

## **LEG REG REVIEW 2006, Third Issue**

LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm based near the State Capitol. It contains news on the Legislative and Regulatory scene in Pennsylvania that may be of use to insurance producers, companies, and interested parties. It is a free Member Service if you belong to the Pennsylvania Association of Health Underwriters (PAHU) or the PA Surplus Lines Association (PSLA). 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 fax number and your desired email address to convert your receipt of this publication to email. If you do not wish to receive it, please let us know.

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### **HOUSE PROPERTY TAX PLAN DRAWS MORE FIRE**

The second hearing convened by the Senate Committee on Legislation January 18 to review House amendments to SB 854 drew another crowd of business groups and associations opposing expansion of the sales tax. Among those testifying or presenting testimony in both hearings representing the insurance industry were Donegal Mutual, Penn Mutual Life Insurance Company, Erie Insurance Exchange, Insurance Agents & Brokers (IA&B), Vanguard, PA Association of Insurance and Financial Advisors (PAIFA), and Highmark. Other groups to note were NFIB, PA Bankers Association, Community Bankers, Lancaster Chamber of Commerce, and the PA Institute CPAs.

To study the bill itself, go to [www.pasenategop.com](http://www.pasenategop.com) for a summary. Text of all written testimony may be found there as well. Although unlikely to pass in current form because of the firestorm of opposition SB 854 generated, there may be traction for expanding the reach of the sales tax somewhat and increasing the Personal Income Tax to make up for monies if the sales tax were not expanded to professional services. If you prefer to read the actual language of the legislation, use [www.legis.state.pa.us](http://www.legis.state.pa.us) and key in sb854 (no space).

### **RETIREMENTS and POLITICS**

- The special election to replace Rep. Alan Butkovitz (D-Phila) is set for March 14. He left the House to become Philadelphia's new City Controller.
- Representatives Kevin Blaum (D-Luzerne) and Rep. George Hasay (R-Luzerne) have announced that they are stepping down after the current term.
- A Zogby poll suggests that incumbent Governor Rendell may be vulnerable. Against Lynn Swann, Gov. Rendell has a 43.9 to 43.6 percent ratio. Against Bill Scranton, he leads 45.7 to 37.9 percent.

### **GENERAL ASSEMBLY RETURNS TO PACKED AGENDA**

The PA House may be preparing to work on overriding Governor Rendell's veto on House Bill 515, a business tax relief bill that passed the General Assembly in December according to Speaker John Perzel's [Friday Letter](#). The Letter credits Representatives Mike Turzai (R-Allegheny) and Dave Reed (R-Indiana) as leading the charge.

Also near the top of the stack is House consideration of Senate Bill 854. This overrules a Commonwealth Court decision that struck down an earlier law governing joint and several liability tort reform (Act 57 of 2002). It is on the agenda of the House State Government Committee this Wednesday. Another bill to do the same, HB 138 (Turzai), has already made it to the House calendar. Another version of the same is SB 1358 (Greenleaf-R-Montgomery) on the Senate agenda. Note: Phrasing for joint and several liability in the actual legislation is ‘comparative negligence.’

Other bills on the House’s to-do list include:

- SB 881 regarding eminent domain
- HB 808 Unemployment Compensation reform
- HB 1484 establishing a Workers’ Compensation Review Board
- HB 1705 creating a mandated health benefit for treatment of those with hemophilia.

Also on the radar is a possible increase in the minimum wage with the Governor and legislative Democrats seeking to increase it from the current \$5.15 to \$7.15 by 2007.

### **COMMITTEE WORK**

- The House Transportation Committee takes up the issue of teen-aged driving.
- The House Insurance Committee will hold a hearing on House Bill 2331 (Zug-R-Lebanon) regarding health plans for association regulated by the state (not to be confused with the federal association health plans being considered by the U.S. Congress).
- The House Health and Human Services Committee plans to hold an informational hearing on the Together Rx Program January 31. This program “offers constituents savings at over 90 percent of the pharmacies in the Commonwealth with special legislator tool kits, enrollment cards and forms available.” In addition, a speaker from the Rx Access Network of PA will be on hand to answer questions on Medicare Part D.

### **ON THE FEDERAL SIDE...**

- DDS Research Services announced findings of a mid-December study suggesting that less than 24% of seniors had chosen a Part D Medicare Plan while 53% said that they had no plans to do so. Familiarity with Part D has increased with one-quarter of seniors being ‘very familiar’ versus 11% last September. Almost all (97%) have said that they remember seeing ads for Medicare Part D from either HHS or insurers.
- A national study conducted by Milliman actuarial firm for the American Association for Long-Term Care Insurance examined claims from 1.6 million policies to conclude that only 14.4 percent of policies result in a claim longer than 24 months. 5.6% were for longer than three years. Over a three-year benefit period, only eight in 100 exhausted their policy. Details: [www.aaltic.org](http://www.aaltic.org).
- The January 19 Blue Cross Association HealthIssues Weekly Briefing reported that HHS Secretary Mike Leavitt said that the government was working to address media reports that tens of thousands had experienced problems in obtaining their medications.