

LEG REG REVIEW

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LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm located near the State Capitol. It contains news on the legislative and regulatory scene in Pennsylvania that may be of interest to the Insurance and Business Communities. It is a free member benefit for those who are members of the Pennsylvania Association of Health Underwriters (PAHU) or Manufacturers Association of South Central PA (MASCOPA). Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail to xenobun@aol.com. Please email jtrout2792@aol.com supplying both your name and e-mail address if you wish to be removed from this list.

ARIO COMMANDS NATIONAL FORUM

On March 19, PA Insurance Commissioner Joel Ario testified before the U.S. House Financial Services Subcommittee on Capital Markets, Insurance and Gov't-Sponsored enterprises on behalf of the NAIC to address what the NAIC termed as 'misinformation' about AIG and the Federal Bailout. Ario said that the insurance component of AIG was strong because it was under the states' regulatory authority. The financial services part of the company, regulated by the Federal government, has brought once mighty AIG to its present position. He said that AIG had 71 insurance subsidiaries in the US regulated by the Insurance Departments. Testifying after him was AIG's CEO to discuss the matter of incentive and retention bonuses paid to AIG executives using Bailout money.

HOUSE INSURANCE COMMITTEE MOVES LEGISLATION

On March 17, the House Insurance Committee moved:

- HB 173 reauthorizing the PA Health Care Cost Containment Council (PHC4)
- HB 838 extending health insurance dependent age to 30
- HB 911 protecting sensitive insurance company data from public access
- HB 526 requiring return of unearned Credit Insurance premium if loan is paid early

SENATE PUBLIC HEALTH & WELFARE ACTION

The Senate Public Health and Welfare Committee moved a second piece of legislation that would reauthorize PHC4, SB 89 by Senator Pat Vance (R-Cumberland).

The committee also moved SB 5, the cornerstone of the Senate Republicans' health reform proposal. Sponsored by Chairman Ted Erickson (R-Chester), the bill expands the numbers and reach of community clinics as a lower-cost way for the uninsured to receive primary health care.

DeLUCA CALLS FOR NEW AB FUNDING STREAM

House Insurance Committee Chairman Tony DeLuca (D-Allegheny) convened a press conference to call for a new funding stream to help pay for the Governor's intention to double the size of the adultBasic program. Rep. DeLuca feels that political advertising should be subject to the state sales tax. This new state revenue would be dedicated to funding programs for the uninsured. This proposal does not yet have a bill number.

DOL ISSUES COBRA NOTIFICATIONS

The US Department of Labor issued four model notices to be used by businesses in notifying employees of the new COBRA provisions of the Stimulus Package legislation. This provides for a 65% Federal tax credit given to businesses for their COBRA enrollees applied quarterly (Employers must pay the premiums up front). These notices must be provided by April 18. Source: <http://www.dol.gov/ebsa/COBRAmodelnotice.html>

REFERENCE GUIDE TO (some) INSURANCE LEGISLATION

Please make note of the following bills that have been introduced in 2009. As the legislative process continues, it will become even more confusing to keep track of the players. Text of these bills is available at www.legis.state.pa.us.

- **ANNUITY SUITABILITY:** SB 189 (Corman-R-Centre)
- **CLAIM PAYMENT:** Permits insurers not to pay claims for preventable adverse events (D. White-R-Indiana)
- **CLINICS EXPANSION:** SB 5 (Erickson-R-Chester)
- **CONFIDENTIALITY:** HB 911 (DeLuca-D-Allegheny) protects insurer data from reach of Open Records Act
- **CONSOLIDATION OF BENEFIT PROGRAMS:** HB 267 directs the Legislative Budget & Finance Committee to examine feasibility of consolidating state benefit programs into one health insurance trust; No introduction of school benefit consolidation yet
- **CREDIT SCORING:** HB 377 (J. White-D); HB 397 (Youngblood-D-Phila.); SB 95 (A. Williams-D-Phila.)
- **DEPENDENTS UNTIL AGE 30:** HB 838 (Longietti-D-Mercer) and SB 189 (Corman-R-Centre)
- **ELECTION OF INS. COMMISSIONER:** HB 771 (Petri-R-Bucks)
- **FLOOD INSURANCE:** HB 925 (Hanna-D-Clinton) to limit amount of Flood Insurance a lender may require; HB 323 (Miller-R-York) providing Flood Insurance premium assistance
- **LANGUAGE IN POLICIES:** Requiring Spanish to be used in insurance policies, endorsements, riders, advertising SB 595 (Stack-D-Phila.)
- **LONG-TERM CARE:** HB 763 (Petri-R-Bucks) would establish a 20% of premium LTC insurance tax credit
- **MANDATED BENEFITS:** Mandated cancer clinical trials HB 85 (DeLuca-D-Allegheny); HB 954 (Gibbons-D-Beaver) mandating coverage for home health care following chemotherapy; HB 620 (Curry-D-Montgomery) hemophilia
- **MINI-COBRA:** SB 442 (D. White-R-Indiana)
- **PHC4 REAUTHORIZATION:** HB 173 (Eachus-D-Luzerne); SB 89 (Vance-R-Cumberland)
- **PREMIUM REFUND:** HB 526 (DeLuca) would refund unearned premium for Credit Insurance if a loan is paid off early
- **PREMIUM SUBSIDY PROGRAMS:** HB 523 (DeLuca-D-Allegheny) establishes the Landslide Insurance and Assistance Program within the PA Emergency Management Agency (PEMA); SB 135 (Erickson-R-Chester) establishes a premium subsidy program for the purchase of certain types of environmental liability insurance
- **RATE REFORM:** eliminates medical underwriting etc. HB 746 (DeLuca-D-Allegheny)
- **RISK POOL:** SB 507 (Folmer-R-Lebanon)
- **Rx:** SB 616 (Rafferty-R-Montgomery) and HB 866 (Goodman-D-Schuylkill) prohibits requiring mail order prescriptions in a health plan or penalizing policyholders who prefer a local pharmacist.
- **SURPLUS LINES:** SB 493 (Stack-D-Phila.) revamps regulation of the E&S market in PA

MORTGAGE PROTECTION RULES TAKE EFFECT

On March 20, new mortgage rules took effect in PA thanks to passage of legislation last July. These include documentation of income (ability to pay) and no payment details for borrowers to understand. Details: PA Department of Banking Ed Novak 717/783-4721