

Most of the activity this week at the General Assembly centered in the House of Representatives. There were no Senate introductions of note. Senate Commerce did meet and considered **HB 212 – Health Insurance Pilot Program**, but the committee did not vote on this legislation. **SB 957 – Special Enrollment, Group Health Insurance**, was on the agenda for Senate Commerce this week, but the bill was not reached.

There were a number of newly filed House bills of potential interest. For your ease of reference, I have grouped them by topic.

Health Insurance

HB 1391 – North Carolina Risk Pool Clarifications. This was introduced by Rep. Verla Insko, and is a companion to Rep. Jerry Dockham's HB 1293. It would provide a grant of discretion to the Board of Directors of the Risk Pool to implement premium subsidies were funds available to do so. Rep. Insko also introduced **HB 1392 – North Carolina Risk Pool Changes/Out-of-State Sources.** This bill tracks Jerry Dockham's HB 1294 identically, and would grant the Risk Pool authority to negotiate reimbursement rates for out-of-state providers where the fees of these providers exceed the Medicare reimbursement rates otherwise used by the Risk Pool. Both of these bills are scheduled to be considered on Tuesday, April 21, 2009 in House Health at noon in room 544 of the Legislative Office Building.

Representatives Wil Neumann (R-Belmont), Pearl Burris-Floyd (R-Dallas) and Bill Faison (D-Durham) have introduced **HB 1402 – Cover North Carolina Health Care Access Program.** This legislation would establish "Cover NC," a health care access program for uninsured individuals and their dependents. It would also establish the North Carolina Health Insurance Market Choices program.

The bill is designed to address coverage for residents of North Carolina who are unable to obtain affordable health insurance coverage. It would develop a health care product that emphasizes coverage for basic services as well as emergency services, and that would be offered state-wide by health insurers, HMOs, PPOs, providers and local health departments. The program would be administered by the Board of Directors of the North Carolina Health Insurance Risk Pool. Coverage would be on a guaranteed issue basis and would be portable. Two alternative benefit options would exist, with at least one providing for catastrophic coverage.

The mandated benefit provisions of North Carolina's health insurance laws would not apply to this program, and the entities providing this coverage would not have to be licensed.

Under the North Carolina Health Insurance Competitive Market Program, the concept would be to promote a competitive market for purchasing health insurance and health services. Insurers, HMOs, providers and PPOs could all sell service contracts and arrange for a specified amount and type of health services or treatments. Health insurance agents would be eligible to voluntarily participate as buyers' representatives,

and a product available for purchase through the program could include health insurance policies, limited benefit plans and prepaid clinic services. Prices would have to remain in force for one year. Initial enrollment must be for at least 12 months.

The bill would also create the North Carolina Health Insurance Market Corporation, a nonprofit which would be governed by a 15-member Board. The corporation would determine eligibility of employers, vendors, individuals and agents, and would establish procedures necessary for the operation of the program.

Note that the bill contains a \$1,000,000 appropriation to the Department of Insurance to have this program initiated.

HB 1459 – Health Insurance/In-Network Provider Choice was also introduced by Rep. Stewart. This legislation is an “any willing provider” statute, and would require networks to accept any provider which was willing to abide by the network’s rules.

HB 1485 – Insurance/Health Care Provider Relationship was introduced by Representatives Steen, Barnhart, Neumann and England. It would reform the process for recovery of overpayments made to providers by insurers. It would generally decrease the time periods within which insurers could seek overpayments, and would require that insurers provide specific detailed information on the claims for which they are seeking recovery.

On Monday, April 20, 2009, Representatives Tim Moore (R-Shelby) and Marvin Lucas (D-Spring Lake) will introduce **HB 1510 – Extend Small Business Health Insurance Benefit Credit**. The existing sunset for this tax credit is January 1, 2010, and this legislation would extend that credit’s sunset until January 1, 2012.

House Health did meet this week and considered **HB 1183 – Health and Other Insurance Law Changes**. This is a Department of Insurance bill, and was introduced at the Department’s behest by the co-chairs of House Insurance, Representatives Goforth and Wray. This legislation would broaden the lines of coverage to which the rules on creditable coverage apply. Applications for annuities are addressed, and agents must provide the annuitant or proposed owner with a copy of any application executed in applying for any individual annuity contract. The delivery may be electronic unless the annuitant, proposed owner or the insurer instructs the agent to deliver the copy in paper form. Any deferred annuity for which the death benefit in any year is less than the account value shall include a statement to that effect in prominent print on a coverage page or the first specifications page.

The Commissioner would adopt rules to set forth standards to protect consumers from misleading and fraudulent marketing practices with respect to the use of senior-specific certifications and professional designations in the solicitation, sale, or purchase of, or advice made in connection with, a life insurance or annuity product. These rules are to be substantially similar to NAIC model regulations on this issue. Also, students covered

under health benefit plans should have continued eligibility during a medically necessary leave of absence from their post-secondary educational institution.

Insurers would be required to comply with the Genetic Information Nondiscrimination Act of 2008.

With respect to independent review organizations under North Carolina's group health insurance laws, the Commissioner could approve an IRO that is not accredited by a nationally recognized private accrediting entity if there are no acceptable nationally recognized private accrediting entities providing IRO accreditation.

Property Insurance

HB 1439 – Reform Insurance Rate Filing Process was introduced by Representatives Tim Spear (D-Creswell) and William Wainwright (D-Havelock). It applies only to rate filings relating to residential real property insurance. Most significantly, it would provide for 12 public hearings scattered throughout the state whenever there was a rate filing involving this coverage.

Auto Insurance

HB 1465 – Business Recovery Act was introduced by Rep. Dale Folwell (R-Winston-Salem). It would substitute uninsured or underinsured motorist coverage for workers' compensation coverage when an employee is injured or killed in an employer's vehicle due to the negligence of an underinsured or uninsured third party.

HB 1494 – Revise Uninsured Motorist/Underinsured Motorist Coverage Requirements was introduced this week by Rep. Bruce Goforth (D-Asheville). This bill is one of several addressing UM/UIM coverage, whether it should be mandatory or optional and the amounts of such coverage.

HB 9 – No Texting While Driving emerged from the House this week, and will be sent to the Senate for consideration by that body.

Insurance Guaranty Association

Next week in Senate Commerce **SB 780 – Structured Settlement Annuities/Insurance Guaranty Association** is scheduled for consideration. The bill is to be heard on Tuesday, April 21.

HB 1458 – Revise Insurance Guaranty Association Limits was introduced by Rep. Randy Stewart (D-Rocky Mount). It would raise the liability cap of the Insurance Guaranty Association to the levels recommended by the current version of guaranty association model legislation.

Crossover Deadline

May 14 looms large as the “crossover” deadline. Bills must pass their house of introduction by the crossover deadline to be eligible for consideration by the other house. For example, if a bill filed in the House of Representatives does not pass the House by May 14, it may not be considered by the Senate during this legislative session. The same would apply for Senate bills. The approach of the crossover deadline causes a considerable rush in the treatment and handling of bills, and I will keep you advised as this legislative session gets closer and closer to the crossover deadline.

Thanks for listening. That should cover the bases for now, and I will stay in touch as this legislative session continues.

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