sen. Walter Dalton (D-Rutherfordton), was to have been discussed in Senate Commerce this week. However, it was not reached. Please note that this bill will not be the risk pool vehicle in the Senate. Additionally, there does not appear to be adequate funding for the Healthy NC portion of this legislation and I expect this bill to evolve into a different approach than is envisioned by the Healthy NC concept. I will keep you advised as the bill is finally discussed in committee.

HB 265 – High Risk Pool has, as you know, already passed the House. The Senate put this bill on the back burner so that they could devote attention to bills subject to the crossover deadline. However, I would expect the risk pool legislation to receive attention within the next several weeks. Rep. Verla Insko (D-Chapel Hill) has already been conferring with Sen. Tony Rand (D-Fayetteville) about the handling of this bill in the Senate, and the primary issue under discussion at this point relates to how broad a grant of discretion the governing board will be given in setting risk pool rates. One idea under consideration is having rates vary from 150% to 200% of the standard rate. Rep. Insko's concern is that rates at the 200% end of the range would be cost

prohibitive for many consumers. I will keep you advised as the rating component of this legislation continues to be addressed.

HB 1489 – Protect Consumers/Life Settlement Transaction received a favorable report from House Insurance this week, and thereafter passed the House yesterday. This legislation would require purchasers of life insurance to hold their policies for five years before entering into life settlement transactions. A number of exceptions exist whereby policyholders could sell their policies before the expiration of five years. These include bankruptcy, terminal illness, the death of a spouse and a significant decrease in the policyholder's income.

With respect to **tort reform**, please note that **HB 1671 – Arbitration/Negligent Health Care** passed the House this week and will be sent to the Senate J-I Committee. Under this legislation medical malpractice claims could be arbitrated upon agreement of the parties.

The House and Senate left town yesterday after an exhausting week, and they will not reconvene until Tuesday, May 29. North Carolina's Constitution does not permit more than three days to pass without the Legislature meeting when it is in session. Therefore, a skeleton crew in the Senate met briefly this morning, and a similarly small group of House representatives will meet on Monday evening. However, no substantive action will be taken during either session. Next week's legislative activity will begin in earnest on Tuesday.

The week or so after crossover is usually met with a gentle pause in legislative activity. This would be welcomed by one and all. I will keep you advised as things get back up to speed after crossover and please contact me at any time with your questions, comments or observations. I hope your Memorial Day weekend is a safe and happy one.

Robert C. Paschal

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