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LEGISLATIVE REPORT June 16, 2025

HOUSE BUDGET

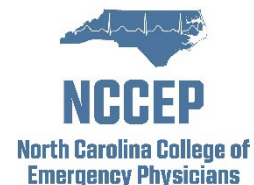
When the House voted on their budget proposal, something quite surprising happened. In a bipartisan and unusual move, 25 House Democrats joined their Republican colleagues to support the House's proposed spending plan for the state. The budget passed 93-20 and maintains a planned cut to the state's individual income tax rate, but delays further reductions until the state's financial outlook improves—a major point of contention with the Senate. Attacks framing the Republican-led House's budget as a "tax hike" circulated this week, with the Carolina Partnership for Reform, a political group often aligned with Senate Republicans, saying "having no budget deal is a better outcome than this one," and national conservative group Club for Growth weighing in, warning that anyone voting for the House's budget proposal containing the "tax increase in North Carolina should expect to be held accountable on election day, and kiss their political future goodbye." Addressing the "tax hike" remarks, House Rules Chairman John Bell told reporters "just because we didn't aggressively lower taxes, as their budget did, doesn't mean we raised taxes." Further noting that "petty shots" make negotiations between the chambers "that much harder."

And harder it is. The chambers miles apart and with choice words for one another's proposals. Senate Appropriations Chair Ralph Hise told reporters he and the House are further apart on this budget than any since he joined the General Assembly in 2011. "I've never gone into a conference process feeling like we were further apart than we are at this point," Hise said. "It starts with renegotiations of things settled in budgets years ago." He added, "The concept of raising taxes on the people of North Carolina is not something I thought we'd ever see Republican majorities support." While the House has steadfastly defended their budget and denied any tax hike, they have likewise taken swings at the other chamber's proposal. Rep. Bell said his Senate counterparts "are going to have to go home and answer to their constituents on why they supported such a bad product." Senate leader Phil Berger responded to his statement with, "We didn't support the House budget."

Meanwhile, Democratic Governor Stein shared some positive remarks on the Republican-led House's proposal. "The House's proposed budget isn't perfect. But I am pleased that the House raises teacher pay to make North Carolina's starting



NORTH CAROLINA COLLEGE OF EMERGENCY PHYSICIANS



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teacher salaries the second-highest in the Southeast and rewards our state employees with a raise. The House budget also makes important investments in public safety, child care, and workforce training.” The plan includes a 2.5% raise for all state employees and cuts about 3,000 mostly vacant state jobs, reallocating some savings toward higher employee pay. Under their proposal, tips would be tax-free up to \$5,000. The House’s proposal also would return the back-to-school sales tax holiday and increase standard income tax deductions.

THE HOUSE’S NEW HELENE RECOVERY BILL

The House also approved a \$465 million funding package to support continued recovery efforts in the west. The bill, now headed to the Senate, includes an economic recovery grant program, aid for farmers rebuilding damaged structures, continued debris removal, and repairs to schools and infrastructure like private roads and bridges. So far, the General Assembly has allocated over \$1.6 billion for recovery, though damages from Helene are estimated at \$60 billion statewide. Federal aid could exceed \$15 billion but the timeline on federal funds and the exact amount remain unclear. Instead of a separate recovery bill, the Senate included \$700 million for additional recovery funding in its budget proposal. It remains unclear how the chambers will address their differences for this next round of recovery funding.

BUDGET UPDATES

North Carolina is now expecting a smaller budget surplus than originally predicted. A new forecast from the Office of State Budget and Management and the General Assembly shows the surplus for this year has dropped by \$180 million compared to February’s estimate. The change suggests lower-than-expected corporate tax revenue and increasing uncertainty in the national economy. With the downgrade, the state still expects to have \$364 million more in its General Fund than it did last year, but with continued reductions over the next two years. Revenue projections for the next two fiscal years have been reduced by \$218 million and \$222 million. The revisions are influenced by factors like lower corporate profits, higher costs linked to tariffs, and slower wage and job growth, which are expected to impact both income and sales tax revenues.

These projections were announced after both the Senate and House approved their very different versions of the budget. These projections will impact the ongoing budget negotiations between the Republican-led House and Senate, which have proposed differing tax-cut plans. While both support reducing the state income tax rate to 3.99% in 2026, the Senate plan includes deeper cuts that could eventually drop the rate to 1.99% based off revenue threshold triggers while the House’s proposal raises revenue thresholds in current law before rates could fall any further. The differences on tax policy have become a major sticking point between the chambers as they work to finalize a deal. "That looks to me like an attempt to renegotiate an agreed settlement," Berger said, noting that the House’s revenue threshold changes would keep \$2 billion with the state. "More money out of the pockets of North Carolinians as a result of tax policy sounds like a tax increase to me." However, the Republican-led House and Democratic Gov. Stein argue that the House’s budget is the more responsible path forward. "These are prudent and wise measures that restore the resiliency of our state budget in a fiscally sound way," House Senior Appropriations Chair Dean Arp said of the House’s proposal. Gov. Stein told reporters this week that he “wasn’t thrilled” with the House’s proposal, but “it is much more fiscally prudent than the Senate position, which is to just further erode our revenue sources.” With both sides digging in, this budget process could hit some significant delays.

PRESIDENT TRUMP SUES NC ELECTION BOARD

The Trump administration has filed a lawsuit against North Carolina's election board, alleging it violated federal law by failing to ensure that voter registration applications include required identification numbers. The Justice Department claims the state and the board did not comply with the 2003 Help America Vote Act, which mandates that applicants provide either a driver's license number, the last four digits of their Social Security number, or be assigned a unique identifier if they have neither. An earlier Democratic-led version of the board acknowledged the issue in 2023 after some voter complaints and updated the registration form. However, it did not proactively collect missing information from those who registered between 2004 and 2024. The lawsuit criticizes the board's plan to gather the information only when voters appear at polling places and urges the court to order the state to contact affected voters within 30 days to correct the records.

The board recently shifted to a Republican majority due to a 2024 law transferring appointment power from the Governor to the Republican State Auditor. The board's new Executive Director Sam Hayes commented early this week that the lawsuit was under review, "but the failure to collect the information required by HAVA has been well documented. Rest assured that I am committed to bringing North Carolina into compliance with federal law."

LEGISLATIVE SCHEDULE

As the end of the fiscal year draws near, speculation is rampant about what the remainder of June and the summer will bring. Rumors range from no budget at all to an early wrap for Senate committees next week before an extended break in July. Some say proposals will move quickly this month; others say little will happen at all with tensions high between the chambers. What does appear increasingly likely is a July break, regardless of whether a budget is passed. And while lawmakers may leave town for a bit, a true sine die adjournment seems unlikely, keeping the door open for a return at any time. In the meantime, Proposed Committee Substitutes and conference reports are drawing heightened attention as legislators try to push some measures through before the possible temporary adjournment.

SEN. LEADER BERGER PRIMARY POLLING

A surprising new poll shows Sheriff Sam Page with an 18-point lead over long-serving Senate leader Phil Berger in a potential Republican primary matchup. "If the Republican primary were held today, Sam Page would defeat Phil Berger by 18 points," the poll memo states. Notably, Page leads not only in their shared home base of Rockingham County but also in Guilford County, which Berger currently represents but Page does not. The poll also indicates that Page's advantage grows even more when likely Republican voters are presented with information about specific policy issues, such as casino expansion and legislative exemptions from public records laws. While the primary remains a long way off and this represents only one poll, the numbers highlight the challenges Berger faces at home. A competitive race back home could certainly will have an impact on decisions in Raleigh.

POWER BILL REDUCTION ACT

House Republicans, Duke Energy, and several business groups support a controversial new energy policy proposal unveiled recently, sparking sharp debate over its potential impact on consumer energy bills. Supporters, including Rep. Dean Arp claim the bill is designed "to explicitly save ratepayers dollars," but critics are skeptical. When pressed during the committee hearing, industry representatives declined to guarantee rates would stay the same or decrease. Don Ashworth of Electricities responded, "I do not believe I did," when asked by Rep. Garland Pierce if he had promised no rate hikes. Duke Energy lobbyist Ryan Minto also stopped short of promising stable rates, instead saying they aim to keep costs "as low as possible."

The legislation would let utility companies bill customers for power plants before they're built. Advocates argue this speeds up construction and keeps costs down, while critics say it shifts financial risk from companies to consumers. They cited a South Carolina case where customers were left paying \$9 billion for a failed nuclear project under similar policies. Critics warn the bill could replicate South Carolina's mistakes. Will Scott of the Environmental Defense Fund NC said, "If the utility wants to gamble, they should do it with shareholder money, not with captive North Carolina customers footing the bill."

Confusion marked much of the hearing, with lawmakers struggling to understand the bill, which had been made public only 10 minutes before the committee meeting. Rep. Sarah Crawford criticized the rushed process and asked for a delay in voting to allow more time to review, but Rep. Kyle Hall, the committee chair, declined. Hall commented that the Senate may not approve this version of the bill, as it had already passed a similar but different proposal in March. He explained that moving this bill forward in the House was meant to begin negotiations between the two chambers: "We do not know how long that's going to take."

IMMIGRATION POLICIES MOVE FORWARD

The General Assembly advanced two immigration-related bills: one from Speaker Hall and one from Senate leader Berger. The fact that each bill was taken up in the opposite chamber offers a small glimmer of cooperation between the House and Senate, even as budget negotiations remain stalled, fueling ongoing tension between the two chambers.

On Wednesday, the Senate Judiciary Committee approved House Bill 318, The Criminal Illegal Alien Enforcement Act. This proposal, sponsored by Speaker Hall, would broaden the list of criminal offenses that prompt an immigration status check. Under the bill, law enforcement would be required to query Immigration and Customs Enforcement (ICE) when an arrestee's legal status cannot be verified, including for all felonies, certain high-level misdemeanors, and impaired driving offenses. Judicial officials handling pretrial release would also be tasked with attempting to determine residency status. If legal status can't be confirmed, individuals would be detained for two hours while ICE is contacted. Those with an ICE detainer could be held for up to 48 hours after their scheduled release.

Separately, the House passed Senate Bill 153, the North Carolina Border Protection Act. This legislation would require four state law enforcement agencies to participate in the federal 287(g) program, allowing them to perform ICE functions. In addition to expanding ICE cooperation, SB 153 would bar unauthorized immigrants from receiving state benefits and allow civil lawsuits against local governments with sanctuary policies. The House passed the bill 60-46 along party lines. Because it was amended, it now returns to the Senate for a concurrence vote before heading to Gov. Stein, who has yet to indicate whether he will sign or veto it. With heavily partisan votes on these bills, this could result in Gov. Stein's first veto during his tenure.

LIMIT RULES WITH SUBSTANTIAL FINANCIAL COSTS

A proposal that would significantly alter North Carolina's rulemaking process advanced in the Senate this week, reigniting constitutional debates over the separation of powers between the legislative and executive branches. House Bill 402 would require a fiscal analysis for any rule expected to cost more than \$1 million over five years and impose heightened approval thresholds based on the costs. Rules with an impact of \$20 million or more would require General Assembly ratification. Supporters argue the bill enhances accountability by shifting more authority to elected

lawmakers. “This just puts more power where it belongs, with elected representatives accountable to the people,” Sen. Jarvis said.

Democrats, however, raised sharp concerns. “We don’t always get cautions from our legislative staff about the constitutionality of bills,” Sen. Mayfield said in the Senate Rules Committee on Thursday. “We definitely have one here in terms of concern that this violates the holding of our North Carolina Supreme Court in *McCrory v. Berger*, which draws this very clear line between the legislature and the executive branch.”

Former Governor Pat McCrory, a Republican who brought the *McCrory v. Berger* case against members of his own party, weighed in during a visit to Raleigh, saying he remains a staunch defender of executive independence. “I firmly believe in separation of powers, and I fought for that as governor, even against my own party,” he said. McCrory warned that one-party dominance can erode thoughtful debate, stating, “That leads to an arrogance, and in the worst case is corruption.”

On the contrary, Sen. Moffitt questioned the constitutionality of North Carolina’s entire rulemaking framework. “I think 150B is unconstitutional — on the face of it,” he said, calling current rulemaking an “extra-constitutional” assignment of legislative power to the executive branch. The bill, having been approved in Senate Rules, now heads to the Senate floor. If approved, it will return to the House for a concurrence vote.

GOVERNOR’S NEW ADVISORY COUNCIL ON CANNABIS

Gov. Stein has announced plans to form a new advisory council on cannabis regulation made up of legislators from both parties, law enforcement, health experts, and farmers. “If you are an adult and that’s the choice you want to make, you should be able to make that choice,” Stein said, adding, “I do not have all of the answers. I have some philosophical views on matters, but there are real, complicated, practical implications of every decision you make.”

Though Stein supports legalizing marijuana, he emphasized the urgent need to regulate the existing market for hemp-derived THC products, which he says are widely accessible and often marketed as CBD. “It’s really ironic that in some ways, the most liberal, pro-marijuana adult-use state in the country is North Carolina,” he said. “It’s not Colorado, it’s not Massachusetts... It’s North Carolina, where we have no rules whatsoever.” Because these products are not subject to standard drug labeling or age restrictions, Stein warned they can be easily accessed by minors. “It is the wild West out there,” he said. “The idea that we have a system where this product — which is a drug that can get you high — is for sale out there without any restrictions on how it’s sold, to me, is insane.”

Stein proposed that cannabis products be limited to adults 21 and older and suggested the state create a regulatory agency similar to the NC Alcoholic Beverage Control System to oversee the industry. He also voiced interest in expunging low-level marijuana offenses, which he called a “barrier for people’s successful participation in life.” Stein appointed Republican leaders to the council: House Rules Chairman John Bell and Senate Rules Chairman Bill Rabon, a cancer survivor who credits marijuana with aiding his recovery and has long championed medical marijuana legislation in the Senate.

GOVERNOR STEIN'S FIRST VETOES?

Our new Democratic Governor and the Republican-led General Assembly have enjoyed a reasonably smooth start, but that honeymoon period may be nearing its end. Controversial legislation is beginning to reach Gov. Stein's desk for the first time during his tenure, potentially marking the first test of how veto override votes will play out in the current political landscape. The Senate holds a Republican supermajority, while the House is just one vote shy of the same. That means if all House Democrats stick together, they can block any override and preserve the Governor's veto.

Last week, three bills cleared the legislature that could prompt the first vetoes of the session: two immigration measures and one gun bill. Senate Bill 50, the Freedom to Carry NC Act, drew some intra-party opposition from Republicans. The bill would eliminate the requirement for a concealed handgun permit, allowing anyone 18 or older to carry without training or background checks, though permits would still be available for reciprocity with other states. While Senate Bill 50 passed the Senate along party lines, two House Republicans—Reps. Ted Davis and William Brisson—voted against it, citing concerns from their constituents and the importance of firearms training.

Senate Bill 153, the North Carolina Border Protection Act, requires local law enforcement to cooperate with federal immigration authorities, bars undocumented immigrants from receiving state benefits, and allows lawsuits against sanctuary cities. It passed both chambers strictly along party lines. Supporters argue the bill addresses lax border enforcement under former President Biden, while critics call it discriminatory and rooted in fear.

House Bill 318, the Criminal Illegal Alien Enforcement Act, expands the list of crimes that trigger immigration status checks and mandates that individuals with ICE detainers be held up to 48 hours after release. Like Senate Bill 153, it passed on party lines in the Senate—but in the House, Democrat Carla Cunningham voted in favor. If she maintains that vote in a veto override attempt, and all Republicans remain united, the bill would become law—dealing a blow to Governor Stein and to Democrats' efforts to hold the line on his first potential vetoes.

BILL UPDATES

House Bill 67, Healthcare Workforce Reforms. This House Bill was modified in the Senate Judiciary Committee by including a number of previously approved Senate Bills into it to make it an omnibus bill. Here are the provisions added into the existing House bill.

Internationally Trained Physicians

This version of the bill would require the Medical Board to receive satisfactory verification of 11 listed requirements for internationally trained physicians, including that the applicant has been offered employment as a physician in a full-time capacity at a licensed hospital in North Carolina or in a medical practice located in a rural county with a population of less than 500 people.

Masters Level Psychologists

This provision would provide for independent practice of master's level psychologists after completing 4,000 hours of post-licensure experience in the delivery of psychological services.

Physician Licensure Compact

The new version of the bill also inserts the physician licensure compact that has been discussed for many years.

Pharmacy Provisions

The bill would allow a pharmacist to administer drugs and order and perform a CLIA-waived test and initiate treatment based on the result of the CLIA-waived test for influenza. This part of the bill also requires the state health director to issue a standing order authorizing pharmacists to order and perform a CLIA-waived test and initiate treatment for influenza.

Team Based Practice

The new provision also adds a new definition for team-based setting or team-based practice to include any of the following:

- 1) a medical practice where: (i) the majority of the practice is owned collectively by one or more licensed physicians; (ii) an owner who is a physician licensed to practice medicine in North Carolina has consistent and meaningful participation in the design and implementation of health services to patients; and (iii) the physicians and team-based physician assistants who provide services at the medical practice work in the same clinical practice area.
- 2) hospitals, clinics, nursing homes, and other health care facilities with active credentialing and quality programs where physicians have consistent and meaningful participation in the design and implementation of health services to patients.

The bill excludes medical practice that specializes in pain management from the definition of team-based practice or team-based setting.

The new version of the bill also set out the following criteria that a physician assistant must meet to practice as a team-based PA: (1) more than 4,000 hours of clinical practice experience as a licensed PA and more than 1,000 hours of clinical practice experience within the specific medical specialty of practice with a physician in that specialty and (2) submission of proof satisfactory to the Medical Board of practice in a team-based setting and the requisite clinical hours. The bill also requires that the degree of collaboration must be determined by the practice, which may include decisions by the employer, group, hospital service, and the credentialing and privileging systems of a licensed facility. The bill authorizes the Medical Board to adopt rules to establish requirements for the determination and enforcement of collaboration, consultation, and referral.

The bill also amends the definition of qualified technician in the Woman's Right to Know Act to include PAs with certification in obstetrical ultrasonography.

The bill amends the governing licensure requirements for child care facilities to allow PAs to be able to complete a child health assessment before a child is admitted or within 30 days of admission to a child care facility.

Nursing Board Provisions – these are new provisions to the PA bill

The bill also would repeal the law requiring the NC Medical Board to appoint and maintain a subcommittee to work jointly with a subcommittee of the Board of Nursing to develop rules to govern the performance of medical acts by registered nurses. The bill would amend the law to authorize the Nursing Board to grant prescribing, ordering, and dispensing authority to nurse practitioners. It would also give the Nursing Board sole authority to adopt rules and enforce

regulations governing the practice of nurse practitioners, nurse midwives, and the practice and conduct of nurse midwifery.

Pharmacist Collaborative Practice Act

The bill also inserts language from the proposed pharmacist collaborative practice act. The new version defines health care services as medical tasks, acts, or functions authorized through written agreement by a physician and delegated to a pharmacist for the purpose of providing drug therapy, disease, or population health management for patients. The bill also provides that physicians can authorize clinical pharmacist practitioners to provide health care services so long as their boards have adopted rules governing the approval of individual practitioners, the practitioner has current approval from both boards, and the Medical Board has assigned an identification number to the practitioner that is shown on written prescriptions.

The bill eliminates limitations relating to practitioners' prescription substitutions and authority to order medication and tests. The bill deems orders written by a clinical pharmacist practitioner for medications, tests, or other devices to have been authorized by the supervising physician, with the supervising physician responsible for authorizing the order, and authorizes registered nurses, licensed practical nurses, and pharmacists to perform the order in the same manner as if the order were received from a licensed physician.

The bill also lists six requirements that apply to clinical pharmacist practitioners and supervising physicians engaging in collaborative practice, including (1) requiring a clinical pharmacist practitioner to have a site-specific supervising physician, (2) requiring the supervising physician to conduct periodic review and evaluation of the health care services provided by the clinical pharmacist practitioner, (3) allowing a physician to supervise any number of clinical pharmacist technicians as the supervising physician deems can be safely and effectively supervised, (4) requiring delegated health care services to be included in the written agreement between the supervising physician and the clinical pharmacist practitioner, (5) allowing a supervising physician to include a statement of authorization in the written agreement to allow the clinical pharmacist practitioner to conduct drug substitutions as specified, and (6) allowing supervising physicians to add other advanced practice providers they supervise to the collaborative practice agreement.

The bill also amends the definition of clinical pharmacist practitioner in to include authorization to perform medical acts, tasks, and functions for drug therapy, disease, or population health management agreements with physicians.

The bill also requires insurers offering a health benefit plan that delegates credentialing agreements or requirements for licensed pharmacists to a contracted healthcare facility to accept the credentialing for all pharmacists employed by, or contracted with, those healthcare facilities.

Surgical Smoke Provision

The bill also establishes standards for surgical smoke evacuation in hospitals and ambulatory surgical facilities. The bill requires licensed hospitals and ambulatory surgical facilities to adopt and implement policies that require the use of smoke evacuation/filtering systems during any surgical procedure likely to generate surgical smoke.

The bill as amended above was approved by the Senate Health Care Committee. The bill was then reviewed by the Senate Judiciary where an amendment was approved to amend the conditions that must be met for a physician assistant to be authorized to compound and dispense drugs to require that it be done under the supervision of a licensed physician

(changed from licensed pharmacist). The amendment also removed the non-compete limitations that are supported by NCCEP. The bill received a favorable report in Senate Judiciary and will next be considered by the Senate Finance Committee.

House Bill 402, Limit Rules with Substantial Financial Costs, was amended in the Senate Regulatory Reform Committee to:

- require that any permanent rule that would have an aggregate financial cost on all persons affected of at least \$20 million as calculated under law in a five-year period can only become effective if the General Assembly ratifies a bill approving the rule with the rule becoming effective in accordance with the described timetable;
- amend the timeframe for a proposed permanent rule to have a substantial economic impact so that it applies when that rule would have an aggregate economic impact of at least \$1 million in a five-year period and remove provisions requiring an agency to consider an estimate of the combined cost of the baseline conditions and the proposed rule, including direct costs as well as opportunity costs, as described, in determining the substantial economic impact of a proposed rule;
- require any board/commission or other similar unit of government that proposes a rule with a financial cost of more than \$1 million to all affected persons during a five-year period to adopt the permanent rule by at least a 2/3rds vote of the board/commission members present and voting. If the proposed rule has a cost of more than \$10 million to all affected persons during the five-year period, then the board/commission must adopt the permanent rule by unanimous vote of the members present and voting, unless the rule is required to comply with federal law, in which case the vote must be at least 2/3rds.

The bill was further amended on the Senate floor to provide that the statute does not apply to rules required by federal law, including a rule or set of rules necessary to maintain compliance with a program delegated to the State from a federal agency. **The bill as amended was approved by the full Senate and has been sent to the House to consider the changes made to the bill in the Senate.**

House Bill 434, Lower Healthcare Costs. The new version of the bill requires the NC Medical Care Commission to adopt rules to accomplish listed objectives, including: (1) establishing and defining no fewer than ten quality measures for licensed hospitals and licensed ambulatory surgical facilities; (2) providing the methodology that hospitals or ambulatory surgical facilities should use to determine the most common DRG's for inpatients or common surgical and imaging procedures, as appropriate; and (3) establishing procedures for the statewide data processor to receive quarterly data for publication on DHHS's website.

The bill also requires at the time a **health service facility** participating in an insurer's healthcare provider network (1) treats an insured individual for anything other than screening and stabilization; (2) admits an insured individual to receive emergency services; (3) schedules a procedure for non-emergency services for an insured individual; or (4) seeks prior authorization from an insurer for the provision of nonemergency services to an insured individual, that they must provide the insured individual with a written disclosure pertaining to billing, out-of-network services, and consumer protections. **(The wording of the first two criteria are problematic and we have reached out to staff and various legislators regarding these concerns and hope to have them addressed on the House side)**

The bill also requires at the time a **healthcare provider** not participating in the insured's network (1) treats an insured individual for anything other than screening and stabilization; (2) schedules a

procedure for non-emergency services for an insured individual; or (3) seeks prior authorization from an insurer for the provision of non-emergency services to an insured individual, that they must provide the insured individual with a written disclosure that warns the insured that the healthcare provider is not in the insured's healthcare provider network and provides consumer protection information. The bill designates failure to comply with the requirements as an unfair and deceptive trade practice. **(The wording of the first criteria is problematic and we have reached out to staff and various legislators regarding these concerns and hope to have them addressed on the House side)**

The bill requires an insurer upon request for services outside provider networks to determine whether a healthcare provider able to meet the needs of the insured is available to the insured without unreasonable delay by reference to the insured's location and the specific medical needs of the insured.

The bill adds new a new article entitled "Fair Billing and Collection Practices for Hospitals and Ambulatory Surgical Facilities." The bill requires a hospital or ambulatory surgical facility to first present an itemized list of charges to the patient detailing the specific nature of the charges or expenses incurred by the patient before referring the bill to collection.

The bill requires a facility to provide, upon a patient's request, a good faith estimate for a shoppable service. The bill limits a patient's final bill from exceeding by more than 5% of the good faith estimate.

The bill expands the State Auditor's responsibilities to include a periodic review of health service facilities that: (1) receive State funds and (2) are recipients of State funds for information on the prices these facilities charge out-of-network or uninsured patients and their transparency about those prices. The bill requires that the State Auditor report findings to the specified NCGA committee by April 1, 2026, and periodically thereafter as specified.

The bill defines an urgent health care service to mean a health care service (including mental or behavioral health services) with respect to which the application of the time periods for making an urgent care determination that, in the opinion of a healthcare provider with knowledge of the covered person's medical condition, either: (1) could seriously jeopardize the person's life or health or their ability to regain maximum function or (2) would subject the person to severe pain that can't be adequately managed without the care or treatment that is subject to utilization review.

The bill creates two different timelines for prospective and concurrent utilization reviews based on the urgency of the healthcare service. The bill specifies that the current three-business day deadline is for nonurgent healthcare services. **For urgent healthcare services, the bill requires the insurer or its utilization review organization to conduct the review and make the determination or noncertification by not later than 24 hours after receiving the necessary information to conduct the review, unless the reviewer does not have access to the electronic health records of the covered person.**

The bill sets forth three requirements that apply to an appeals review, including that any appeal not involving a mental health matter **be reviewed by a licensed physician** meeting the specified criteria, that appeals initiated by a licensed mental health professional be reviewed by a licensed mental health professional rather than a licensed physician and the licensed physician or licensed mental health professional consider all known clinical aspects of the healthcare service under review. The bill also requires an insurer to make any current utilization review requirements and

restrictions available on its website. The bill specifies that any new prior authorization requirements or restrictions amendments thereof are not in effect unless and until the insurer's website has been updated to reflect the new or amended requirements or restrictions.

The bill directs that a claim cannot be denied for failure to obtain a prior authorization if the prior authorization requirement or amended requirement was not in effect on the date of service of the claim.

The bill provides that if a covered person enrolls in a new health benefit plan offered by the same insurer under which the prior authorization was approved, then the previously approved prior authorization remains valid for the initial 90 days of coverage under the new health benefit plan. The bill clarifies that this does not require coverage of a service if it is not a covered service under the new health benefit plan. The bill provides that if a healthcare service, other than for in-patient care, requires prior authorization and is for the treatment of a covered person's chronic condition, then the prior authorization shall remain valid for no less than six months from the date the healthcare provider receives notification of the prior authorization approval.

The bill requires, by January 1, 2028, insurers offering a health benefit plan or a utilization review agent acting on behalf of an insurer offering a health benefit plan, to implement and maintain a prior authorization application programming interface meeting the requirements of federal law as it existed on January 1, 2025. **The bill as amended was approved by the Senate Health Care and Rules Committees and the full Senate. The bill will next go the House Rules Committee to consider the changes made to the bill in the Senate.**

House Bill 546, Medicaid Modernization. This bill was amended in committee to add a requirement that the Division of Health Benefits must include full details of any funding needed to implement or maintain work requirements. The bill also provides that DHHS must implement any work requirements as a condition of Medicaid participation.

The bill requires DHHS to ensure that a licensed health care provision providing health services exclusively through telehealth services is not required to maintain a physical presence in the state to be considered an eligible provider for enrollment as a Medicaid provider and that a health care provider group with licensed health care providers which exclusively offer telehealth services are not required to have an in-state service address to be eligible to enroll as a Medicaid provider group.

The bill extends the date that services must begin under the single statewide children and families' specialty plan from December 1, 2024, to December 1, 2025. The bill also provides for Medicaid coverage for new moms postpartum for twelve months. **This bill was approved by the Senate Health Committee and will next be considered by the Senate Finance Committee. This bill was further modified to require the Division of Health Benefits to consult with stakeholders and submit to CMS a request that provides Medicaid coverage for personal care services for individuals who reside in licensed adult care homes and special care units who meet specific income levels.**

House Bill 568, 2025 Omnibus Labor Amendments, was amended in the Senate Judiciary Committee to: (1) specify that any written report, citation, or investigative finding issued by the Department of Labor pursuant to an occupational safety and health inspection is admissible in the legal proceedings to the same extent as if its author was available to testify, unless the court finds the document clearly lacks indicia of reliability or would result in manifest injustice; and (2)

prevent the subpoena of Department of Labor current or former employees for an inquiry into any occupational safety and health inspection unless one of the four exceptions in the statute is met. **The bill as amended was approved by the full Senate and has been sent to the House to consider the changes made to the bill in the Senate.**

House Bill 811, CC Firearm Safety Instruction 18 and Older. The provisions of this bill were removed in the House Regulatory Committee and replaced with new provisions that would require the State Board of Community Colleges to consult with the North Carolina Criminal Justice Education and Training Standards Commission, law enforcement agencies, and firearms associations to develop the standards, curriculum, and criteria for instructors for a firearm safety instruction course. The course would be offered by each community college each semester as a noncurricular extension course so that it is open to citizens aged eighteen and older who want to enroll. The bill would require the State Board to develop the course by August 1, 2025, and community colleges to begin offering the course in the 2025 fall semester. The bill would provide \$1 million in each of the next two years to the Community College System Office to develop and provide funds to community colleges to establish the course. **The bill as amended was approved by the full House and has been sent to the Senate for consideration.**

Senate Bill 153, North Carolina Border Protection Act, was amended in the House Judiciary 2 Committee to:

- require the Department of Health and Human Services to take all steps necessary to cease providing State-funded benefits to noncitizens residing in the US without legal permission, to the extent allowed under federal law, including by developing a plan to review and update eligibility criteria for State-funded benefits to ensure that noncitizens residing in the US without permission are ineligible for State-funded benefits, including a method for verifying the immigration status of applicants prior to the initiation of benefits;
- provide that "State-funded benefits" includes any of the following programs administered by or through a contract with the DHHS but excludes any benefits or services available under these programs to help eligible beneficiaries access food or meals: (1) Temporary Assistance for Needy Families (Work First); (2) early intervention services; (3) rental or housing assistance programs; (4) medication assistance programs; (5) child care subsidy programs; (6) foster care and adoption assistance payments; (7) refugee assistance programs; (8) low income energy assistance; (9) Work First Cash assistance and other employment and self-sufficiency training and services; (10) Medicaid; (11) single-stream funding; (12) inpatient psychiatric hospital services (3-way bed contracts); (13) the State-County Special Assistance program; (14) programs funded by the Home and Community Care Block Grant; and (15) caregiver support programs;
- require the Department of Commerce's Housing Finance Agency and all local housing authorities to take all steps necessary to cease providing publicly funded housing benefits to noncitizens residing in the US without legal permission, to the extent allowed under federal law, including by developing a plan to review and update eligibility criteria for all of these benefits to ensure that noncitizens residing in the US without legal permission are ineligible for publicly funded housing benefits, including a method for verifying the immigration status of applicants prior to the initiation of benefits;
- define *publicly funded housing benefits* to include the following programs or assistance administered by or through a contract with the Agency and any local housing authority established under GS Chapter 157: (1) Community Development Block Grants (CDBG); (2) Rental assistance programs; (3) Transitional housing programs; (4) Key Rental Assistance programs (KEY); (5) Subsidized housing assistance programs; (6) Housing

Choice Voucher program (HCV); (7) NC Home Advantage Mortgage program; (8) NC 1st Home Advantage Down Payment program; (9) HOME Investment Partnerships program (HOME); (10) Community Living programs; (11) Essential Single-Family Rehabilitation program (ESFR); (12) Affordable Housing Development Fund program (AHDF); and (13) Emergency Solutions Grants program (ESG), including the Rapid Unsheltered Survivor Housing program (RUSH); and

- require the Department of Commerce's Division of Employment Security to adopt and implement a policy to verify, for unemployment benefits purposes, that all applicants are legally authorized to reside in the United States prior to the first payment of benefits by January 15, 2026, and require the policy to conform to federal law.

The bill as amended was approved by the House and the Senate and has been sent to the Governor for his signature.

Senate Bill 171, Practice Transparency/Reagan's Law/Sam's Law. The new version of the bill combines several bills that passed the House earlier in the session. The new version requires that an advertisement for health care services that names a health care practitioner to identify their license, certification, or registration and prohibits deceptive or misleading information. The bill also expands insurance coverage for individuals with prosthetics and orthotic devices. The bill also requires the State Board of Education to adopt a medical action plan for students at risk of a medical emergency as diagnosed by a doctor. **The bill as amended was approved by the full House and will next be considered by the Senate.**

Senate Bill 595, Various Revenue Laws Changes, was amended in the Senate Finance Committee to:

- remove provisions that would have allowed a taxpayer to take certain deductions and make adjustments to income relating to S Corporation losses or deductions, and instead expand the other adjustments allowed in determining State income tax to authorize shareholders of an S corporation to: (1) deduct the aggregate amount of losses or deductions of an S Corporation and (2) require that they add the aggregate amount of losses or deductions of an S Corporation included in the shareholder's adjusted gross income to the extent the losses or deductions exceed the shareholder's combined adjusted bases in the stock and indebtedness of the S Corporation; and
- amend the statute regarding when an employer must file returns and pay withheld taxes, so that the employer has an additional business day (was, just day) to pay the withheld taxes for each day that is a legal holiday if the payment period falls during a legal holiday.

The bill as amended was approved by the Senate Finance Committee and will next be considered by the Senate Rules Committee.

Senate Bill 600, Improve Health and Human Services. The new version of the bill would combine several bills that passed the House earlier this session. The new version of the bill includes a requirement that DMV develop a driver's license designation that can be granted to a person with autism. It also includes the language from Check Yes, Save Lives, the bill that would include the opportunity to say yes to organ donation on your state income tax form. The bill also would prohibit any person or entity from manufacturing, selling, or distributing intravenous solution containers made with intentionally added DEHP. The bill also amends the provision governing the policies adopted by local boards of education regulating when a student with asthma or subject to anaphylactic reactions can possess and self-administer asthma medication. The bill also requires DHHS to submit a request regarding Medicaid coverage for personal care services to individuals in licensed adult care homes and special care units who meet specific income requirements. **The**

bill was approved by the House Health Committee and will next be considered by the House Rules Committee.

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