

LEG REG REVIEW

2008, Thirty-Third 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.

NOTICE TO LEG-REG REVIEW READERS

Effective January 1, 2009, Leg-Reg Review will no longer be faxed unless you do not have e-mail capability. Please send Joan Troutman your email address (jtrout2792@aol.com) and include your name and fax number for proper tracking.

SENATE COMMITTEE REJECTS BLUES' MERGER

The Senate Banking & Insurance Committee voted to recommend rejection of the proposed consolidation of Independence Blue Cross and Highmark Blue Shield to Insurance Commissioner Joel Ario. While the vote is not binding on the Department, it is important in that it underscores legislative uneasiness on the consolidation's reach across Pennsylvania. A separate vote taken by the committee established specific conditions that the Department should impose should the merger be approved. Among these are a prohibition against 'favored nation' and against a conversion to for-profit. The Department cannot make its decision on approving or rejecting the consolidation until January 27. The Senate Banking & Insurance Committee vote was 10-4.

On the House side, the House Insurance Committee opted not to make a formal recommendation one way or the other.

PHC4 LIVES FOR ANOTHER DAY

The Pennsylvania Health Care Cost Containment Council (PHC4) continues on life support with a new sunset of June 30, 2009 thanks to a revision to Executive Order 2008-5 issued by Governor Rendell November 19. PHC4's fate was tied up in the wrangling over re-authorization of the MCARE abatement fund which saw its own sunset December 31, 2007 because the Governor wanted to tap the abatement fund surplus for his government health plan proposal. The Executive Order noted that the Governor had continued PHC4's life before in 2003 and that this decision was not an expansion of an existing precedent. This will be a legislative agenda item again in the New Year.

LAST HEALTH INSURANCE SALVO

The last salvo on health insurance in the 2007-2008 legislative session took place on the last day the House was in session. As before, the fight was over the MCARE abatement fund and whether it should be re-authorized. As noted above, the abatement fund's authority to assist doctors with medical malpractice insurance costs expired a year ago because of funding questions for the Governor's desired health program. House Republicans sought to bring House Bill 489 up for consideration but were overruled by majority Democrats on procedural issues. Rep. DeWeese (D-Greene) called the Republican move an attempt "to create mischief on our final scheduled day" and subvert reform rules. Republican leader Sam Smith (R-Jefferson) countered that the Democrats broke a promise to let the bill be considered, saying, "I am stunned the House Democrats chose to ignore the health care needs of Pennsylvania's communities."

LEADERSHIP TEAMS SELECTED FOR NEXT SESSION

All four caucuses have chosen their leadership teams for the new legislative session.

House Democrats. In January, House Democrats will nominate Rep. Keith McCall (Carbon) to be Speaker of the House. Now that Democrats have a few more votes on their side (104-99) thanks to the November election, this is assured. The real drama lay with Rep. DeWeese moving down a notch to Whip when it became apparent that he would have a hard time prevailing in a bid to retain the post of House Majority Leader. That now goes to Todd Eachus (Luzerne). Other positions are: Dwight Evans (Phila.) to again chair the Appropriations Committee; Mark Cohen (Phila.) to again be Caucus Chair. Caucus Secretary is now Jennifer Mann (Lehigh); Replacing Eachus as Majority Policy Committee Chair is Mike Sturla (Lancaster). New Majority Caucus Administrator is Ron Buxton (Dauphin).

House Republicans: Re-elected Minority Leader is Rep. Sam Smith in a contest with former Speaker John Perzel (Phila.); New Whip is Mike Turzai (Allegheny) (He was Policy Chairman before); New Policy Chairman and making his debut in leadership is Stan Saylor (York). Others re-elected are Caucus Chair Sandra Major (Susquehanna), Caucus Secretary Jerry Stern (Blair); Appropriations Committee Chair Mario Civera (Delaware); Caucus Administrator Merle Phillips (Northumberland).

Senate Republicans: To be nominated President Pro Tempore in January (again a foregone conclusion given the 29-20 Republican majority) is incumbent Joe Scarnati (Jefferson); Re-elected to present positions are Majority Leader Dominic Pileggi (Delaware); Majority Whip Jane Orié (Allegheny); Caucus Chair Michael Waugh (York); Caucus Secretary Bob Robbins (Mercer). Elected as new Appropriations Committee Chair is Sen. Jake Corman (Centre). Two positions not announced by press time were Policy Committee Chair and Caucus Administrator.

Senate Democrats: Re-elected to present positions were Minority Leader Bob Mellow (Lackawanna) and Whip Michael O’Pake (Berks). Minority Appropriations Committee Chair is now Jay Costa (Allegheny); New Caucus Secretary is Sean Logan (Westmoreland). Re-elected as Policy Committee Chair is Richard Kasunic (Fayette). Caucus Chair is Vincent Hughes (Phila.) Caucus Administrator is Christine Tartaglione (Phila.).

FINANCE NOTE: HOW BAD IS IT? (Continued)

October’s numbers show continued deterioration of the state’s finances. Building on the first quarter of the 2008-2009 Fiscal Year’s deficit, revenues declined below estimates bringing the YTD total shortfall to \$565 million. Watch for another round of Budget cuts by the Governor.

CONSUMER FEDERATION GRADES PA INSURANCE DEPARTMENT

The Consumer Federation of America (CFA) gave the PA Insurance Department only marginal grades for information presented to consumers on-line. In a November 11 release the CFA evaluated the web sites of the insurance departments in the U.S. and found only six to be excellent with ‘consumers finding current price, complaint and solvency information and key information on how to get the best claim settlements.’ These were CA, GA, KS, GA, OK, TX, and UT. Pennsylvania was ranked in the second to worse ‘Fair’ category along with 14 other states.

AGING PLANS PART D HELP

The PA Department of Aging announced that it plans to aggressively assist seniors in need of guidance in selecting prescription plans under Social Security’s Part D. Run by APPRISE volunteers, these meetings will be held across the state. Details: www.aging.state.pa.us 1(800) 783-7067