

This week saw the filing deadline expire for study bills, budget proposals, local legislation and pension and retirement bills. Therefore, there was a flurry of bill filing activity in the Clerk's office in both the House and the Senate. Also, the House rolled out its version of the budget late this week a bit ahead of schedule. The primary purpose of this session is to fine tune the State budget, and it is good news for a potential July adjournment that the budget is off and running.

I will lead off with details of filings that relate to health insurance. These include the following:

H.B. 2550 (= S.B. 2335) – Small Business Health Benefits Credit. This legislation would continue the tax credit given to small businesses which provide their employees with health benefit plans. It would increase the tax credit from \$250 to \$300, and would change the credit's sunset from 2009 to 2014. The number of co-sponsors for these bills is truly large and reflects bipartisan support for this concept.

H.B. 2688 – Health Care Policy Council. Rep. Verla Insko (D-Chapel Hill) and others have introduced this bill, which would establish the Bill Martin and Ruth Easterling Health Care Policy Council. (Mr. Martin and Ms. Easterling are deceased, but served in the Senate and House, respectively.) The purpose of the Council would be to conduct ongoing review and analysis of health care policies, programs and plans. The Council would recommend to the General Assembly detailed plans “for moving from the current fragmented health care system to an integrated system for public and private health care services.” A total of 31 members would be appointed to the Council, one of whom would be a representative of the health insurance industry.

H.B. 2744 – Expand Access to Health Insurance/Children. Rep. Insko filed this bill as well, and it would appropriate over \$10 million to increase the number of children served by the NC Health Choice program. The goal would be to increase the number of children served by the Health Choice program by just over 10,000 children.

H.B. 2757 – Randolph County Association Health Plan. Rep. Pat Hurley (R-Asheboro) introduced this bill at the behest of the Randolph County Chamber of Commerce, and it would permit Randolph County to develop association health plans for employers in that county. The proposal involves a five-year health insurance pilot project. Note that the Chambers of Commerce throughout the State are likely to promote AHPs aggressively. Note as well that Rep. Hurley introduced **HB 1719** last session, which would have permitted a Triad AHP pilot. That concept was not enacted. Lastly, you should know that Rep. Jerry Dockham (R-Denton), a Nationwide agent and a past Chairman of House Insurance, is a co-sponsor of this bill, along with Rep. Linda Coleman (D-Knightdale).

S.B. 2158 (= H.B. 2786) - State Health Plan/Local Government Participation. Sen. Tony Rand and Rep. Hugh Holliman have filed these bills, which would permit local governments to make the election to switch from either self-funded or fully insured

health programs and enroll in the health benefits program offered by the State Health Plan for its teachers and employees.

Other bills of interest include the following:

S.B. 1874 (= H.B. 2542) – Clarify Ethics and Lobbying Laws. Sen. Dan Clodfelter (D-Charlotte) introduced this bill to clarify and slightly revise certain terms in our new ethics and lobbying laws. The bill is commendably brief, and my initial review suggests that the revisions are minor.

S.B. 2112 – Modify Insurance Gross Premiums Tax. Sen. Dan Clodfelter also introduced this bill, which would exempt ocean marine premiums from the insurance gross receipts tax under N.C.G.S. 105-228.5(c). This bill has been referred to Senate Finance.

H.B. 2404 (= S.B. 1808) – Increase Long-Term Care Tax Credit. This was an “off season” study committee recommendation, and would increase the LTC tax credit from 15% of premium to a maximum of \$350 to 75% of premium to a maximum of \$1,000. Please note that this legislation was to have been considered by House Aging this week. However, the bill’s sponsors are seeking to determine what, if any, income limitations should be included in this legislation.

H.B. 2111 would remove the existing limitations altogether and the bill’s sponsors are not certain that this will be acceptable to the General Assembly. I will keep you advised as discussion continues as to how the income limitation issue might be properly and fairly addressed.

H.B. 2415 – Set Regulatory Fees for 2008. This legislation would again set the Department of Insurance’s regulatory fee at 5.5%.

The Department of Insurance will be promoting legislation to require professional employer organizations (PEOs) to provide fully insured health benefit packages to their employees. Trouble has arisen where the PEOs provide self-funded benefits, which sometimes turn out not to be funded at all. The DOI reports that only four out of the 90 currently licensed PEOs self-insure, and they feel that imposing a fully insured requirement will be too burdensome.

PEOs would be required to use a third-party administrator and a trust account, and would have to maintain adequate reserves as they make the transition from self-funded policies to fully insured products.

For those of you with a keen interest in auto insurance, note that the idea of making **UM and UIM coverage** mandatory is being discussed in earnest. Speaker Hackney has a strong interest in the concept. Were this to occur, the dreaded selection/rejection forms would be jettisoned, and the amount of the “U” coverages would be fixed at the same level as the liability coverage that the consumer purchased.

On the tort reform front, note that Senate J-I met this week and gave a favorable report to **S.B. 1766 (= H.B. 2407) – Liability Protection for Private Entities**. The concept here is to grant immunity to private corporations and non-profits responding to emergencies. Note that two identical pairs of bills have also been introduced on this topic: **S.B. 1684 (= H.B. 2369)** and **S.B. 1776 (= H.B. 2422)**.

That should do it for now. I will stay in touch as the session continues, and I look forward to conferring with you about issues that arise.

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