

The budget remains on the agenda for the House and the Senate, and there has been no real progress made in ironing out differences between the House and the Senate on how the budget should be finalized. I will keep you advised as the impasse continues.

Now to bills of interest.

HB 535 - Insurance Coverage/Lymphodema passed the Senate this week and has thus been ratified. This legislation is a mandate which requires health benefit plans to cover the care and treatment of Lymphodema.

Yesterday House Insurance met and considered **SB 877 - Health Plans Provider Contracts/Transparency**. This legislation is sponsored by Sen. Dan Clodfelter (D-Charlotte), and seeks to give providers equal bargaining power with respect to health benefit plans in the setting of fee schedules. Blue Cross vigorously opposed this legislation before the House Insurance Committee. However, it received the unanimous support of the Committee and will advance to the floor of the House for additional consideration.

House Insurance also gave a favorable report to **SB 1029 - PEO Amendments** yesterday. This legislation amends the statutes addressing professional employer organizations. It permits licensed PEOs to sponsor and maintain employee benefit plans that are underwritten by HMOs and licensed insurers. Additionally, client companies may sponsor and maintain employee benefit plans for the benefit of assigned employees. From and after October 1, 2009, self-funded health plans offered by PEOs will be intensely regulated. PEOs would have to use licensed TPAs, health plan assets would have to be held in separate trust accounts, and there would have to be sound reserves. Specific and aggregate stop/loss coverage would need to be maintained, and certificates would have to include a notice that the plan is self-funded rather than fully insured. If the licensee could not obtain stop/loss insurance, the licensee would have to maintain at least a 30% "lag reserve" above expected losses as determined by a certified actuary. There would have to be a written plan of operation, which would have to be filed with the Commissioner, and a summary plan description would have to be provided to plan participants. The Commissioner would be able to examine the licensee's self-funded employee benefit plan. All of this is in response to financial irregularities and insolvencies that have plagued several PEOs in recent years.

House J-III met this week and considered **HB 1166 - Insurance Law Changes**. This legislation would permit the DOI and licensees to communicate electronically. It contains a number of other clarifying amendments relating to fingerprinting, criminal background checks and related issues. Note that provisions were just added to this bill at the request of the funeral home industry which would permit them to obtain life insurance information about the deceased individuals for whom they would be providing funeral and burial services. A subcommittee chaired by Rep. Bill Faison has been appointed to consider these issues, and while this subcommittee met once this week, no final action has been taken on the life insurance provisions as they relate to funeral homes. I will stay in touch as discussions in this area continue, and I will keep you advised as language is debated and finalized.

Next week in Senate Commerce, on Tuesday, July 14, **HB 1485 – Insurance/Health Care Provider Relationship** is scheduled to be considered. This legislation has appeared on the Senate Commerce calendar several times, but the bill has not yet been reached. This legislation would reform the process for recovery of overpayments to providers by insurers.

On the P&C front, note that **HB 1305 – Beach Plan Changes** received a favorable report from House Finance. It will now go to the floor of the House for second and third readings. I will keep you advised as this legislation continues to be addressed in the House.

That should cover all of the bases for now. Please favor me with your questions and comments, and I will stay in touch as this legislative session continues.