

LEG REG REVIEW 2007, Thirteenth 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.

HOUSE AND SENATE OUT THIS WEEK

The PA General Assembly will reconvene April 16 following the Easter/Passover recess. There will still be some committee activity this week including:

- Another hearing by the House Insurance Committee in Wilkes Barre to discuss the Governor's health reforms (HB 700) on April 11 and 12.
- The House Speaker's commission on Legislative Reform meets to look at reforms past the House procedural changes already voted on. Topics may range into term limits, reducing the size of the legislature, etc.

BLUES MERGER ATTRACTS NATIONAL ATTENTION

This week Senator Arlen Specter (R-PA), ranking minority member of the Senate Judiciary Committee, scheduled a hearing on the merger between Independence Blue Cross and Highmark. Testifying is Senator Don White (R-Indiana), chairman of the Senate Banking & Insurance Committee. White is the prime sponsor of SB 550 that puts the proposed merger under the regulatory purview of the Insurance Holding Company Act. (Thanks to Greenlee Partners LLC for the tip.)

HMO REPORT SHOWS QUALITY, NUMBERS

Issued April 6 by the PA Health Care Cost Containment Council (PHC4) was a status report on the state's HMOs, documenting a decrease in enrollment from 39.2 percent in 2000 to 25.9% of Pennsylvanians under age 65 in 2005. The report also said that Pennsylvania HMOs ranked better than national data on HMOs regarding the satisfaction expressed by subscribers. The PHC4 suggested that HMOs still had room for patient care quality improvement given hospitalization rates for certain procedures. This criticism notwithstanding, PHC4 also noted decrease in hospitalizations for other diseases such as diabetes. Entitled Measuring the Quality of Pennsylvania's Commercial HMOs, copies are available from 717/232-6787 or on the Internet www.phc4.org.

FEDERAL NOTE RE SINGLE PAYER

Legislation has been introduced in the U.S. House that would replace the current system of health insurance with a single payer plan. HR 676 has over fifty sponsors, three of which are PA congressmen. They include Representatives Brady and Fattah from Philadelphia and Doyle from Pittsburgh. All are Democrats. Details: www.thomas.gov.

REGULATORY NOTES

- Horizon Healthcare HMO filed papers with the Insurance Department to the effect that it was no longer going to function as an HMO.
- A merger is taking place between Significa Insurance Group and Peninsula Life Insurance Company with the survivor being Peninsula. The merged entity would redomesticate from Florida to PA.
- MGIC Investment Corporation is acquiring Radian Guaranty and Radian Insurance subject to Department approval.
- The Independent Regulatory Review Commission (IRRC) has received a regulation (12-68) from the Department of Labor & Industry regarding qualifications for vocational classification experts (Workers' Compensation).
- On April 25, the Children's' Health Advisory Council will meet in Harrisburg to discuss CHIP quality of services. In another CHIP development (non-regulatory), the Governor announced a joint effort between CHIP and PA museums in order to promote awareness by families of the Children's' Health Insurance Program.
- The Insurance Department issued Notice 2007-01 stating that no assessment would be levied for PA Workers' Compensation insurers for the WC Security Fund since the Fund currently has a balance of \$514.3 million, above the \$500 million trigger for such an assessment to take place.

WORKERS COMPENSATION ANNOUNCEMENTS

The PA Compensation Rating Bureau (PCRB) issued several Circulars in March, one of which is effective April 1, 2007. In addition, PCRB has moved. Its new location is United Plaza Building, Suite 1500, 30 South 17th Street, Phila. PA 19103. Telephone and FAX remain the same, 215/568-2371 and 215/564-4328 respectively.

Effective April 1, 2007 are revisions to the WC Manual and the WC Statistical Plan Manual (Circular 1522). Among changes are eliminations of Social Security numbers on unit statistical reports. The manual is available on-line at www.pcrb.com. Questions on the Manual go to Betty Ann Campbell, bacampbell@pcrb.com. Questions on the Statistical Plan Manual go to Bonnie Piacento, bpiacento@pcrb.com.

Circular 1524 informs the WC insurer community that effective 4/1/08 hard copy rating information will no longer be provided. Rating information will be obtained from American Council on Compensation Technology (ACCT) Compensation Data Exchange. Details: John Murphy jmurphy@pcrb.com.

Circular 1525 effective 7/1/08 sets processing charges at \$10 per document for endorsements and other WC policy changes. Details: Betty Ann Campbell

Circular 1526 notes that the 4/1/07 approved loss-cost filing was +2.97% but warns against reading too much into that number because the industry has changed, developing independent loss cost multipliers and other systems to determine a specific carrier's rates for Workers' Compensation insurance for example.