

NC Legislative Update: June 21, 2019

Related Professionals

David P. Ferrell
919.573.7421
dferrell@nexsenpruet.com

Michelle L. Frazier
919.573.7433
mfrazier@nexsenpruet.com

George T. Smith III
919.653.7836
gtsmith@nexsenpruet.com

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06.21.2019

House and Senate members continued their work towards a budget deal ahead of the approaching end of the fiscal year. Budget writers met several times with the Governor to work on a compromise, since it is unlikely that the General Assembly could override a vetoed budget. Senate budget chairs issued a letter after a meeting with Governor Cooper on Tuesday, in which they outlined their continued objection to Medicaid expansion, saying that one item should not hold up the entire budget. Medicaid expansion has remained Governor Cooper's number one budget priority for the year, and he has threatened a potential veto if it is not included.

Both chambers continued to move legislation through committee, with policy committees expected to shut down within the next few weeks. This made for lengthy and frequent Rules Committee meetings, since every bill is required to go through Rules before getting a floor vote.

Of the bills taken up this week, the House had extensive debate on House Bill 483: Let Them Spawn. The bill sets up new regulations on fishing to ensure that fishing techniques are environmentally sustainable. Advocates of the bill cite declining fish populations as motivation for the bill, while commercial fisherman claim that the bill is an effort by recreational fisherman to put them out of business. The two groups have for long been at odds. The bill passed the House 58-47, with both parties split on the vote.

WRAL: <https://www.wral.com/cooper-gop-lawmakers-play-chicken-on-state-budget/18459453/>

Certificate of Need Reform

The Senate Rules Committee approved the Health Care Expansion Act of 2019 this week and the bill is scheduled to be heard on the Senate floor next week. Before the Committee voted to approve the bill, Senator Krawiec, the bill sponsor, told members that she would be offering an amendment on the floor to remove the controversial Certificate of Need (CON) repeal section. Part I of the bill is a partial repeal of the CON laws, and would remove the requirement for ambulatory surgical facilities, dialysis treatment centers, and behavioral health centers. CON repeal has

been pushed by the Senate for several years, but the House has always rejected the repeal. Many providers have warned that a repeal of the CON laws will have the opposite effect from what supporters intend, and will close facilities in rural areas and strain hospitals that are required to treat everyone in their emergency rooms. The bill is on the Senate floor calendar for Monday, where Part I is expected to be removed. The bill has several other sections, including provisions to establish a Psychology Interjurisdictional Licensure Compact (PSYPACT), expand the scope of practice for licensed marriage and family therapists, and eliminate certain adult care home inspections.

The Rural Health Care Stabilization Fund

Senators Berger and Tillman introduced the Rural Health Care Stabilization Act this week, which establishes a dedicated fund to assist financially distressed rural hospitals. The bill would allow rural hospitals that are in risk of closing in three years to apply for a below-market interest rate loan. The hospital would be required to submit a “hospital stabilization plan” to show how it will change its operational model to stay in business, and will have to pay the loan back within seven years. Under the bill, UNC Health Care will administer the fund, but there is a section aimed at preventing conflicts of interest and states that applications that would directly benefit UNC Health Care shall be denied, but the section relies on UNC Health Care disclosing the conflict.

The bill sponsors noted the increasing number of rural hospitals closing or coming to the brink of closing in the past few years as the reasoning for the bill. Senate Minority leader Dan Blue criticized the bill as a “weak fix” and claims that the plan is a narrow solution for one struggling hospital in the State. Senator Blue touted Medicaid expansion as the answer for saving rural hospitals. Speaker Moore has vocalized his support for the bill.

State Employees Health Plan

The North Carolina’s State Employees Health Plan (SHP) covers 720,000 enrollees, and is overseen by the State Treasurer. Treasurer Folwell has embarked on a controversial mission to move the plan to a reference based pricing model that will cut reimbursement rates and fix them to a percentage of Medicare. The plan has drawn criticism from the healthcare provider community that is advocating for patient management and preventative care over simple rate cuts. Treasurer Folwell’s plan cuts over \$300 million from providers, and they claim these cuts will limit access to care and prevent future investments, primarily in rural areas. The Treasurer’s plan is set to take effect January 1, 2020, however, contracts with providers must be signed by July 1, 2019. With a little over a week left to sign up, none of the State’s hospitals have signed up to be a part of the SHP, casting doubt as to if the Treasurer’s plan can move forward without the hospitals. The SHP has nearly 15,000 contracts with providers, but has only signed contracts with 640 for the new plan. The House passed a bill earlier this year to delay the Treasurer’s changes and study alternatives for lowering costs and preserving quality care, however the Senate has indicated that they do not plan to take the bill up, and that they prefer to monitor the issue and see how it unfolds. The State Employees Association of North Carolina (SEANC) is supporting the Treasurer’s plan, despite the fact that it threatens to force its members out of network with their hospital.

WRAL: <https://www.wral.com/deadline-approaches-for-changes-in-state-health-plan-with-zero-hospitals-signed-on/18458594/>

Farm Act Clears Senate

The Senate voted 31-14 to pass the annual Farm Act this week. The 30 section bill largely deals with hemp regulations, but also includes provisions relating to a wide variety of issues ranging from utility easements, animal waste odor rules, sweet potato promotion, present use tax valuation, swine permits, and public records disclosure. Section 26, dealing with farm equipment repair, was removed. Senator Woodward attempted a rarely used procedural rule on the floor to split the bill into four parts, claiming that he could support some provisions if they stood alone, but his motion failed. The bill will now go to the House, where leadership has indicated that they intend to fully vet and allow for public input on the lengthy bill.

WRAL: <https://www.wral.com/annual-farm-bill-clears-senate/18457864/>

2019 Session Laws

The following 30 bills have become law this session:

1. SB 7: Bipartisan Ethics Appointments
2. SB 75: Restore Ct. of Appeals Membership
3. SB 77: Ag Disaster Fund/Certain Counties
4. SB 214: Ensure Orderly 2019 Elections
5. SB 12: Fill Certain Vacancies/Alexander & Burke Co.
6. SB 56: Revenue Laws Technical Changes
7. SB 4: Extend Terms of 2 Members/Coastal Carolina CC
8. SB 272: Zoning for University Facilities-Durham
9. SB 6: Dare County/CC Construction Funds
10. SB 162: Loan Origination/Late Payment Charge Changes
11. HB 263: Fill Vacancies/Modify 2018 Appointments
12. SB 63: City of Kannapolis/Annexation
13. HB 130: Allow Game Nights
14. SB 505: Rural Job Retention Act
15. SB 605: Highway Storm Recovery Act
16. HB 1014: 2020 Census VTD Verification Program
17. SB 310: Electric Co-Op Rural Broadband Services
18. HB 363: Craft Beer Distribution & Modernization Act
19. HB 233: State Auditor/Local Finance Officer Amends
20. HB 532: DNCR Add New Trails & Various Changes

21. HB 388: Immunizing Pharmacists
 22. HB 646: ID Approval/Flex Muni One-Stop
 23. HB 70: Delay NC HealthConnex for Certain Providers
 24. HB 9: Bessemer City Charter Amendment
 25. HB 201: Randolph Co. Register of Deeds Tax Cert
 26. SB 252: Dental Bill of Rights
 27. SB 138: Even-Yr. Municipal Elections/Town of Black Mtn.
 28. SB 139: Even-Yr. Municipal Elections/Town of Montreat
 29. HB 336: Extend Suspension of Spencer Mountain
 30. SB 235: Franklin/Nash Municipalities/Unfit Dwellings
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