

LEG REG REVIEW 2007, First 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 business parties. It is a free Member Service if you belong to the Pennsylvania Association of Health Underwriters. Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail xenobun@aol.com. Please email joantroutman@verizon.net supplying both your e-mail and fax numbers in order to convert this publication to e-mail. If you wish to no longer receive it, please tell us.

HAPPY NEW YEAR

PHILLIPS ASSOCIATES would like to wish you a healthy, prosperous, and personally rewarding 2007. 2006 was good for our business and we have grown. If your schedule permits and you are in the Harrisburg area January 12 3:00-6:00 p.m., please drop in for our Open House. Our new Capitol Hill address (our second office) is 800 North Third Street, Suite 401-B. RSVP to joantroutman@verizon.net

CONGRESS ENACTS H S A LEGISLATION

Before adjourning, the U.S. Congress enacted legislation (HR 6111 The Tax Relief and Health Care Act of 2006) designed to make Health Savings Accounts even more attractive in 2007. According to the America's Health Insurance Plans (AHIP) trade association, there are these enhancements:

- Health Savings Accounts may be used to pay for Medigap premiums
- HSAs may be used to pay for preventive and maintenance drugs before the deductible is met
- Family H S A policies will have lower individual deductibles for each family member within their HSA plan
- Greater coordination between HSAs, HRAs and FSAs.

The National Association of Health Underwriters has prepared both a narrative and a chart listing changes. www.nahu.org (703)276-0220 John Greene or Peter Stein. For text, refer to www.thomas.gov, using the bill number HR 6111 and specify the 2005-2006 session of Congress, not the new session.

IRS NOTES

- The mileage rate for 2007 is 48.5 cents per mile, 14 cents for charitable and 20 cents for medical mileage. (www.irs.gov/taxpros)
- The Internal Revenue Service has issued details on how individuals and businesses can claim a refund of long distance taxes charged on phone bills for a 41-month period ending in 2006. Individuals may deduct a standardized amount depending on the number of tax deductions up to about \$60.00. Businesses need to use form 8913 Credit for Federal Excise Tax Paid as do charitable organizations and individuals wishing to itemize the phone excise taxes. Details: www.irs.gov/newsroom

AUTO INSURANCE THEMED BY INSURANCE CONSUMER LIAISON

The December PA Insurance Consumer Liaison newsletter focused on auto insurance, urging driving consumers to be mindful of their legal obligation to purchase this insurance and understanding coverage. Also discussed was rate evasion, a practice where drivers living in a high insurance premium area 'hide' their true address so as to secure a better rate. Consumers are asked to report rate evasion by calling the Insurance Fraud Prevention Authority (800) 565-IFPA. Other articles included reminders to consider securing coverage if a valuable personal item was received as a Christmas gift. In order to subscribe to this free e-mail newsletter, contact ra-ins-consumerliaison@state.pa.us.

RENDELL CREDITS ADMINISTRATION FOR CHIP INCREASE

In a December 21 press release, Governor Rendell credited his Administration's efforts in increasing CHIP enrollment in 2006 by 12,600 or twenty percent more than their goal. The release also set forth the new eligibility criteria for the Cover All Kids initiative going into effect in 2007. CHIP is fully paid for by taxpayers if the family makes under \$40,000 a year (family of four at 200% poverty level).

Partially subsidized by the taxpayers are families up to 300 of the poverty level with some contribution required from the families as follows:

- \$38 a month per child from families at 200-250% poverty level or under \$50,000 for a family of four
- \$53 a month per child for families at 250-275% poverty level or under \$55,000 for a family of four
- \$60 a month per child for families at 275-300% poverty level or under \$60,000 for a family of four

The Governor also specified that families making over that amount can still enroll in CHIP based on certain conditions such as coverage being denied because of an existing pre-condition or if health insurance costs exceeds ten percent of the family's income, or that the cost of private insurance is 1 ½ times the cost of the taxpayer-subsidized state rate. The expanded eligibility applies to families without health insurance for six months unless the child is two or less or if there is a parent's job loss.

The CHIP web site is www.coverallkids.com.

STATE NEWS

- The PA Securities Commission reports that enforcement actions increased 10.2 percent in FY 2005 resulting in \$1.9 million in restitution to investors and \$1.3 million in fines.
- Insurance Department reported two company petitions. One was a request for approval to redomesticate from Ohio to PA for Personal Service Insurance Company (stock casualty) and an application to approve a merger of Medco Containment Life Insurance Co. (life) and Medco Containment Insurance Co. of New Jersey (health).
- Voluntarily surrendering its Certificate of Authority to do business in PA is Clarion County Mutual Insurance Company.
- General Fund state tax revenues came in \$56.4 million over estimate in November resulting in a surplus of \$8.7 million so far in this FY. Non-tax revenue did somewhat better, increasing the year-to-date surplus to approximately \$20 million in that category.
- A report issued by the State Budget Office estimated the future retiree health care obligation of the Commonwealth to be \$33.8 billion over the next 30 years.
- The PA Bulletin reported that a memo was sent to Workers Compensation insurers from the Department of Labor & Industry requiring data on past claims 1993 and before so as to implement Act 147 of 2006's minimum claim payment of \$100 per week.
- The loss-cost Workers' Compensation filing to be effective April 1, 2007 if approved by the Insurance Department is 2.95% per a request by the PA Compensation Rating Bureau. The loss-cost filing from the Coal Compensation Rating Bureau was 8.8%.

ATTENTION PSLA MEMBERS: *If you are a member of the PA Surplus Lines Association, you have been receiving Leg-Reg Review as a member benefit. Please be advised that this ceases as of January 1, 2007, unless you have an existing business relationship with PHILLIPS ASSOCIATES. If you have a question or wish to subscribe separately, please contact joantroutman@verizon.net Please also note that Member Services for PSLA may be reached by calling the Stamping Office at 610/594-1340 in Exton, NOT 717/346-1063 in Harrisburg.*