

LEG REG REVIEW 2007, Tenth 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 useful to insurance producers, companies, and business interests. It is a free Member Service if you belong to the Pennsylvania Association of Health Underwriters or Manufacturers Association of South Central PA. 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 jtrout2792@aol.com 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.

SENATE BANKING & INSURANCE COMMITTEE MEETS

On March 13, the Senate Banking & Insurance Committee met to consider and move three bills. These included SB 222 (Stack-D-Phila.) regarding P/C risk-based capital and SB 550 (White-R-Indiana) amending the Company Law to put company mergers under the Holding Company Act.

A third bill of great interest to health insurance brokers is Senator Jake Corman's (R-Centre) SB 548 requiring the Department of Public Welfare (DPW) to ask Medicaid for a waiver so as to permit Long-Term Care Partnerships in Pennsylvania. Partnerships are now legal per passage of federal legislation in 2005 but can not happen until a state requests a waiver. Despite passage of House Resolution 804 last session and consideration by both chambers of LTC Partnership legislation (HB 93), the Rendell Administration has not yet acted.

UPCOMING COMMITTEE WEEK

- The House Insurance Committee meets with acting Insurance Commissioner Randy Rohrbaugh
- House Intergovernmental Affairs Committee considers HB 194 (Payne-R-Dauphin) regarding prohibition of state forms requiring a person's full Social Security number and discussion of the Cover All Kids program (no bill number)
- House Aging & Older Adult Services Committee meets with DPW to discuss long-term care issues (Medicaid Long-Term Care Partnership waiver?)
- House Labor Relations Committee considers HB 292 (DiGirolamo-R-Bucks) to include as a WC-covered employee a person who has received specialized disaster training and is assisting first responders
- House Health & Human Services holds a hearing on DPW's move towards Access Plus program
- In the Senate, nomination hearings will consider Estelle Richman as Secretary of Public Welfare and York businessman Thomas Wolf as Secretary of Revenue.

NAIC CITES TOP CONSUMER COMPLAINTS

The National Association of Insurance Commissioners (NAIC) released statistics on consumer complaints against the insurance industry using statistics from its Complaint Database System. (www.naic.org tab to Consumer Information Source) Top five complaints by type of coverage in 2006 were auto (37.4%); health (33%); homeowners (13%); life and annuity (8.9%) and commercial multi-peril at 1.9 percent. The top five complaints sorted by type in 2006 were delays (21.9%); denial of claim (18.7%); unsatisfactory settlement offer (13.9%); cancellation (6.5%); and premium/rating at 5.9%.

SENATE BILL INTRODUCTIONS DIVERSIFY

Recent insurance bill introductions in the PA Senate cover a wider range than the first wave of General Assembly introductions that centered mostly on health insurance.

- SB 427 (Wonderling-R-Lehigh) requires that health insurance must tell policyholders in individual and groups that they may request abortion exclusions.
- SB 517 and SB 518 (LaValle-D-Beaver) prohibit use of financial information (credit scoring) by insurers when rating or charging more or canceling a policy because of a credit score.
- SB 348 (Boscola-D-Northampton) amends the Workers Compensation Act's definition of occupational disease to include cancer resulting in temporary or permanent total or partial disability or death after four years or more service in firefighting caused by exposure to heat, smoke, fumes or gasses. The employer would have the burden of proof re the firefighter's occupation NOT being a major contributing cause of the cancer.
- A package of three bills (Corman-R-Centre) regarding privacy. SB 388 regards employees' monitoring of network and IT resources; SB 389 re theft of personal or confidential information; and SB 390 providing for the offense of phishing.
- SB 412 (Browne-R-Lehigh) has the PA Health Care Cost Containment Council (PHC4) collecting data of the 25 most common inpatient diagnostic related groups (with at least ten cases) in the 12 months preceding the report (to PHC4).

WORKERS COMP UPDATED

The Bureau of Workers Compensation summarized parts of Act 147 of 2006, the newest WC law, in its current issue of News & Notes. According to the publication, some highlights are:

- Increase in minimum payment to \$100 per week
- Establishment of an Uninsured Employers Guaranty Fund extending worker benefits to those whose employer failed to carry WC. Reimbursed costs would come from the company and from legal action brought about by L&I.
- WC judges must set forth trial schedules and include deadlines for presentation of evidence and to require a mandatory mediation conference.
- No more than 75% of petitions from one county can be assigned to a particular judge.

BLUES ISSUE MAJOR HEALTH COSTS REPORT

Blue Cross Blue Shield Association has issued a new report, 2007 Medical Cost Reference Guide (MCRG), that documents utilization. Some findings:

- Health care expenditures in the U.S. represent a greater percent of Gross Domestic Product than in any other country.
- The government (Medicare and Medicaid) comprise the largest payer for health costs, almost 50%, while private sector insurers pay one-third.
- 66.6 percent of the U.S. population is covered by private health insurance with 59.5% covered through employers and 9.1% by direct purchase private insurance.
- Details: Matt Levin 312/297-5917

MISC. NOTES

- The General Fund came in about \$17.2 million over estimate in February, bringing the fiscal year to date total to \$112 million in surplus. Despite the overall surplus, some areas (PIT and corporate taxes) were below February's estimates. Some areas exceeding expectations were tax collections from motor vehicle sales and sales taxes.