

## **LEG REG REVIEW**

### **2008, Twenty Sixth Issue**

*LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm based near the State Capitol. It contains news on the legislative and regulatory scene in Pennsylvania that may be useful to insurance producers, companies, and business interests. It is a free Member Service if you belong to the Pennsylvania Association of Health Underwriters or Manufacturers Association of South Central PA. Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail [xenobun@aol.com](mailto:xenobun@aol.com). Please email [jtrout2792@aol.com](mailto:jtrout2792@aol.com) supplying both your e-mail and fax numbers in order to convert this publication to e-mail. If you wish to no longer receive it, please tell us.*

#### **GENERAL ASSEMBLY RESUMES WORK**

The PA General Assembly returns to Harrisburg after a summer recess to a short span before recessing in October for the election campaign. One matter leadership will be considering is whether or not to even return after the election. The Senate has indicated that it plans no substantive November work while the House, although still having November session days listed, might be forced to go along and not return.

#### **Session days are:**

HOUSE: September 15, 16, 17, 22, 23, 24; October 6, 7, 8; November 12,13,17,18,19,24,25

SENATE: Sept. 16, 17, 22, 23, 24; Oct. 6, 7, 8; November 20, 21

#### **HEALTH REFORM, TURNPIKE MAIN FALL ISSUES**

The Governor has set an imposing agenda before the General Assembly to complete before it recesses. Two top areas are health reform and leasing of the turnpike. Central to the health agenda is creation of Access to Basic Care (ABC) which would absorb the adult Basic Tobacco Settlement program into a new state health plan, principally for workers in small groups. SB 1137 would also re-authorize the MCARE abatement program but force health provider participants accept ABC and CHIP patients. Part of that agenda (HB 2005) also entails eliminating medical underwriting and having a mandatory claim to premiums ratio of 85 percent. Both SB 1137 and HB 2005 are before the Senate. The second major issue involves the Governor's desire to lease the turnpike to a private sector firm in return for a cash infusion designed to shore up Pennsylvania's sagging infrastructure.

A third issue that will receive legislative attention anticipates business and residential electricity bill increases of 30 or more percent when deregulation rate capping expires.

#### **SMOKING BAN TAKES EFFECT**

On September 11, the new smoking ban is in effect, prohibiting smoking in 'public places' which includes restaurants, workplaces, government and educational buildings, etc. The PA Department of Health web site has compliance information at [www.health.state.pa.us](http://www.health.state.pa.us). An additional resource is available from [Leg-Reg Review](#) which summarizes the new compliance requirements. NOTE: The [Leg-Reg Review](#) document is not legal advice but does provide information of interest to readers and their clients. Please make your request to [vince@vphillipsassoc.com](mailto:vince@vphillipsassoc.com).

#### **COMMISSIONER SETS AGENT SCHEDULE**

Insurance Commissioner Joel Ario made good on his pledge to be accessible to insurance agents as shown by three meetings with the Pennsylvania Association of Health Underwriters (PAHU). The annual meeting with leadership took place in August. Ario speeches are planned to the Northwest AHU in Erie September 19 and to the Greater Philadelphia AHU October 2. Previously, Mr. Ario addressed Central Pennsylvania AHU in Harrisburg. [Insurance and Financial Advisor](#) magazine quoted him as calling agents his closest allies in a September published interview.

## **AGENT ROLE ADDRESSED IN INSURANCE HEARING**

The September 4 House Insurance Committee hearing on whether insurance producers should market CHIP and adultBasic was not short on controversy. This hearing involved two bills, House Bills 2123 and 2124 introduced by Rep. Curt Schroder (R-Chester). On one side, the agent community represented by PAHU presented the case that if Children Health Insurance Program (CHIP) is an insurance program instead of a quasi-entitlement program as its name implies, marketing must be done in accordance with Act 147 that specifies that those who sell, solicit or negotiate insurance contracts must be licensed. The Insurance Department said that CHIP is not insurance. Rather, it is a government health program and agents are not legally mandated to be part of the outreach mix.

Other arguments raised by PAHU:

- Other public sector programs use agents as a distribution system. Why should CHIP or adultBasic be any different? Examples are Flood Insurance, Crop Insurance, Assigned Risk (auto), JUA (medical malpractice), and mine subsidence insurance.
- Agents are an efficient way to enroll people because they will make sure the application is right before submitting it to the underwriter. If the application is incomplete, they don't get paid. In addition, agents can reach workers and families more directly than a diffused billboard or television media campaign.

## **HOUSE DEMOCRATS CONTINUE HEARINGS**

The House Democratic (Majority) Policy Committee continues its fall hearings on the Governor's Access to Basic Care (ABC), formerly known as Cover All Pennsylvanians. Designed to showcase the proposal, hearings are set in Pottsville September 18, Ambler Sept. 25, and Harrisburg Oct. 7. Earlier hearings were held in Dubois and Washington County.

## **EXECUTIVE BRANCH NOTES**

- Acting Secretary of Labor and Industry Sandi Vito has been formally nominated by Governor Rendell as L&I Secretary.
- Health Department Secretary Calvin Johnson has announced that he will be stepping down from this Cabinet post.

## **REGULATORY UPDATE**

- Cut off date for public comment on the proposed consolidation between Highmark and Independence Blue Cross is September 30. Anyone wishing to submit comments by September 30 may do so at [www.insurance.state.pa.us](http://www.insurance.state.pa.us) and click on the Highmark/IBC link on the very right side of the screen. Final House Insurance Committee public hearings ended August 25 in Erie and September 8 in Chester County.
- The Independent Regulatory Review Commission (IRRC) will meet September 18 to consider Insurance Department Regulation 11-235 Actuarial Opinion and Memorandum.
- On September 6, the Department of Labor & Industry proposed a rule regarding administrative practices and procedures before the Workers' Compensation Appeals Board and before Workers' Compensation Judges. ([www.pabulletin.com](http://www.pabulletin.com) volume 38, number 36)
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