

LEG REG REVIEW

2009, 41st Issue December 28

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.

SENATE ACTS ON HEALTH CARE LEGISLATION December 24

After a December 19 switch by Senator Bill Nelson (D-NE) on abortion language in the bill and possibly sweetened by a promise that Nebraska would not have to pay the increased state match under the Medicaid expansion to 133% of the Federal Poverty Level, Senate Democrats pushed through HR 3590 by a vote of 60-39. Democrats and the two Independents voted for while Republicans were against the 2,000-plus page bill. (One GOP Senator did not vote.) For details, please refer to www.nahu.org for a summary and www.thomas.gov for the actual text of this legislative behemoth.

MORE HEALTH LEGISLATION POLLS

A CNN Poll released December 12 further documented the American public's distrust of health legislation making its way through the U.S. Congress. On December 2-3, 61% opposed the current Senate bill, 36% supported and 4% had no opinion. Two questions were posed on financial impact.

- ***Will the federal deficit increase with this bill?*** Yes 79% No 19% No opinion 2%
- ***Will your taxes increase with this bill?*** Yes 85% No 14% No opinion 1%

COBRA SUBSIDY CONTINUED

The U.S. Congress voted on and President Obama signed the 2010 Defense Appropriations Bill which contained a provision extending the life of the federal 65% subsidy on COBRA premiums from 9 to 15 months and extends eligibility to those involuntarily terminated on or before February 28, 2010. Under federal law, the subsidy is fronted by employers who are reimbursed by the Federal Government through a payroll tax credit. This action supersedes individual bills sponsored by PA Senator Bob Casey and Rep. Joe Sestak to do the same.

According to a Blank Rome LLP analysis, plan administrators will need to meet two new notification requirements. First, notice must be given within sixty days following enactment of the extension (December 21) to everyone on or after October 31, 2009 who was involuntarily terminated. Second, those who lost eligibility following the original nine month period must be notified. This includes individuals who stopped paying COBRA premiums who will be invited to apply retroactively.

HIGHMARK ANNOUNCES SWITCH TO FOR-PROFIT

Highmark announced a transition for its small group customers to a for-profit entity called Highmark Health Insurance Company. The new entity will still be a Blue company but plans may be medically underwritten, something that the Blues have fought and something expressly prohibited in both HR 3962 and HR 3950, the federal health insurance proposals supported by the Obama Administration.

LEGISLATIVE UPDATE

Before the General Assembly recessed for the holidays, a number of actions were taken including:

- House State Government Committee movement of HB 1363 (Goodman-D-Schuylkill) which would amend the PA Constitution to have the Insurance Commissioner be an elected position instead of being appointed by the Governor as is now the case.
- Another bill was introduced to create an Office of Consumer Advocate for Health Insurance, this time by Republican Kate Harper (Montgomery).
- Raising minimum auto insurance limits to \$10,000 property damage and \$30,000/60,000 for personal liability is the subject of HB 2116 sponsored by Rep. Eugene DePasquale (D-York).

UPCOMING

- The General Assembly reconvenes the first week in January to take up remaining issues from the FY 2009-2010 Budget that was supposed to have been resolved in the fall. This includes resolution of the issue of table gambling where House and Senate have passed competing versions.
- The House Insurance Committee will meet January 7. Agenda is uncertain but may contain reauthorization of CHIP and a new grievance system for consumers regarding their long-term care insurance.
- The House Insurance Committee meets in Blue Bell, PA January 14 to discuss a range of insurance fraud bills.
- On January 25, the House Commerce Committee will consider HB 506 (Ross-R-Chester) regarding the Motor Vehicle Sales Finance Law.

MINE SUBSIDENCE ISSUES NEW RULES

The PA Mine Subsidence Program has a new regulation in effect as of December 12 which seeks to clarify and streamline the program. Some inclusions:

- Commission is clarified to avoid misreading payment to producers as a fee. Commission rates will be set at Board meetings and posted on the Board's web site.
- The term policyholder is changed to 'insured'.
- Condo clarification specifies that the entire structure is covered including all units (vertically stacked units) as well as common elements if the association buys mine subsidence insurance. The unit owner and not the association is the named insured when the unit owner buys mine subsidence insurance.
- Repayment of commissions for a cancelled policy must be made within 60 days upon written demand.
- Questions? Lawrence Ruane 717/783-9590 or Marc Roda 717/787-7060.

REGULATORY UPDATE

- The loss cost level change for 2010 filed by the PA Compensation Rating Bureau (PCRB) is an overall 0.68% increase in collectable loss costs and the Employee Assessment Factor would be 2.07% instead of the current 2.41%. If approved by the Insurance Department, these would take effect April 1. For details, please refer to www.pcrb.com.
- The Independent Regulatory Review Commission (IRRC) will hold meetings January 7 and 21 in Harrisburg.
- PA Health Care Cost Containment Council holds its January 6-7 meeting in Harrisburg.

***** SADLY, former Rep. Bill Rieger (D-Phila.) has passed away at the age of 87. *****