

**LEG REG REVIEW**  
**2008, Thirtieth Issue**

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**STATE MOURNS SENATOR RHOADES**

The Commonwealth lost one of its stalwart pillars with the auto accident death of Senator Jim Rhoades (R-Schuylkill) October 18. He was known both for his advocacy of business investment in his district but more on a state wide basis for his work with education thanks to his long-time stewardship of the Senate Education Committee. His name will still appear on the ballot in the November election with a special election coming thereafter.

**INSURANCE CHAIR SEEKS HEALTH INSURANCE SESSION**

Democratic Chairman of the House Insurance Committee Tony DeLuca (Allegheny) October 23 called on Governor Rendell to convene a special session of the General Assembly to focus on healthcare and the uninsured. His letter noted “with more and more Pennsylvanians losing their jobs and their health care coverage, the impact on our health care system will worsen.” DeLuca cited a statistic that 150,000 will be on the adultBasic waiting list by March 31,2009, and said that the MCARE abatement fund has more than enough money to fund both doctors’ medical malpractice MCARE assessment subsidies and the Governor’s Access to Basic Care proposal (SB 1137).

The Republican-controlled Senate has opted not to create this new program, preferring instead other efforts (expanding clinics, mini-COBRA, increasing dependent age to 30, etc.). Senate leaders also stressed that the precarious state revenue picture makes it particularly imprudent to expand state health spending at this time.

**HOW BAD IS IT?**

House Appropriations Committee Dwight Evans (D-Phila.) previously released figures on PA state revenues versus projections. The bottom line is that actual monies were \$281.39 million below expectations for the first quarter of the Fiscal Year beginning July 1. Specific breakdowns (in millions) follow in a document released October 24:

<i>Tax Source</i>	<i>Estimate</i>	<i>Actual</i>	<i>Difference</i>
Corporate	691.1	631.9	-59.47
Sales	2,254.8	2,193.7	-61.15
Cigarette	206.8	194.8	-12.01
Personal Income	2,412.2	2,354.0	-58.2
Realty Transfer	119.1	103.7	-15.45
Inheritance	217.1	203.6	-13.55

The only tax category to hold its own was Malt Beverage taxes where projection of \$7.3 million equaled the actual revenue.

## **MORE LEGISLATION RESULTS**

Additional bills from the General Assembly signed into law by Gov. Rendell include:

- The definition for health providers under the Professional Services Plan Act (Highmark's enabling legislation) has been upgraded to 'health service doctor'. These professions include licensed clinical social workers, occupational therapists, licensed marriage and family therapists and licensed professional counselors. (HB 1177)
- Home improvement contractors are now regulated; includes insurance requirement of \$50,000 liability insurance covering personal injury and \$50,000 property damage insurance; effective 7/1/09 (SB 100)
- Licensure of persons providing debt management services (HB 2294)
- Licensing of crane operators (HB 647) provides fines of \$1,000 or six months prison for the first offense and \$2,000 or 6 months-one year prison plus possible civil fines for not being licensed. Businesses have the responsibility to ensure that their crane operators are licensed.

## **BAILOUT INCLUDES MENTAL HEALTH PARITY**

Part of the congressional bailout package for banks and Wall Street (Emergency Economic Stabilization Act of 2008) was a section on mental health parity (Wellstone-Domenici Mental Health Parity & Addiction Equity Act also known as the Wellstone Act). It says that a group plan may not:

- Require that the participant pay more with respect to co-payments, deductibles, or out-of-pocket expenses
- Impose more restrictive limitations as to frequency of visits or days of coverage

Groups may seek an exemption if the actual medical costs significantly increases over a certain threshold and that an actuary certifies that the actual medical costs increased by that amount. Groups must have six months actual experience under the Wellstone Act before seeking an exemption and will maintain the actuarial certification for six years following the year of the exemption. The US Department of Labor has the right to audit where needed. (*Source of summary: Blank Rome LLP*)

## **FLOOD PROGRAM LIFE EXTENDED**

Thanks to last minute action by the U.S. Congress, the National Flood Insurance Program (NFIP) authorization has been extended until April 2009. The Congress must vote before that time to extend its life again or move to enact more far-reaching NFIP legislation that includes the extension. One issue to be explored in the new Congress is whether or not NFIP should have a multi-peril insurance product which includes wind coverage. Advocates feel that including wind would render some of the claims acrimony, for example from Katrina, moot. Opponents including both the Big I and the PIA feel that NFIP would be injecting itself as a competitor into the private market.

## **REGULATORY UPDATE**

- The PA Insurance Department has approved the merger of Philadelphia Consolidated into Tokyo Marine Holdings, Inc.
- PA Health Care Cost Containment Council meeting is set for November 6, 2008.
- The Insurance Commissioner has set a 19 percent rate for the MCARE assessment health providers must pay to fund the state portion of the Medical Malpractice system for calendar year 2009.

## **ADMINISTRATION UPDATE**

**Dennis Yablonski**, Secretary of the **Department of Community & Economic Development** has resigned his position within the Rendell Administration. DCED's Executive Secretary John Blake serves as Acting Secretary...Governor Rendell named **John Michael Hall as Acting Secretary of Aging**. He was the head of PA's Office of Long-Term Living.