

LEG REG REVIEW 2009, 15th Issue May 4

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.

HEALTH INSURANCE BILLS MOVE

A number of health bills are seeing action in both House and Senate. Some of these include:

- **Annuity suitability.** The Senate passed SB 237 while HB 1119 moved through the House Insurance Committee and is before the House Appropriations Committee.
- **Mini-COBRA.** The House passed HB 1089 after amending it to match the earlier-Senate passed SB 442.
- **Dependent to age 30.** HB 838 passed the House. SB 189 passed the Senate.
- **Adverse serious events.** The House passed HB 84. The Senate passed SB 443.
- Both chambers have active legislation to **re-authorize the PA Health Care Cost Containment Council** (PHC4), HB 173 and SB 89.

HIGHWAY SAFETY BILLS ACCELERATE

The PA House passed House Bill 67 (Markosek-D-Westmoreland) governing young drivers. Among its provisions are sanctions against those who text or use cell phones while driving. For older drivers, an amendment prohibiting all cell phone use while driving was voted down and one which said that an additional fine might be imposed for a traffic citation if the driver was distracted (texting etc.) On the Senate side, the Senate Transportation Committee moved SB 143 (Tomlinson-R-Bucks) against texting while driving. In a related development, Philadelphia Mayor Nutter signed a measure into law April 30 to ban cell phone use by drivers in the city.

MCO ASSESSMENT CLARIFIED

In a letter from Secretary of the Department of Public Welfare (DPW) Estelle Richman and Insurance Commissioner Joel Ario, the Rendell Administration attempted to clarify the rationale for the Governor's desire to impose an assessment on Managed Care Organizations (MCOs). The letter said that the assessment was necessary to make up for a \$200 million shortfall after October 1 when an existing 5.5% assessment on MCOs with DPW contracts expires. It argued that the assessment should not hurt chances for continuation of the Community Health Reinvestment Agreement which uses some Blues' reserves to fund state uninsured programs because it does not discriminate against Blues' MCOs specifically but impacts all MCOs.

The second major assertion in the letter was the statement that the MCO assessment will not cause a significant increase in the cost of health insurance based on experience in surrounding states. The letter also says, "Commercial plans will have a financial incentive to find ways to adjust to the proposed managed care assessment without raising costs to their customers. For instance, commercial plans can take steps to reduce costs or they can absorb the cost of the modest assessment (because of exemptions such as self-insured plans). The effective assessment rate on most health care entities will be significantly less than two-percent." Meanwhile, House Bill 1351 (Evans-D-Phila.) was introduced to impose a 2% assessment on almost all health plans.

WC REGULATION SEEKS PUBLIC COMMENT

The Department of Labor & Industry (L&I) is proposing a regulation on self-insured Workers' Compensation plans which includes, among other things, focuses attention on long-term debt. Those wishing to comment have 30 days from May 2. Text is found in the May 2 issue of the PA Bulletin (www.pabulletin.com) Written comments may be submitted to George Knehr, Chief, Self Insurance Division, PA Bureau of Workers' Compensation, PO Box 15121, Harrisburg, PA 15121.

SENATE BANKING & INSURANCE COMMITTEE WORKS...

- The Senate Banking & Insurance Committee has a hearing this week on the long-term care insurance market with particular emphasis on Partnerships. At the same meeting, the committee plans to vote on two House-passed proposals. They are:
 - House Bill 1089 establishing mini-COBRA for groups of two to 20.
 - House Bill 84 establishing a system for non-payment by insurers for preventable serious adverse events
- The committee has another hearing set, this one for May 13 to hear from the Hospital Association and the PA Medical Society about their vision for the phase-out of the MCARE program.

MORE BAD BUDGET NEWS

The news does not get better for revenue projections for the State Budget, either for this fiscal year ending June 30, 2009 or for the next fiscal year beginning July 1. April revenue numbers showed \$700 million less than expected resulting in a projected \$3 billion shortfall by June 30. That's funding for this year's programs.

This coming week, expect competing visions of next year's budget from Senate Republicans and House Democrats. That sets the stage for dueling budgets as the General Assembly gets into budget mode. The Senate version is expected to be more than \$1 billion less than the House-proposed version which should largely model Governor Rendell's original Budget proposal released in February. The House has already said that it may meet Thursdays through June to focus on finances while the Senate Majority Republicans have made it clear that they do not want new taxes. House Republicans suggest that the federal Stimulus Package money coming to Pennsylvania should not be used by the Administration to justify spending increases anywhere since it will be a cash transfusion lasting one to two years.

PLEASE HELP RECOGNIZE...

Every month is used to recognize special events or causes. May is no exception, having been named Motorcycle Safety Month ('Share the Road...They're Everywhere') and Disability Insurance Month. Some would link the two together by reinstating the helmet requirement for motorcyclists.

AGENTS PUSH ON NATIONAL HEALTH REFORM

All but one of the major insurance agents' associations signed a letter addressed to Senate Banking Committee Chairman Kent Conrad and (Minority) Ranking Member Judd Gregg and to House Budget Committee Chairman John Spratt and Ranking Member Paul Ryan asking that the Budget Reconciliation NOT include health reform. The letter's point was that "An issue of this magnitude deserves its due consideration under regular order". It warns that any spirit of bipartisanship in addressing health reform will be lost if Reconciliation includes health proposals. Signing the letter were National Association of Health Underwriters, National Association of Insurance & Financial Advisors and its health subsidiary AHIA, Independent Insurance Agents and Brokers of America (the Big I), and the Council of Insurance Agents & Brokers representing larger commercial P/C agencies. Missing from the letter was the Professional Insurance Agents (PIA).

PEOPLE

- **The new House Republican (Minority) Chairman of the House Finance Committee is Rep. Sam Rohrer (R-Berks). He was Minority Chairman of the House Agriculture & Rural Affairs Committee and he replaced now Senator Dave Argall (R-Schuylkill).**
- **Replacing Rohrer as Ag Chair is expected to be Rep. John Maher (R-Washington)**
- **Capitalwire.com (5/1) reports that the nomination of George Cornelius as Secretary of the Department of Community & Economic Development (DCED) has been held up by unspecified objections by Senate Democrats.**