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South Carolina House of Representatives

Legislative Update

Robert J. Sheheen, Speaker of the House

Vol. 8

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House Week in Review

One of the top bills of the 1991 session, the Solid Waste Management legislation, went to a House-Senate conference committee last week. The Speaker appointed Reps. Keyserling, Sharpe and Gonzales to represent the House of Representatives on the S.388 conference committee. Senate conferees on the bill are Sens. Moore, Giese and Hayes.

The House also gave third reading to H.3276, legislation to requiring proof of licensing on coin-operated machines. Before the House passed the bill to the Senate for consideration, it amended H.3276 to repeal the code section that exempted the coin operated machines from the state's unlawful gaming tables and unlawful games and betting laws. The bill also was amended to allow counties and municipalities to license the premises where the machines are located. On Thursday, the House gave the bill third reading by a 77-14 vote.

Another significant bill for the '91 session, the Ethics and Government Accountability bill, came back to the House last week. The House amended H.3743 back to the original version passed by the House. The bill now goes back to the Senate again.

Two notable bills were ratified last week. These are S.615, the Infants and Toddlers with Handicapping Conditions legislation, and H.3069, legislation which will allow political parties to conduct presidential preference primaries.

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Bills Introduced

The following bills were introduced in the House of Representatives last week. Not all bills introduced in the House are featured here. The bill summaries are arranged according to the standing committee to which the legislation was referred.

Agriculture, Natural Resources and Environmental Affairs

International Orange for Hunters (S.756, Sen. Drummond). This legislation would require all deer hunters to wear hats, coats, vests or other outer garments made of the international orange color. Only still hunters and bow hunters in Game Zones 9 and 10 would be exempt from this deer hunting requirement.

Judiciary

Petition Signatures for Special Purpose District Elections (S.383, Sen. Moore). This legislation would give the county governing body the authority to set, either by ordinance or resolution, the minimum number of petition signatures necessary to place a candidate for a special purpose district election on the ballot.

Seized Property (S.610, Sen. Rose). Under this bill, law enforcement agencies would have to publicized itemized lists of any assets seized as a result of illegal drug operations. The bill also prohibits any forfeited property from being personally used by any law enforcement officer. Further, the bill would require all law enforcement agencies to document all forfeited property and make these documents available under provisions of the state Freedom of Information Act.

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Labor, Commerce and Industry

Farm Debt Mediation (H.3945, Rep. Morgan Martin). This legislation would establish a farmer-creditor mediation service in South Carolina. The state Attorney General or his designee would act as the farm crisis program coordinator. He would contract with a non-profit organization to provide the actual farmer-creditor mediation. This program would not serve as a state agency for any other purpose than mediating farm debts. The provisions of this legislation would apply to situations in which a creditor has a secured debt of \$20,000 or more against the agricultural property of the debtor.

Under this bill, either the farmer or the creditor could request mediation. The creditor could not move to foreclose against an agricultural property until he receives a mediation release or if a court determines that a delay in the proceedings to allow for mediation would cause irreparable harm to the creditor.

Farmers requesting mediation would receive assistance from a financial analyst associated with the Clemson Extension Service QMAP program. The farmer also would be notified of any legal assistance available, and the farm crisis coordinator would contract with either a non-profit organization or the Department of Mental Health to provide mental health assistance to farm families involved in mediation.

The legislation spells out the time frame under which the mediation sessions would be held, and the assistance the mediator would provide to work out the financial problems existing between the farmer and the creditor. If an agreement is reached between the parties, both would sign a mediation agreement, which could be enforced in the same manner as a legal contract. If no agreement is reached, a mediation release would be signed. All documents and proceedings of the farm mediation program would not be subject to the Freedom of Information Act.

Medical, Military Public and Municipal Affairs

Changes in HMO Act (S.912, Sen. Saleeby). This legislation removes the state Department of Health and Environmental Control from any consulting or certifying responsibilities for health maintenance organizations under the law. The Chief Insurance Commissioner would be given oversight responsibility for HMOs under this bill, including examining HMOs for quality of health service given. In addition, the legislation does some language clean up in the HMO Act.

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Without Reference

Individual and Group Insurance (H.3941, House Labor, Commerce and Industry Committee). This legislation is a combination of seven House bills addressing the availability and cost of health insurance which are recommended by the Department of Insurance, the Joint Insurance Study Committee, and the S.C. Select Committee on Health Care Cost Containment.

Section 1 - Individual Major Medical Policy Rate Variance Limitation

This section applies to major medical policies and is designed to help restrict the industry practice of "tiering."

Tiering is a practice followed by some insurers of issuing a succession of individual policies with only slightly different benefits but which all require medical underwriting. The insurer sells the first policy form at attractive rates, usually for a period of two years. After the two-year period, pre-existing conditions must be covered, and the health of some of the insureds begins to deteriorate. At that point, the insurer stops selling that policy form, closes it off, and introduces a new substantially similar policy form at an extremely low rate. The healthy people in the closed off block get coverage under the new policy because they can pass medical underwriting for the new policy form or to obtain coverage with any other insurer. Consequently, the rate for those in the closed block skyrockets since it is populated only by people with health conditions, while the rate for the new policy form is extremely low to entice more people to purchase coverage. This new set of insureds will face the same fate as those in the closed block, as the effects of the underwriting wear off and the claims experience worsens. This block of business will also be closed off and a new form introduced.

This section specifies permissible levels of rate variations for individual major medical policies and provides that the rates for such policies cannot be more than 30 percent higher than the lowest rated individual major medical policy of that insurer. This limitation may be increased by consideration of such factors as age, sex, occupation, etc., as well as by the actuarial value of the difference in benefits among the insurer's policies.

Section 2 - Individual Accident and Health Policy Right to Transfer

This section would give an individual accident and health policyholder the right to transfer to another policy of equal or lesser benefits offered by the same insurer without having to pass medical underwriting. Waiting periods and pre-existing condition exclusion periods would apply under the new policy and any riders on the old policy could be applied under the new policy as well.

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This section was designed to suppress the practice of tiering by allowing persons in closed blocks of business to transfer to any new policy form without medical underwriting, giving them the benefit of any lower premium.

Section 3 - Designation of Code Sections

This section designates existing sections of the Code as a subarticle and is necessary in conjunction with Section 4.

Section 4 - Small Group Health Insurance - NAIC model bill

This section is designed to promote the availability of health insurance coverage to the small employers and to prevent abusive rating practices which occur in the industry and was proposed as a model bill by the National Association of Insurance Commissioners (NAIC).

The variance in premium rates between "classes of business" is limited to 20 percent and between small employers with similar case characteristics for similar coverage within a class of business is limited to 25 percent. Additionally, a limitation is placed on the percentage increase in the rate charged a small employer from rating period to rating period. In conjunction with those limitations, the insurer's use of legitimate rating factors is protected and restrictions are placed on transferring small employers from one class of business to another.

Also included in the section are new disclosure and reporting requirements and new standards governing cancellation and nonrenewal of group accident and health policies.

Section 5 - Expansion of Succeeding Carrier Protection

Current law provides significant protection to members of an insured group of 13 or more which decides to change insurers. For instance, all employees covered under the prior policy must be covered under the new policy and credit for service of waiting periods and pre-existing conditions must be given. Under this Section, these protections would be extended down to groups of two or more.

Section 6 - Expansion of Restrictions on Medical Underwriting

Under current law, insurers are allowed to underwrite or select the risks they want to insure for groups of less than 25. This Section would prohibit this practice by requiring insurers, if they decide to write a group, after reviewing medical information and claims histories, to write

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all members of the group. Except that for groups of 10 or less, the insurer may medically underwrite persons who become eligible after the effective date of the policy.

Section 7 - Protection for Persons Moving from One Group to Another

Current law allows a group insurer to impose a pre-existing condition waiting period on new group members of up to 12 months. During this 12-month period, an employee is without coverage for any existing health condition. This Section would provide that the insurer of the group to which the employee moves must give credit for the service of pre-existing condition waiting periods served under the prior insured plan, if the coverage is selected when the person first becomes eligible and if coverage was continuous. However, credit for service of waiting periods is optional in circumstances where an employee joins a group of 10 or less after the policy has been written.

Section 8 - Definition of Successor or Replacement Policy

This Section clarifies when a policy is a successor or replacement policy.

Thanks to the House LCI staff for providing a copy of this summary, prepared in part from information provided by the Senate Banking and Insurance Committee and the South Carolina Department of Insurance.

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1990 Census Data

The following 1990 Census data was published by the Division of Research and Statistical Services in its Spring edition of the *South Carolina State Data Center Newsletter*. The division notes that the 1990 population counts published in the newsletter are subject to possible corrections for undercounts or overcounts.

10 Largest Incorporated Places in South Carolina by Population

1.	Columbia	98,052
2.	Charleston	80,414
3.	North Charleston	70,218
4.	Greenville	58,282
5.	Spartanburg	48,467
6.	Sumter	41,943
7.	Rock Hill	41,643
8.	Mount Pleasant	30,108
9.	Florence	29,813
10.	Anderson	26,184

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Population Distribution for the Largest Counties in South Carolina

	<i>County</i>	<i>1990</i>	<i>1980</i>	<i>% Change</i>
1.	Greenville	320,167	287,896	+11.2%
2.	Charleston	295,039	276,556	+ 6.7%
3.	Richland	285,720	269,602	+ 6.0%
4.	Spartanburg	226,800	203,023	+11.7%
5.	Lexington	167,611	140,353	+19.4%
6.	Anderson	145,196	133,235	+ 9.0%
7.	Horry	144,053	101,419	+42.0%
8.	York	131,497	106,720	+23.2%
9.	Berkeley	128,776	94,745	+35.9%
10.	Aiken	120,940	105,630	+14.5%

Counties With the Greatest Population Increase

1.	Horry	144,053	101,419	+42.0%
2.	Dorchester	83,060	59,045	+40.7%
3.	Berkeley	128,776	94,745	+35.9%
4.	Beaufort	86,425	65,364	+32.2%
5.	York	131,497	106,720	+23.2%
6.	Lexington	167,611	140,353	+19.4%
7.	Pickens	93,894	79,292	+18.4%
8.	Oconee	57,494	48,611	+18.3%
9.	Sumter	102,637	88,243	+16.3%
10.	Aiken	120,940	105,630	+14.5%

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The *South Carolina State Data Center Newsletter* is always interesting, but one of its best features is the back page *Census Trivia*. Here is a sampling of some of the trivia featured in the Spring 1991 edition.

Five percent of Americans go to McDonald's each day.

Five percent of Americans say they have achieved the American Dream.

21 percent of white Americans weigh within the recommended range for their sex, height and body build.

34 percent of American college students believe being a millionaire before age 35 is important.

34 percent of American brides are first married under age 21.

43 percent of Americans watch daytime television almost everyday.

50 percent of Americans do not read books.

50 percent of American married women say they would marry the same man if they had to do it all over again.

65 percent of American men are fully or partially bald by the time they reach age 55.

74 percent of American adults have high school diplomas.

74 percent of Americans say if they had to live their lives over again, they would continue with their formal education.

83 percent of American men are pleased with their physical appearance.

84 percent of Americans believe heaven exists.