



INTRODUCTION

As the State budget stalemate stretches past day 50, the Republican leadership in the General Assembly has clearly shifted gears on strategy. A number of “mini budgets,” legislation dealing with small portions of the budget (some taken out word for word) dealing with employee pay raises, Medicaid funding, and other critical issues are moving through committees. These new versions of bills are almost entirely pieces of the budget bill pulled out and pasted into existing legislation, usually in conference reports that go to both the House and Senate floor to be voted on with no amendments allowed.

The goal appears to be to force Governor Cooper to deal with these budget issues individually, essentially passing the budget without dealing with the full document. In addition, the strategy makes it politically difficult for Democratic legislators to oppose the measures and even more difficult for the Governor to veto since they are very popular measures by themselves and many have bi-partisan support. Cooper has not yet committed to vetoing or signing these bills, but has called it “another trick” by legislators who don’t want to negotiate.

Teacher pay raises have not yet surfaced, as that issue could prove to be more complicated. The school employee pay raise bill (House Bill 426) has also stalled. After a week-long break for Labor Day, the legislature plans to return the week of September 9th and more “mini budget” bills are expected on prison safety, school safety, additional funding for disaster recovery, and funding to test rape kits.

Another important piece of legislation that is on the move is House Bill 74, the Taxpayer Refund Act. This is the Republican leadership’s plan to return the budget surplus to taxpayers in the form of \$250 rebates for those married and filing jointly and \$125 for all other taxpayers. Under the bill, the first checks would be mailed December 15th. The bill has been approved by the Senate but was sent to finance committee in the House where it has yet to have a hearing.



APARTMENT ASSOCIATION OF NORTH CAROLINA



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BILL UPDATES

As mentioned in the Introduction, the House and Senate have been approving various portions of the budget and sending to Governor Cooper. Below we have listed out some that have been moving through the process:

- HOUSE BILL 126, Pay Increases/State Highway Patrol – provides \$3.6 million this year and \$7.2 million next year to award compensation increases to the State Highway Patrol, and sets the entry-level annual salary of members of the State Highway Patrol at \$45,100 this year and \$46,228 next year;
- HOUSE BILL 226, Pay Increases/State Employees – provides \$239.2 million this year and \$572.7 million next year to various State agencies to implement the salary increases and employee benefit increases;
- HOUSE BILL 426, Educators' Pay Increases/Retiree Supplements – would provide \$66.2 million this year and \$114.4 million next year for the salary increases and employee benefit increases for various public school, community college, and UNC employees (this bill was sent back to the House Appropriations Committee);
- HOUSE BILL 609, Salary Increases/Adult Correctional Employees – provides \$35.9 million this year and \$56.8 million next year to award compensation increases to State adult correctional facility employees, with \$15 million recurring of these funds to be used to provide salary supplements to employees in high-need correctional facilities;
- HOUSE BILL 777, Pay Increases/SBI & ALE – provides \$2.7 million this year and \$3.4 million next year to award compensation increases to agents of the State Bureau of Investigation and officers of Alcohol Law Enforcement.

HOUSE BILL 633, Strengthen Criminal Gang Laws, was amended in the Senate to prohibit the Judicial Standards Commission (Commission) from investigating when its own motion or a written complaint by a citizen is based substantially upon a legal ruling by a district or superior court judge and the ruling has not yet been reviewed and ruled upon by either the North Carolina Court of Appeals or the North Carolina Supreme Court. The Commission would be limited to reviewing judicial conduct, not matters of law. This change would apply to complaints or investigations pending on or after the date the act becomes law (except as noted in the bill, Dec 1, 2019). **The bill as amended was approved by the Full Senate and will next be considered by the House.**

SENATE BILL 574, Study Establish Gaming Comm/Sports Betting, was amended in the Conference Committee to instead direct the North Carolina State Lottery Commission to study issues related to gaming in North Carolina. The study would include the feasibility of authorizing and regulating sports betting, on-site betting at horse steeplechases, and the creation of a commission to provide oversight of gaming in this State. The Commission would contract with an independent third party to conduct research for the study, and report its findings and recommendations, including any proposed legislation, to the Joint Legislative Oversight Committee on the State Lottery on or before April 15, 2020. **The bill as amended by the Conference Committee was adopted by the Senate and will next be heard on the House floor where they will vote on the amended bill.**

SENATE BILL 683, Combat Absentee Ballot Fraud, was amended on the House floor to:

- allow voters who need assistance to complete the written request form for absentee ballots and do not have a near relative or legal guardian available to request another person to give assistance, which would be limited to voters who need assistance due to blindness, disability, or inability to read or write;

- increase the punishment for selling or attempting to sell, or purchasing or agreeing to purchase, a completed written request, a completed application for absentee ballots, or voted absentee ballots from a Class 1 misdemeanor to a Class I felony;
- increase the punishment for compensating another, or accepting compensation, based on the number of returned written requests for absentee ballots from a Class 1 misdemeanor to a Class I felony; and
- require that if a county board of elections opens one-stop sites on Saturdays, all one-stop sites must be open on the last Saturday before the election, for the same hours for that last Saturday.

The bill as amended was approved by the House and has been sent to the Senate to consider the changes made by the House.

LEGISLATION ENACTED

SENATE BILL 86, Small Business Health Care Act. This legislation establishes standards for association health plans and Multiple Employer Welfare Arrangements (MEWAs), and will:

- define a MEWA that is established or maintained by an association of employers classified by the United States Department of Labor as a bona fide group or association and is formed by a sponsoring association that meets the following requirements:
 - has a constitution or bylaws that provides for all of the following: regular meetings; collection of dues from members; and operation by a board of trustees that includes an owner, partner, officer, director, or employee of at least one of the employer members of the association;
 - has at least one substantial business purpose unrelated to the offering and providing of health insurance or other employee benefits to its employer members and their employees;
 - has a commonality of interest shared among the employers comprising the MEWA based on either of the following: (1) establishment by employers in the same trade, industry, line of business, or profession; or (2) being a statewide organization where each employer that is a member of the organization has a principal place of business that does not exceed the boundaries of the State or a metropolitan area that is at least partially within the State, even if that metropolitan area includes portions of other states;
- define a sponsoring association as an association of two or more employer members that offer an employee welfare benefit plan as a MEWA. For purposes of this Chapter, a sponsoring association that meets the requirements of this Article shall be deemed to be a large employer;
- prohibit, regardless of the domicile of the sponsoring association receiving the policy, a group health plan from being offered by a sponsoring association in this State unless it complies with the requirements of this Chapter;
- prohibit an insurer from delivering or issuing for delivery a group health plan to a sponsoring association or an employer member of a sponsoring association unless that sponsoring association meets the requirements of a MEWA;
- provide that group health plans offered by a sponsoring association may only provide coverage to the following: (1) eligible employees of the employer member as defined; (2) the spouse or dependent children of any individual identified above;
- require employer members, in order to obtain coverage for their employees under a group health plan offered by a sponsoring association, to commit to remaining members of the

sponsoring association and receiving and paying for benefits under the group health plan for at least one twelve-month policy period;

- require any group health plan offered by a sponsoring association to meet all of the following requirements:
 - not be offered or advertised to the public generally;
 - provide a level of coverage equal to or greater than sixty percent (60%) of the actuarial value of allowed costs for covered benefits; and
 - provide coverage for hospital and physician services.
- prohibit an insurer from delivering or issuing for delivery a group health plan to a sponsoring association or an employer member of a sponsoring association unless the sponsoring association meets all of the following solvency requirements: (1) has been established and maintained in good faith for a period of at least three years; (2) has at the outset a minimum of 500 individuals eligible for coverage; (3) requires employer members to offer group health coverage to all individuals eligible for coverage for a period of at least one year; (4) maintains a minimum net worth equal to at least one month's premium, which must be held in trust and separate from the sponsoring association's operating assets; and (5) maintains at all times an adequate plan for protection against insolvency that is acceptable to the Commissioner;
- prohibit a sponsoring association from conditioning eligibility for coverage, including continuing eligibility for coverage, on any of the following health-status factors: (1) health status; (2) medical condition, including both physical and mental illness; (3) claims experience; (4) receipt of health care; (5) medical history; (6) genetic information; (7) evidence of insurability; or (8) disability;
- allow an insurer or sponsoring association to make rating distinctions among its employer members based on factors other than health-status factors, such as industry, occupation, or geography, provided that the rating distinction is not directed at individual beneficiaries or based on a factor listed above;
- provide that no limitations will be based on preexisting conditions;
- prohibit an insurer or a sponsoring association from requiring any individual, as a condition of initial enrollment or continued enrollment in the plan, to pay a premium or contribution that is greater than the premium or contribution for a similarly situated individual enrolled in the plan on the basis of any health status–related factor in relation to the individual or to an individual enrolled in the plan as a spouse or dependent of the individual;
- provide that this section may not be construed to restrict the amount an insurer may charge for coverage under a group health plan offered to a sponsoring association under this section or to prevent an insurer from establishing premium discounts or modifying otherwise applicable co-payments or deductibles for a group health plan offered to a sponsoring association under this section in return for adherence to programs of health promotion and disease prevention;
- provide that this statute does not preclude a sponsoring association from engaging a broker or agent licensed to sell insurance in this State for the purposes of reviewing and considering any group health plan offered to a sponsoring association under this section;
- allow small employer carriers, insurers, subsidiaries of insurers, or controlled individuals of insurance holding companies to provide stop loss, catastrophic, or reinsurance coverage to small employers who employ fewer than 20 eligible employees (was, 26 eligible employees) as long as the coverage complies with the underwriting, rating, and other standards of the North Carolina Small Employer Group Health Coverage Reform Act;
- authorize the Department of Insurance (DOI) to adopt temporary implementing rules; and

- direct the Department of Insurance to conduct a study on the feasibility of submitting a 1332 waiver request to the federal Department of Health and Human Services with the goal of allowing (1) working owners and (2) employers who have a principal place of business that does not exceed the boundaries of the State or a metropolitan area that is at least partially within the State (even if the metropolitan area includes portions of other states) to participate in a group health plan that is subject to large group market insurance requirements, and to report on its findings, including any recommended legislation, to the Joint Legislative Oversight Committee on Health and Human Services no later than 90 days from the effective date of this section.

Effective: October 1, 2019, and applies to contracts entered into, amended, or renewed on or after January 1, 2020. This bill became law without the Governor's signature.

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