

TENNESSEE GOVERNMENT

Update

NEWS FOR THE CLIENTS AND FRIENDS OF BASS, BERRY & SIMS PLC

Governor Bredesen presented his long-awaited healthcare proposal in a speech to the Tennessee General Assembly on Monday, March 27. The governor's remarks may be found at www.tennesseeanyttime.org/governor. The speech initiated a week that ended with the almost certain entry of first term Republican Senator Jim Bryson (R-Williamson County) into the 2006 gubernatorial race against Governor Bredesen. Bryson is a well-regarded legislator with little statewide political experience. If he runs for governor, he will not be able to run for re-election this year to the state Senate.

The retirement announcement of House Majority Leader Kim McMillan (D-Clarksville), a twelve-year legislative veteran, came late Thursday. McMillan has a stunning record in the General Assembly and will leave on a high note.

The filing deadline for candidates for the August 3 Republican and Democratic primaries is Thursday, April 6. Given the national political climate, a possibility of a serious gubernatorial general election, and the number of non-incumbent legislative seats, this election year may be somewhat interesting.

Healthcare

Governor Phil Bredesen has proposed a state-subsidized health insurance plan for the working poor that he calls Cover Tennessee. He characterized the plan as "affordable" and "portable." It would be initially state-funded.

Wednesday, in a talk to Tennessee leaders of the National Federation of Independent Business (NFIB), he highlighted a fundamental element in the ambitious plan: "This will only work ... if small business sees it as a solution to their issues." Later he told reporters that if employers of 25 workers or less do not buy in, "it will be very difficult to make it work." The NFIB has distributed a survey to its 10,000 Tennessee members to get a straw poll of likely interest. Tennessee officials estimate that the plan will work with about a 70% participation rate.

Essentially, the governor proposes a huge pool of small businesses that hire lower-income persons. The pool would offer economies of scale not normally available to small business. The plan would be based on a premium (per person) of \$150:

- \$50 by the worker;
- \$50 (hopefully) by the participating employer; and
- \$50 from the state.

The present plan is to issue a Request for Proposal in the fall asking insurance companies what services they could provide for that premium amount. The administration is almost certainly hoping for three to six doctor's visits a year (\$25 co-pay) and perhaps a week of hospital days, the sort of coverage sought in Arkansas under a similar plan. It is also looking at two prescriptions a month (\$10 co-pay for generics). But the governor has carefully not spelled out details, saying that they will be filled in by the expertise of

the proposing companies. He uses “CIGNA” and “Blue Cross” as examples of the large companies he hopes will be attracted.

The state would also set up less innovative programs for which federal funding exists:

- a State Children's Health Insurance Program (SCHIP), tentatively called “Cover Kids;” and
- a Tennessee Comprehensive Health Insurance Pool (TCHIP), to be called “Access Tennessee.”

The governor also continued to support a wide-ranging program aimed at preventing Type II diabetes.

Support for the new program appeared to be parallel as to how members historically felt about TennCare. Democrats seized on the governor's “message” of “affordable and portable,” and Republicans mulled over whether the state should actually provide any such subsidy at all.

Tort Reform

The House Civil Practice Subcommittee this week killed (3-2) a medical malpractice reform bill presented by the Tennessee Medical Association and a large coalition of healthcare providers. The bill would have limited punitive damages in medical malpractice cases. Democrat Reps. Rob Briley (D-Nashville), Kim McMillan (D-Clarksville) and Rep. Henri Brooks (D-Memphis) voted against the bill. Voting for the bill were Reps. Jerome Cochran (R-Johnson City) and Brian Kelsey (R-Germantown). All except Brooks are attorneys.

Minimum Wage

A bill to create a new state minimum wage at \$6.15 an hour will be considered again Tuesday in the Senate Commerce Committee. Although supporters and opponents agree that very few Tennesseans are working at the federally established minimum wage of \$5.15, the bill has become a matter of principle between two politically and philosophically different sides. Business has tagged the minimum wage bills “jobs-killers,” and advocates for the poor say the wage issue is a matter of social justice.

Predatory Lending

A long-standing Study Committee on Predatory Lending Thursday heard testimony about “foreclosure rescue scams” and other deceptive lending practices. This continues a long-running discussion involving consumer advocates, mortgage brokers, main street financial institutions and sub-prime lenders. Whether this effort comes too late in the session for a resolution in 2006 is an open question.

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