

Old North State Report



June 21, 2019

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State Budget Update

House Speaker Tim Moore told reporters Thursday that GOP legislators are getting closer to finalizing a budget for the two-year biennium, and there's a possibility the spending plan could be approved as early as next week. But, one issue that continues to cause significant contention between GOP lawmakers and Democrat Governor Roy Cooper is that of Medicaid expansion. Governor Cooper has not wavered from his position that expansion must be included in the state budget, while the GOP-controlled House and Senate have remained unified in their strong opposition to Medicaid expansion policy and its inclusion in the budget. Since before the start of this legislative long session, GOP lawmakers have made it clear they will not send a budget to the Governor that includes expansion, and he in return has made it clear he'll not sign a budget excluding that provision. Earlier this week, Gov. Cooper hosted breakfast at the Governor's Mansion for the senior Appropriations chairs from the House and Senate as an opportunity to discuss the budget and areas of division. Little information was made public following the breakfast, only that the two sides are still far apart on expansion. Should this scenario play out, and the Governor veto the budget, it would be up to the House and Senate to attempt an override, something not quite as assured without the supermajorities once held by the GOP. As we approach the final week of June, taking into account the back and forth yet to occur in the budget "process," it's safe to say this legislative session still has a way to go.

SB681 – Rural Health Care Stabilization Act

Rarely can, or will, a bill be filed once the filing deadline has passed. But, state law does allow for certain exceptions, one of which is for the President Pro Tem of the Senate. On Thursday, Senator Phil Berger took advantage of the exception, as he and fellow Senator Jerry Tillman (R-Randolph) filed SB681, “Rural Health Care Stabilization Act.” The legislation would establish the Rural Health Care Stabilization Program to “*provide loans to eligible applicants for the support of eligible hospitals located in rural areas of NC that are in financial crisis due to operation of oversized and outdated facilities and recent changes to the viability of health care delivery in their communities, including the demand for certain patient services and the composition of payer mixes and patient populations.*” The program is specifically designed to target struggling rural hospitals at risk of failure within the next three years. As detailed in the legislation, hospitals applying for program assistance/loans would be required to submit stabilization plans detailing how they would make changes to remain in business. The plans would then be reviewed by UNC Healthcare and Local Government Commission prior to any loans being awarded. Loans would be required to be paid back within seven years. As for the appropriation assigned to the program, that is uncertain as of now. Funding is not included in SB681, rather an appropriation will be added in a budget provision. This bill comes as a result of several struggling hospitals in rural areas, most recently the Washington County Hospital in Plymouth.

<https://www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S681v0.pdf>

CON – OUT

We’ve been monitoring SB361, “Health Care Expansion Act of 2019,” for weeks, and yesterday, Sen. Joyce Krawiec’s healthcare bill finally made its way before the Senate Rules Committee. But, in an unexpected move, Sen. Krawiec announced that the CON provision of the bill would be removed via amendment from the floor. Krawiec added that the issue has been one of controversy, and rather than hold up a very good piece of legislation, she would prefer to take the CON provision out for now so that it can be worked on further. She went on to say that CON reform will come, but it just needs more time. Several Democrat committee members spoke in favor of the bill after hearing of the provision removal, saying that with the CON portion out, they felt more comfortable voting for the legislation. Other areas of the bill have been overshadowed by the CON debate. The bill would also enact the Psychology Interjurisdictional Licensure Compact (PSYPACT), allow marriage and family therapists to conduct the first-level exam for involuntary commitment and create marriage and family therapist licensure fees, and eliminate redundancy in adult care home inspections. The bill would have passed Senate Rules even with the CON provision left in, but it would have faced a tremendous challenge in the House. With CON out, the bill stands a good chance of clearing the House without issue. As for CON, similar language to what was removed from SB361 is included in the Senate version of the budget currently being negotiated in conference. However, few, if any, believe it will be seen in the final approved budget.

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