

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 (MASCAPA). 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.

HOUSE DEMOCRATS CONVENE SINGLE PAYER HEARING

The House Majority Policy Committee held an April 17 hearing in Philadelphia on adopting a single payer system for Pennsylvania. Although not discussing specific legislation, much of the discussion was based on Rep. Kathy Manderino's (D-Phila.) single payer proposal from last session. The witness list was dominated by proponents although two groups testified against, the Insurance Federation of PA (insurance companies) and the Pennsylvania Association of Health Underwriters (PAHU). Both groups stressed that a single payer system would be expensive and would mean rationing of health care services.

SENATE SCHOOL BENEFITS BILL INTRODUCED

Consolidating school district health benefit programs is the goal of legislation introduced by Senator Raphael Musto (D-Luzerne). Senate Bill 762 would establish a Public School Employees' Benefit Board and would authorize a study as to the desirability of such a state-run plan. It is opposed by the PA School Business Officials Association (PASBO) and by the Pennsylvania Association of Health Underwriters (PAHU). PASBO has a Day on the Hill this week while PAHU has its Day on the Hill April 28. SB 762 is one of the topics to be discussed at both Days on the Hill. The bill is supported by the Rendell Administration and the teachers' union. The bill was referred to the Senate Banking & Insurance Committee chaired by Sen. Don White (R-Indiana).

COMMITTEE WORK

- The House Labor Relations Committee meets April 21 to consider HB 400 (Lentz-D-Delaware) that defines independent contractor. This bill defines what constitutes an independent contractor and imposes significant administrative and criminal fines on employers that improperly classify an employee an independent contractor for purposes of skirting the Workers' Compensation Act and other relevant laws.
- House Consumer Affairs meets April 21 on HB 20 (McCall-D-Carbon) phasing in overall electric rate increases after the rate caps are lifted.
- On April 22, the House Commerce Committee will discuss protections for banking employees who blow the whistle on illegal activity (HB 985-Kessler-D-Berks). On April 21, the committee is convening a discussion about the economy and the state of the financial services industry with representatives from the Banking Department and industry trade groups.
- Please note that Rep. Glen Grell (R-Cumberland) has been renamed to the membership of the House Insurance Committee.

AGENT CHIP MARKETING BILL INTRODUCED

Rep Curt Schroder (R-Chester) has introduced HB 1226 which authorizes payment of commissions to licensed insurance producers who forward applications to the Children's Health Insurance Program (CHIP). It also adds a health insurance producer to the Children's Health Advisory Council. It was referred to the House Insurance Committee which last year held a hearing on the subject. It is a key PAHU objective this legislative session.

INSURANCE COMMITTEE HEARS CASE FOR CERTIFICATE OF NEED

On April 23 the House Insurance Committee is holding a hearing on certificate of need legislation sponsored by Rep. Phyllis Mundy (D-Luzerne). House Bill 247 re-institutes the requirement that health providers receive authorization before investing in technological equipment that is perceived to be redundant or surplus to the needs an area may have. Part of its rationale is the idea that competition may drive expensive uses of technology leading to waste and unnecessary health care costs.

DEPARTMENT TO HOLD TITLE INSURANCE HEARING

On May 28, the Insurance Department will convene a hearing on Title Insurance. According to the notice, the hearing will encompass “the full scope of issues currently under consideration by the Department”, some of which include compensation based on referral of business, market practices, and the impact of the economy on Title Insurance. The hearing is conducted by the Office of Insurance Consumer Liaison and Market Analysis as a precursor to Department actions. Those wishing to testify may contact the Office at ra-in-consumerliaison@state.pa.us or 717/525-5884 or submit written comments by June 4 to the Office at PA Insurance Department, 1326 Strawberry Square, Harrisburg, PA 17120.

REGULATORY UPDATE

- The Insurance Department issued Notice 2009-3 on the new autism insurance mandate. Details: www.pabulletin.com (April 11 issue)
- Patient Safety Authority will meet April 28, 2009. Details: 717/346-0469

DEPARTMENT ISSUES EXPORT LIST RECOMMENDATIONS

On April 18, the Insurance Department issued its recommended additions to the export list. Examples include animal rides, crop dusters, monoline manufacturing of drugs, petrochemicals, firearms, etc. The export list cites specific coverage areas where the Department deems that there are few if any standard market options. Thus, a surplus lines licensee could go directly into the Excess & Surplus Lines market without seeking declinations from standard carriers. Persons wishing to comment on the Department’s list have until May 1 (technically May 3) to provide written comments to Cressinda Bybee, Office of Corporate and Financial Regulation, PA Insurance Department, 1345 Strawberry Square, Harrisburg, PA 17120.

COBRA RESOURCES

- COBRA Typo: In the last issue of Leg-Reg Review, there was a typo in the address given for additional Stimulus Package COBRA rules relating to what constitutes a termination. The corrected address is <http://www.irs.gov/pub/irs-drop/n-09-27.pdf>. We regret the error.
- Additional FAQ’s were posted on the US Department of Labor’s web site: <http://dol.gov/ebsa/faq-cobra-premiumreductionER.html>.

OF NOTE...The Insurance Fraud Prevention Authority (IFPA) Annual Report issued this month reported the percent share of each type of **insurance fraud** from the fraud hot line (888)565-IFPA. 66% were Workers’ Compensation, 15% were auto, Property was 7%, Rate evasion (no line of insurance specified) 6%, life/health 3%, agent/company 2% and other 1%....The **PA Senate passed mini-COBRA legislation, Senate Bill 442...**