

The rush to crossover is indeed upon us. The crossover deadline is next Thursday, May 14, and there was a great deal of committee work undertaken this week as bill sponsors sought to get their bills out of committee and passed by the crossover deadline. This coming week will be equally hectic, and we will keep you advised as to all that transpires.

Adjustments to the Health Insurance Risk Pool's enabling legislation are underway. **HB 1391 – Risk Pool Clarifications** received a favorable report in House Health this week, and will be considered in House Insurance on Tuesday, May 12. It would permit the Pool's Board of Directors to provide premium subsidies should it have the funds to do so, with the subsidies being available for individuals with incomes up to 300% of the federal poverty guidelines. It would extend the shortened pre-existing waiting period for new enrollees until the end of the year. This abbreviated waiting period would otherwise expire in June. It would also add a notice provision whereby insurers could advise applicants whose applications were rejected of the availability of the Pool. This notice requirement is something that the DOI and the Pool's Board of Directors felt would be a good idea for consumers in this state.

Also with respect to the Risk Pool, note that **HB 1392** passed the House this week and has been sent to Senate Commerce. It would empower the Risk Pool to negotiate with out-of-state providers on the reimbursement of charges for emergency medical care. The Risk Pool must reimburse providers who are based in North Carolina using reimbursement rates tied to Medicare. The Pool would have no authority to compel out-of-state providers of emergency services to accept these reimbursement rates, and the General Assembly would give the Pool authority to negotiate rates that might exceed Medicare with out-of-state emergency service providers.

Next week in House Insurance, **HB 535 – Health Insurance Coverage/Lymphodema** will be considered. It is on the agenda for House Insurance on Tuesday, May 12, at 11:00 a.m. Also, as noted above, **HB 1391 – NC Risk Pool Clarifications** is on Tuesday's agenda in House Insurance.

HB 212 – Health Insurance Pilot Program is in Senate Commerce but is not progressing at this time. The goal is to bottle this bill up in the Senate so that it is not enacted, and I will stay in touch as work on this legislation continues.

HB 2 – No Smoking in Public Places is poised to pass the Senate. It will be on for third reading early next week. The Senate version of this legislation differs from the House version. There have been seven different editions of this legislation. It is likely that House and Senate conferees will need to be appointed to a conference committee so that differences in the House and Senate versions of this bill can be resolved. However, it appears likely that this legislation in some form will ultimately pass the General Assembly.

The Senate Health Care Committee will consider **SB 877 – Health Benefit Plan Provider Contracts** at 9:00 on Tuesday, May 12, in Room 423 of the Legislative Office

Building. This legislation would require that certain basic and fundamental contract provisions be included in contracts between health benefit plans and providers.

HB 14 – Chiropractic Services/Insurance was considered this week in House Insurance. It would amend the law concerning health benefit plans and co-payments due in connection with chiropractic care. Also added to the bill just this week were occupational therapists and physical therapists. Co-payments to these three service providers could not be higher than those charged under the State Health Plan. Next week the bill goes to House Health, and I will let you know if it passes the House by May 14.

P&C UPDATE

As a stand alone report on matters outside the realm of health and life insurance issues, I have set forth below an update on auto, workers' comp, property and building code issues that may be of interest.

First up on Monday afternoon, May 11, 2009 will be **HB 1165 – Standard Fire Insurance Policy**. This bill was earlier given a favorable report by House Insurance. It will be considered by House J-III at 2:00 on Monday in Room 1425 of the Legislative Office Building. The bill was modestly revised in House Insurance to include a January 1, 2010 effective date rather than an October 1, 2009 effective date.

SB 660 – Auto Insurance/Diminution in Value continues to be bottled up in Senate Commerce. However, its House equivalent, **HB 1893**, will be considered in the House J-III Committee on Monday, May 11, at 2:00. Auto insurers are not overly enthused about this legislation, and it has some practical difficulties in the way the bill would work.

SB 749 – Revise UM/UIM Coverage Requirements emerged from Senate Commerce this week, and will be sent to the floor of the Senate next week. A committee substitute was adopted by Senate Commerce, which seeks to address problem areas in earlier legislation. The auto insurance industry is working to get this bill in the best possible form. Please note that **HB 1494**, a House bill which would also modify UM/UIM coverages, is not currently scheduled to be considered by House Insurance next week. I am cautiously optimistic that **SB 749** will be the last UM/UIM bill standing, and that other efforts to revise the UM/UIM coverages will be allowed to lie dormant.

HB 1022 – Workers' Compensation; Duration of Total Disability is on the House Insurance calendar for Monday afternoon, May 11, at 3:00 p.m. in Room 544 of the Legislative Office Building. This is an employer-friendly bill which would seek to impose a cap on payments for total disability.

On the Insurance Guaranty Association side of things, **HB 889 – Structured Settlement Annuities/IGA** passed the House this week and has been sent to Senate Commerce. It would address how and to what extent annuities used to fund structured settlements are covered by the Guaranty Association. **HB 964 – IGA Amendments** is on the House

calendar for Monday, May 11. This bill would allow the IGA to contract as a servicing agent for other entities.

A quick word about three Building Code issues. **HB 1409 – Building Code Exclusion/Certain Wiring** received a favorable report from House Commerce this week, and was re-referred to the House Committee on State Government/State Personnel. It would exempt certain simple wiring activities and appliance replacement in residences from building permitting requirements when the appliance is of the same electrical rating and requires no change to existing electrical circuits and the work is performed by a licensed electrician.

HB 1410 – Building Code Exclusion/Hot Water Heaters also emerged from House Commerce and will go to State Government/State Personnel. It would exempt hot water heater replacement in residences from building code permitting requirements when the heater is of the same size and capacity and is in the same location with respect to the existing water piping. These bills appear subject to crossover, and if they do not pass the House this week they will be ineligible for further consideration during this session.

SB 911 – North Carolina Building Code/Council Changes does not appear to be moving at this point. It was on this week's calendar in Senate Commerce, but has not yet received a favorable report from the committee. At this point we have no information that it has been scheduled for consideration next week in Senate Commerce. This bill would adopt the International Building Code as the State building code, and we will stay in touch should this bill progress.

HB 1305 – Beach Plan Changes is starting to move just a bit. The bill sponsor, Rep. Hugh Holliman, last week asked for the DOI's input. The DOI has suggested a number of changes with which the industry does not totally agree. Rep. Holliman will proceed with moving the bill forward despite these differences, and will include the concepts of caps on company assessments and recoupable assessments. In order to make the bill not subject to crossover, he may include a tax credit for loss mitigation measures. This will make the bill go to Finance, and when all is said and done, this provision may end up being deleted from the bill.

Yesterday the Eastern Legislative Caucus held a press conference at the General Assembly. It turned out that only House members attended. No members of the Senate were present. One television reporter was in attendance along with one representative of the print media. Though I missed the press conference, I understand that the idea was to push for a legislative stay of rate increases, but this measure is not gaining traction at the legislature.

The late Vernon Malone's Senate seat will be filled by current Rep. Dan Blue of Raleigh. Rep. Blue is a former Speaker of the House. No word yet on who will fill Rep. Blue's House seat.

So far this session committees have never met on Monday afternoons. Instead, legislators have gotten back to town in time for the legislative session to begin on Monday evenings at 7:00 p.m. However, with the crossover deadline upon us, committees will be meeting on Monday, and the House will convene at 5:00 p.m. while the Senate will convene at 6:00 p.m. This is proof positive that the crossover deadline is alive and well.

Thanks for listening. That covers the bases for now. I will continue to keep you advised, and welcome your thoughts and comments at any time.

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