

LEG REG REVIEW 2007, Twelfth 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.

BLUES MERGER BRINGS DEPARTMENT REACTION

The decision last week by the Boards of Independence Blue Cross and Highmark to merge into Pennsylvania's dominant health insurance carrier prompted a reaction from the PA Insurance Department to:

- Hold regional hearings across the state
- Make much of the filings open to the public and putting material on its web site for public review, www.insurance.state.pa.us .
- Urge the General Assembly to pass legislation giving the Department more regulatory authority over this merger by placing it under the Insurance Holding Company Act

The Senate last week passed Senate Bill 550 (White-R-Indiana) and the House Insurance Committee moved House Bill 112 (Eachus-D-Luzerne) several weeks ago. These bills are expected to see quick attention when the legislature reconvenes. They contain a feature that allows this oversight to be retroactive in case the formal Blues' filing with the Insurance Department takes place before final enactment of the legislation. The Rendell Administration supports both bills.

ADMINISTRATION STIRS ON LTC PARTNERSHIP

After a period of prodding by the insurance industry and several attempts by the General Assembly (HB 93, HR 804), the Rendell Administration appears to have staked out its position on seeking a Medicaid waiver permitting Long-Term Care Partnerships in Pennsylvania. Draft language is being circulated by Senator Mike Stack (D-Phila.), minority chairman of the Senate Banking & Insurance Committee to ask for the waiver **AND**:

- Require that existing LTC policies be able to convert to a Partnership policy providing that the Partnership policy goes back to the year in which the applicant took out the original policy (for policies purchased after February 8, 2006) and maintain the pricing of the original policy for portions of the policy issued before February 8, 2007.
- These conversions will not be medically underwritten
- All LTC policies in PA must provide coverage for nursing home and community based services
- Inserts the word 'comprehensive' in the definition of long-term care insurance although the word itself is not defined
- Provides PA Guaranty Fund coverage of long-term care policies up to \$300,000 up from \$100,000
- Updates language by changing insurance agent to 'insurance producer'

Senator Jake Corman (R-Centre) has already introduced legislation this session to require PA to apply for the Medicaid waiver but does so without extra provisions.

NEXT HOUSE INSURANCE HEARING SET ON HB 700

This week in Delaware County the House Insurance Committee will hold the second set of hearings on House Bill 700, the Rendell Administration health plan. Unlike the first hearings in Harrisburg which mostly included plan supporters, this hearing will include critics from the Insurance Federation of PA (insurance companies) and the Pennsylvania Association of Health Underwriters (PAHU). Two more rounds of hearings (so far) are scheduled in Wilkes Barre and Pittsburgh in April and May.

Last week's hearing also had Chairman Tony DeLuca (D-Allegheny) have PHILLIPS ASSOCIATES' Vince Phillips introduce *international guests Karina Bordulina and Irina Vereschak, final year finance/insurance students at the State University of St. Petersburg, Russia*, to the House Insurance Committee. Their visit to the State Capitol was part of a month-long visit to the US to learn about insurance in our country and was coordinated by Cinda Hartman of Hartman & Lally Insurers, Inc. based in Berwick. Karina is already brokering ocean marine insurance for an insurance agency while Irina works for Russian World Insurance Company. Other US visits were to companies such as Harleysville, Penn Millers, and State Farm and to the PA Insurance Department.

DEMOCRATS UNVEIL 'AGENDA FOR PA'

House Democratic leaders presented an agenda by which the Democratic majority hopes to realize several public policy goals. Focusing on the committees, a number of the goals have insurance and business dimensions:

- Cost of long-term care (Aging & Older Adult Services)
- Governor's tax reform recommendations (Finance)
- Governor's health care plan (Insurance, Health & Human Services)
- Cover All Kids, identity theft (Intergovernmental Affairs)

More information is available from Tom Andrews 717/783-4267 tandrews@pahouse.net

UPCOMING

- PAHU plans a Day on the Hill April 24 to oppose the Governor's health plan with advance meetings held in Harrisburg and Philadelphia April 10 and 12. Prior regional PAHU educational meetings informing members about the proposal were held in Erie and State College. Last week, the Pittsburgh association hosted Insurance Department Consumer Liaison Cindy Fillman to discuss HB 700. Details on Day on the Hill: Scott Crane at scrane@tycorbenefit.com.
- Patient Safety Authority will meet April 10 in Harrisburg. Details: 717/346-0469
- Alpha Benefits is holding two meetings April 11 (Camp Hill) and April 12 (Bethlehem) to discuss the Governor's health plan. M. Greco, Office of Health Care Reform and architect of the Rendell proposal is a speaker. Details: Rob Heller 215/588-4998

REGULATORY NOTES

There have been a number of insurance announcements posted in the PA Bulletin including: *MGIC Investment Corp. has filed an application to acquire Radian Guaranty (PA stock casualty companies)*; Horizon Healthcare, a PA HMO submitted a voluntary surrender of its certificate of authority; *Funding for the Patient Authority under the MCARE law was described March 31 specifying the formula whereby assessments would be collected from medical facilities.* (www.pabulletin.com)