

Legislative Update: May 24, 2021

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The General Assembly had a light week, with the House of Representatives holding no floor votes and only having committee meetings on Thursday. The Senate was in Raleigh this week but also took very few votes. Neither chamber is expected to conduct business until Tuesday.

In response to last week's fuel shortage caused by the Colonial pipeline cyber-attack, the Senate Agriculture, Environment, Natural Resources, and Energy Committee heard from a panel of energy and fuel transportation leaders on ways the state can better prepare for a similar event in the future. Most of the meeting focused on North Carolina's dependence on one pipeline for gasoline.

The Senate and House remain undecided on spending targets for the state budget, a situation that has hampered the Senate's ability to start writing its budget. With a hefty amount of non-recurring money available to spend, the legislature finds itself in an unusual scenario. However, if spending targets are not agreed upon soon, then it is expected that mini-budgets may begin to move— spending bills broken up into smaller parts that can be enacted. North Carolina's fiscal year ends on June 30, and lawmakers are still hopeful that they can reach a consensus on a broad budget bill by then.

Federal American Rescue Plan Funds

Lawmakers are debating how to spend the nearly \$5.7 billion the state will receive over the next two years from the federal American Rescue Plan (ARP). On Thursday, the House Appropriations Committee heard House Bill 947, which would use some of that money to expand broadband across the state.

The bill allocates \$350 million in ARP funding to the State's Growing Rural Economies with Technology (GREAT) program, which has for several years focused on expanding broadband in Tier 1 and 2 (lower-income/ population) counties and certain areas in Tier 3 (wealthier) counties. The program awards grants to private service providers to expand access to underserved areas.

The legislation also creates a second GREAT program called Creating Access to Broadband (CAB). The CAB program will work very similarly to the GREAT program but will provide grants to counties collaborating with private providers to expand broadband. The program will work under a matching funds ratio of 35% state, 35% county, and 30% private funding in most circumstances. Counties will use their ARP funds for their portion. No county will be allowed a total allocation greater than \$4 million under the bill. The bill would allocate \$400 million in future ARP funds to the CAB program.

This week, Governor Cooper laid out his goals for how the state's ARP funds will be used, including money for hospitals, hazard pay for certain state employees, broadband expansion, aid to the hospitality industry, water infrastructure, affordable housing, and additional Extra Credit grants for parents with children.

WRAL: One way or another, major public funding coming for NC broadband expansion

Health Information Exchange Bill

The Senate passed a bill this week modifying the state's Health Information Exchange (HIE). The HIE is a platform that providers serving Medicaid enrollees or State Health Plan (SHP) members have to connect to in order to receive reimbursement for treatment provided. The HIE was created in the 2015 Medicaid Transformation bill and was designed to allow state health officials to track trends across the state through claims data. The deadline to connect to the HIE has been extended several times, largely due to the costs and time required to connect, including converting to digital health records, and in part due to resources being diverted to the COVID-19 pandemic response.

House Bill 395 would move the deadline to connect from October 2021 to January 2023 for most providers. It would also exempt ambulatory surgery centers from connecting if the doctors who use the center report the same data to the HIE through another health care system. The bill also allows the Department of Health and Human Services to submit data on behalf of the LME-MCOs, which specialize in behavioral health. An amendment was added to the bill on the Senate floor to place a prohibition on balanced billing for providers who treat SHP members but are out-of-network. Providers will only be allowed to charge those out-of-network patients the in-network price. The bill passed the Senate and will return to the House.

Unemployment Insurance

Legislative leadership unveiled a plan this week to modify the state's unemployment insurance program to encourage people to return to work. The plan would cut off benefits if an individual skips an interview or turns down a job. To encourage workers to take jobs, the plan offers a \$1,500 payment to those who find employment within a certain timeframe. Legislators also called on the Governor to reinstate the work search requirement for unemployment insurance.

This move is in response to businesses complaining that they cannot find workers, leaving some businesses short-staffed or unable to operate. Many of these businesses had to lay off workers during the pandemic and are now trying to return to normal operations. They blame the labor shortage on the time extension for, and amount of, unemployment insurance benefits, with some workers receiving more than when employed. If passed, these changes to the unemployment insurance program would require approval from the federal government.

WRAL: NC Republicans pitch \$1,500 back-to-work bonuses for unemployed