

## **LEG REG REVIEW**

### **2008, Thirty-Second 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.*

#### **BAKER-KNOLL BATON PASSES TO SCARNATI**

The cancer death of Catherine Baker-Knoll has elevated Senate President Pro Tempore Joe Scarnati (R-Jefferson) to the position of Lt. Governor per Article IV of the Pennsylvania Constitution. This puts PA in the unusual position of having the top and second position in the state held by persons from opposite political parties. Scarnati also keeps his job of President Pro Tempore. Governor Ed Rendell has made it clear that he does not wish to serve in the Obama Administration before the end of his term. If he did, it would leave Pennsylvania in Republicans' hands.

**PERSONAL NOTE:** I want to add my voice to those paying her tribute. She was a gracious and gifted politician of the old school who cared very deeply about people regardless of their political or economic station. Respectfully, *Vince Phillips*

#### **GENERAL ASSEMBLY LEADERSHIP NEWS**

In addition to the tributes for outgoing lawmakers, there is also internal legislative business to be done with leadership teams for the four legislative caucuses being selected this week. Although a great deal can change by the time you read this, here is what appears to be the situation:

- Rep. Bill DeWeese (D-Greene) has withdrawn his bid for the Majority Leader post because of intra-party uncertainty of the outcome. This clears a path possibly for Rep. Todd Eachus (D-Luzerne). Current leader Keith McCall (D-Carbon) could now move up to become Speaker of the House, replacing Dennis O'Brien (R-Phila.), the incumbent. O'Brien had been elected as Speaker for the 2007-2008 session because of Democrat discord re DeWeese and due to a compromise brokered by Rep. Josh Shapiro (D-Montgomery) which attracted Republican crossovers who were opposed to Rep. John Perzel (R-Phila.) being Speaker.
- It appears that a race between incumbent Minority Leader Sam Smith (R-Jefferson) and Perzel is still on.
- On the Senate side, the major contest is for Appropriations Committee Chairman now vacated by retiring Gib Armstrong (R-Lancaster). Apparently seeking that post are current Majority Policy Chairman Jake Corman (R-Centre), Sen. Pat Browne (R-Lehigh) and Sen. John Rafferty (R-Montgomery).
- Because of retirement (Senate Majority Caucus Administrator Terry Punt (R-Franklin) and defeat (House Majority Caucus Administrator Dan Surra (D-Elk), those positions are open.
- Committee chairs and memberships will be decided next year although there are numbers of quiet efforts for several of the open positions. Note [Leg-Reg 2008.31](#) for a partial list.
- Current House GOP Whip David Argall (R-Schuylkill) is not seeking re-election to that post as he is running for the vacant Senate seat formerly held by the deceased Jim Rhoades.

**ADMINISTRATION CHANGES...**State Revenue Secretary Tom Wolf has resigned. Named as Acting Secretary is Steve Stetler who was head of the PA Economy League. Stetler is also a former state representative. Both men are from York County.

## **HEALTH SALVOS CONTINUE**

Governor Rendell again attacked Senate Republicans for not passing his Access to Basic Care proposal, saying that there is enough money to fund it for a decade using MCARE abatement fund (doctor's medical malpractice premium assistance), Tobacco Settlement, and presumed Federal matching funds. Republicans immediately discounted the Governor's numbers, referencing the increasingly difficult time the state will have simply making ends meet versus starting a major new program. PAHU weighed in with an opinion editorial sent to numbers of print publications asking that a quasi-entitlement program of this sort not be adopted.

## **LEGISLATIVE ACTIVITY**

Although winding down overall, there is still some legislative activity to be noted.

- The Senate Republican Caucus is holding a Transportation Funding Summit to explore options given the stalled Rendell effort to lease the Turnpike and the federal veto on tolling I-80. An increase in the gas tax is one option that will be discussed. Hosting the meeting is Senator Roger Madigan (R-Lycoming), outgoing Transportation Committee Chairman.
- The Senate comes back to Harrisburg this week although significant legislation will likely not be considered.

## **(LAST) BLUE CONSOLIDATION HEARING**

On November 12, the House Insurance Committee held a roundtable on the consolidation of Independence Blue Cross and Highmark Blue Shield. Testifying were representatives of both of the Blues, the PA Medical Society, and others. The committee held the hearing to give interested parties one last chance to present views on the controversial consolidation. Both the Senate Banking & Insurance Committee and the House Insurance Committee are obliged to present positions on the merger by late November. The Insurance Committee has set a formal meeting to discuss its submission. Scheduled for November 19, it is expected to be the last formal action of the House Insurance Committee of the 2007-2008 session of the General Assembly. Both Senate and House committees and the Insurance Department have had numerous hearings. The Insurance Department web site [www.insurance.state.pa.us](http://www.insurance.state.pa.us) has a section including all public comments it received.

## **CLIMATE CHANGE AND INSURANCE**

On November 6 the PA Insurance Department convened a seminar on Global Warming/Climate Change as it will affect the insurance industry. The event involved analysts from Ceres seeking more industry attentiveness to the issue and carbon footprint disclosure. NAIC, insurance companies and Commissioner Ario also spoke at the event.

## **RED FLAG RULE (FEDERAL) DELAYED**

The Federal Trade Commission (FTC) has opted to delay a new rule regarding identity theft until May 1, 2009 instead of making it effective November 1, 2008. The FTC said that the delay was to give creditors and financial institutions more time to develop their own internal anti-ID theft programs. Details: [www.ftc.gov/opa/2008/10redflags.shtm](http://www.ftc.gov/opa/2008/10redflags.shtm)

According to ReedSmith's Financial Industry Group, the Federal requirement to combat identity theft was to have taken effect November 1. Called the 'Red Flag Rule', the rule requires financial institutions to identify relevant patterns, practices and forms of activity that signal possible identity theft. The Rule covers 'covered accounts', that is, continuing credit relationships established by a person with a financial institution or creditor involving a product for personal, family, or household use. Examples include credit card accounts, mortgage loans, utility accounts and personal banking accounts. Details: Arthur Axelson 202/414-9223