

## **LEG REG REVIEW**

### **2009, 18<sup>th</sup> Issue June 8**

*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](mailto:xenobun@aol.com). Please email [jtrout2792@aol.com](mailto:jtrout2792@aol.com) supplying both your name and e-mail address if you wish to be removed from this list.*

#### **GENERAL ASSEMBLY MOVES SEVERAL KEY INSURANCE BILLS**

On June 1, the General Assembly sent Senate Bill 189 (Corman-R-Centre) to the Governor for his signature. Although passed by the legislature in May, the actual transmittal did not take place until last week. This is the bill extending health insurance dependent age to 30. Other bills are:

- Mini-COBRA legislation (House Bill 1089 by Rep. Robert Matzie D-Allegheny)
- Senate Bill 89 Reauthorization of the PA Health Care Cost Containment Council until June 1012 sponsored by Senator Pat Vance (R-Cumberland)

Another insurance bill slated for final passage is House Bill 84 (DeLuca-D-Allegheny). Having passed the Senate, the bill simply needs concurrence by the House. This measure forbids health care providers from being reimbursed by insurers for ‘preventable serious adverse events’.

#### **INSURANCE COMMITTEE MOVES TWO MAJOR INSURANCE BILLS**

On June 3, the House Insurance Committee voted out two health insurance bills after the original June 1 meeting was postponed. House Bill 1 (Eachus-D-Luzerne) is the vehicle for achieving the Governor’s goal of doubling the size of the adultBasic program – renaming it Expanded Adult Basic program – adding prescriptions and behavioral services such as mental health on the premise that the Federal Government will want to match PA state funds. In addition to the hoped for federal money, HB 1 would be funded using one-half of the MCARE abatement fund surplus and the Community Health Reinvestment Agreement (CHRA). If the Blues balk at renewing the CHRA, they would be forced to pay a premium tax, something from which they are now exempt as a ‘non-profit’ entity.

The second bill is a rate reform bill (HB 746) advanced by Insurance Committee Chairman Tony DeLuca. It prohibits medical underwriting, and establishes rate bands for all health insurers having more than 1% of the market in Pennsylvania. The bill also imposes an 85% medical loss ratio and requires that college students have insurance.

Both bills were opposed by committee Republicans who felt that more scrutiny was needed particularly with regard to costs of the Expanded Adult Basic program. Motions to table were defeated on a party line vote. The final votes were, with one exception, also partisan with Democrats voting for HB 1 and HB 746.

#### **COMMITTEE TAKES UP CLAIM REVIEW**

House Insurance Committee plans two days of hearings June 9-10 on HB 215 which would limit insurers’ ability to look back longer than a year to assess whether the reimbursement to providers was proper. Insurers say they need more time because the 45-day clean claim rule means that questionable claims may get paid but that more claims review is still needed. Health providers argue that a year is long enough.

## **BUDGET NEWS AND WOES**

Budget news continues to weigh down legislative preparation of a FY 2009-2010 Budget with the news that the deficit is expected to be \$3.2 billion. Per the Constitution, PA must have a balanced budget in place by June 30 but the serious negotiations have not yet begun. There are a number of early actions including Senate Republican passage of Senate Bill 850 which pares the Budget below what Governor Rendell proposed in February, House Appropriations Committee hearings that highlighted the harm from SB 850 (Crop Insurance premium subsidy program would be cut to zero as one insurance component of the bill), and an anticipated House Appropriations vote against SB 850 early this week. Governor Rendell also said that he was willing to present a proposal \$400-500 million less than originally envisioned. Question: Tax increase? On whom?

## **COMMITTEE WORK**

- The Senate Banking & Insurance Committee will consider two banking bills. HB 985 strengthens whistle-blower protection for employees licensed by the Banking Department. The second bill is SB 936 which brings PA law in compliance with the federal Secure & Fair Enforcement for Mortgage Licensing Act of 2008.
- At a hearing last week by the Senate Banking & Insurance Committee doctors and hospitals recommended use of the of the MCARE abatement fund money to reduce doctor MCARE assessments (its original purpose) and not on a range of other proposals supported by Rendell and others.
- The House Insurance Committee plans a June 24 hearing on Certificate of Need (HB 247 by Rep. Phyllis Mundy-D-Luzerne).
- June 9 the Senate Banking & Insurance Committee will convene a hearing on SB 616 (Rafferty-R-Montgomery) prohibiting insurers from requiring mail-order pharmacies be used
- June 12 the House Health & Human Services Committee will discuss the Governor's proposed assessment on Managed Care Organizations (MCOs). This idea has been opposed by the PA Association of Health Underwriters and others as a tax and a de facto premium increase.

## **POLITICS**

In a bombshell announcement, Senator Rob Wonderling (R-Montgomery) announced his resignation from the Senate in order for him to succeed former Governor Schweiker as President and CEO of the Greater Philadelphia Chamber of Commerce on August 1. Although it is uncertain as to when a special election will be held two are already speculated as possible Republican successors. One is former Rep. Jay Moyer who lost his bid for re-election last November. The other is current Representative Bon Mensch (R-Montgomery). In addition to the succession question, the Senate will also have to name a new Transportation Committee Chairman with Wonderling's departure.

## **INSURANCE IQ FOUND LACKING**

According to the NAIC, Americans are flunking out when it comes to insurance. Some results:

- Less than ½ (49%) know that they have to pay the full premium cost under COBRA
- 19% know that the requirement for private mortgage insurance depends on the size of the down payment
- 14% know that the amount of life insurance (per the NAIC) should be five to seven times annual salary
- 62% of Americans were unaware that accident history, vehicle safety features and geography influence auto premium rates. In addition, 41% knew that auto insurance does not automatically include rental car expenses ([www.insureUonline.org](http://www.insureUonline.org) to take your own insurance savvy quiz.)

## **PATIENT AUTHORITY TO MEET**

The Patient Safety Authority, an entity established in 2002 to help develop best practices for doctors to reduce medical malpractice, will meet June 9 in Harrisburg.