

## LEG REG REVIEW 2008, Twenty Third Issue

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### RENDELL SIGNS INSURANCE BILLS INTO LAW

Governor Rendell signed a number of insurance bills into law shortly after the legislature went into summer recess. Text of each one is available at [www.legis.state.pa.us](http://www.legis.state.pa.us), the Electronic Bill Room. Please note:

- **HB 1150 (O'Brien-R-Phila.) or Act 62, which has a number of component parts:**
  - Changes the Holding Company Act to **grant authority to the Insurance Department to review requests to merge by 'non-profits' a.k.a. the Blues**. This was hotly contested but the legislature achieved some of its desire for more oversight scrutiny while the Administration walked away knowing that the Department had clear authority to rule on a merger request. The legislation also **elevated the Community Reinvestment Agreement (CRA) between the Commonwealth and the Blues into statute**. CRA was forged by the Rendell Administration as a way to have the Blues directly subsidize the uninsured (adultBasic) and is seen by Rendell as a funding stream for Access to Basic Care.
  - **Mandates autism coverage** by health insurers. This was a major priority of House Speaker Dennis O'Brien (R-Phila.). It affects groups of over 50 lives and has a benefit cap per year of \$36,000.
  - **Mandates insurance coverage of colorectal screening** to achieve Senator Tommy Tomlinson's (R-Bucks) long-term goal in SB 146.
  - Allows **domestic life insurance companies to invest five percent more** in certain subsidiaries.
  - Changes the Holding Company Law to **permit major shareholders to serve on nominating and compensation committees**
- **Bills expanding the scope of physician assistants were signed into law by Governor Rendell. This was one of the Rx for Pennsylvania initiatives advanced by the Governor in 2007.** These bills include physical therapy (HB 1199 or Act 38), respiratory care physician (medical – HB 1804 or Act 45; osteopathic HB 2088 or Act 46).
- **Banks can no longer require more residential property insurance than the structure(s)' replacement value** per Act 51 (House Bill 2428 sponsored by Rep. Dan Frankel (D-Allegheny)).
- **A property casualty insurance company solvency law is Act 37 or HB 1167** sponsored by Rep. Vince Biancucci (D-Beaver).

### NOTICE TO ALL EMPLOYERS:

You may wish to read the text of Senate Bill 246 (Greenleaf-R-Montgomery) – the new smoking ban in public places including most workplaces which will become effective in September. There are specific requirements that employers will follow to ensure that they are making a good faith effort to comply with the new statute. To complicate, there are four different tracks from which enforcement and fines may come under the new law.

## **ADMINISTRATION CHANGES**

- Insurance Department Enforcement Bureau chief Dennis Shoop is retiring from the Department after having earned a decades-long reputation for strength and fairness.
- New Budget Director is Mary Soderberg, replacing Michael Masch who is headed to the Philadelphia School District. Before joining the Administration as Executive Secretary of the Budget, she served as House Appropriations Committee executive director under Rep. Dwight Evans (D-Phila.).
- Joe Powers is moving up to become Acting Secretary of DEP, replacing Karen McGinty who resigned. He will need Senate confirmation to remove the 'Acting' from his title.

## **PHC4 GAINS A REPRIEVE**

The PA Health Care Cost Containment Council (PHC4) was given a stay of execution until November 2008. Governor Rendell had closed the agency and let the staff go (although promising to place them in other temporary state slots) July 1 after its sunset June 30. Despite legislative attempts to reauthorize PHC4 before the summer recess, the agency ran out of time due to the Governor and the General Assembly being at logger heads. The impasse stemmed from another agency's program, the MCARE abatement fund, whose surplus the Governor wanted to tap for his Access to Basic Care (ABC) program, formerly known as Cover All Pennsylvanians. The MCARE abatement fund helped doctors with medical malpractice insurance costs but its reauthorization last December was stymied because of the Governor's veto threat if he did not get what he wanted, use of the surplus for ABC. In the latest situation, PHC4 was not reauthorized because the Senate passed a clean reauthorization of both MCARE abatement fund and PHC4 with one bill, SB 1372. The House balked at this and sent a bill to the Senate (HB 2648) reauthorizing only PHC4. The Senate inserted the MCARE abatement fund language and, faced with another veto threat from the Governor, the House did not act before recessing.

The result was a closure of PHC4 by the Governor on July 1. On July 8, he issued Executive Order 2008-5 that extended the functioning of the PA Health Care Cost Containment Council until November 30. In his Executive Order, he stressed that PHC4 was important and asserted that he had the authority to reactive PHC4 without legislative action because this had been done before in 2003 when the legislative authorization had expired. PHC4 staff got their old jobs back.

## **POLITICAL NOTES**

- Senator Robert Regola (R-Westmoreland) was exonerated from wrongdoing in a case involving use of a firearm in a tragic youthful suicide.
- Incumbent Rep. and candidate for the open seat of retiring Gerald LaValle Sean Ramaley (D-Beaver) was one of those indicted by Attorney General Tom Corbett in the Bonusgate scandal. Ramaley was the only sitting member of the legislature indicted so far.
- Governor Rendell is the new chairman of the National Governors' Association, which just concluded its annual meeting in Philadelphia this month.

## **NOTES**

- SPARKS Club 2008 Clinics are now approved in both Pennsylvania and Maryland for four CE credits. Registration materials are available on-line [www.sparksclub.com](http://www.sparksclub.com) . The clinics are September 15-26 at ten locations in PA, MD, and DE.
- The last hearing on the proposal by Independence Blue Cross and Highmark Blue Shield to consolidate concluded this week with Commissioner Ario presiding. All public comments are obtainable from the Department's web site [www.insurance.state.pa.us](http://www.insurance.state.pa.us) . Details: Press Office: 717/787-3289
- PMSLIC is seeking Department approval to merge with Millennium Insurance Company and PA Medical Reinsurance Company with PMSLIC surviving the merger.