

LEG REG REVIEW

2008, Twenty Ninth 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. Please email 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 RECESSES

The PA General Assembly has recessed. Although the House is scheduled to come back the week after the November election, the Senate is not due in Harrisburg before November 21 when it plans to do some ceremonial work ('Thanks for serving') and elect leadership for the 2009-2010 legislative session. The question is what the House will do if there is no working Senate session. One scenario has the House simply calling it quits for the year. Another has the House passing some non-controversial pending items and sending on to Senate for final concurrence. Realistically, the latter is not a likely prospect unless the Senate changes its mind. If this is the de facto end of this legislative session, what insurance legislation passed and what was not enacted? A partial list follows. Note that health insurance continues to dominate the insurance legislative arena.

PASSED

- **Hospital-acquired infections with transparency through the PA Health Cost Care Containment Council (PHC4)...part of Rx for PA**
- **Indoor smoking ban effective 9/11/08...part of Rx for PA**
- **Upgrade authority for physician assistants, certified midwives, dental anesthetists, etc. to divert patients from higher cost treatment...part of Rx for PA**
- **Authorizing the Insurance Department to rule on a consolidation of Highmark and Independence Blue Cross and imposing two new mandated health benefits of autism and colorectal screening.**
- **Setting standards re Long-Term Care Partnerships**
- **Limiting bank property insurance requirements (P/C)**
- **Continued farmer subsidy for Crop Insurance premiums (P/C)**
- **Open Record Law affecting some government insurance contracts**

SOME ACTION (passing House or Senate)

- **Reauthorization of PHC4: several versions have passed either House or Senate**
- **Reauthorization of MCARE abatement fund tied up due to Governor's insistence that it be tied to Access to Basic Care (ABC): several versions have passed House or Senate**
- **ABC, formerly known as Cover All Pennsylvanians (CAP), would create a new government health program absorbing adultBasic and expanding benefits. CAP would have taxed payroll. ABC is slimmed down but relies on MCARE abatement fund, Tobacco Settlement money, the belief that the Federal Government would supply matching funds, etc. Passed House**
- **Mini-COBRA for 2-19 size groups. Passed Senate**
- **Insurers not paying for foreseeable adverse situations: Passed House**
- **Increasing age of dependent coverage to age 30: Versions have passed House and Senate**
- **Eliminating medical underwriting and having an 85% claims to premiums ratio: Passed House: part of Rx for PA**

NO ACTION (except possibly for hearings or movement through a committee)

- **Physician price transparency using PHC4**
- **Consolidating school district health benefit programs into a state-run plan**
- **Risk Pools**
- **Tax credits for employers that help defray employee H S A deductibles**
- **Expanding free clinics to divert people away from emergency rooms**
- **Tort Reform re comparative negligence**
- **Office of Consumer Advocate for Health Insurance**
- **Single Payer**
- **Agent marketing of CHIP, adultBasic**
- **Annuity Suitability requirements (life)**
- **A tax on property insurance premiums to fund flood control (P/C)**
- **Bringing back motorcycle helmet requirements (P/C)**

FINAL LETTER CEMENTS SENATE ABC REJECTION

In an October 6 letter to Governor Rendell, top Senate leaders Dominic Pileggi, Ted Erickson, and Don White stated that the worsening fiscal climate and a projected \$2 billion budget deficit by the end of the 2008-09 Fiscal Year in PA prevented legislative action on ABC, a plan termed as costing \$3 billion over a five-year period. Funding sources were questioned. The \$230 million from the Community Health Reinvestment Agreement (using Blues' surpluses) was cited as expiring in 2010 and is an uncertain funding stream as is the \$1.4 billion needed in Federal matching funds needed to finance ABC. The Senate letter said that enacting Access to Basic Care means new taxes of \$250 million annually. Lastly, the letter urged reauthorization of MCARE abatement fund without part of the surplus going to ABC and reauthorization of PHC4.

The Governor's response was to call Senate Republicans "mean spirited".

HOW BAD IS IT?

Tax receipts received by the Commonwealth in the first FY quarter (July-September) show a \$281 million year to date shortfall. This includes shortfalls in projected revenues from Corporate Income Taxes \$41 in September or \$59 million YTD. Sales Tax collections fell short in September by \$33 million or \$61million under for the FY. Personal Income Tax also fell short by \$21 million in September and \$58 million YTD. *NOTE: These figures do not include impact of the Wall Street and credit crunch crises. This makes December's report crucial in seeing what the new session of the General Assembly may be forced to do in early 2009 to balance the budget.* Currently, the Rainy Day Fund has \$744 million. Governor Rendell has already announced plans to reduce \$200 million in state expenditures through such ways as prohibiting new hiring except in select circumstances such as staffing the new Open Records unit, by prohibiting out of state travel, etc.

FROM THE DEPARTMENT OF AGING

The Department of Aging Office of Long-Term living has a new long-term care website; www.ltlinpa.com ... Aging Secretary Nora Dowd Eisenhower has announced her resignation from the Rendell Administration...

FROM THE HEALTH DEPARTMENT

The Health Department has a new Worksite Wellness web site as part of Governor Rendell's Rx for PA. www.health.state.pa.us/wellness Contact person for questions on the new smoking ban is Judy Ochs 717/783-6600. E-mail is jochs@state.pa.us . That might work better since her voice mail box seems to be continually full.