

LEG REG REVIEW 2007, Fourteenth 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.

GENERAL ASSEMBLY RETURNS

The General Assembly returns from its Easter recess this week. A legislative proposal slated to see attention is contained within House and Senate bills giving the Insurance Department the legal authority to review the merger of Independence Blue Cross and Highmark. House Bill 112 (Eachus-D-Luzerne) passed the Insurance Committee previously. The Senate passed Senate Bill 550 (White-R-Indiana) and sent it to the House. Amendments are expected and the bills are retroactive to January 1, 2007. This ensures that the proposed merger will be scrutinized even if there are legislative delays. Related events were the hearing in Philadelphia convened by the US Senate Judiciary Committee and a letter to insurance producers from Highmark stating that the merger would result in direct savings to customers of \$300 million and Rx savings of \$280 million over five years. The letter also said that the merged entity would be able to provide over \$650 million over six years to help expand access to insurance by the uninsured and underinsured.

CHIP OUTREACH HEARING TO BE HELD

The Senate Public Health and Welfare Committee convenes a hearing this week on marketing and outreach of the Children's Health Insurance Program (CHIP). The Administration has touted numbers of new children coming into CHIP as a result of the Cover All Kids initiative passed by the legislature. Among other things, the committee will hear testimony from those insurers implementing the program as to effectiveness of various marketing strategies. One area will be the numbers of children who were already eligible for a public sector program who had not signed up for CHIP. Of the 133,500 uninsured children talked about last year, all but 25,500 were already eligible for Medicaid or CHIP. Insurance agents (Pennsylvania Association of Health Underwriters) will argue that if CHIP is truly an insurance program, insurance producers should be allowed to market it.

LONG-TERM CARE INSURANCE SEES FOCUS

The Senate may vote this week on Senate Bill 548 (Corman-R-Centre), a bill that directs the Rendell Administration to request a Medicaid waiver so as to permit Long-Term Care Partnerships in the Commonwealth. These Partnerships allow a Medicaid spend-down with enough sheltered assets to purchase a private sector long-term care insurance policy. The language mirrors last year's House Bill 93. The Rendell Administration has decided to go a different route with more conditions (Senate Bill 706 introduced by Banking & Insurance Committee minority chairman Mike Stack (D-Phila.), prompting fears that increased policy costs would price it out of the market. Please review [Leg-Reg Review 2007.12](#) for a summary or go to www.legis.state.pa.us to read the text.

CELEBRATE FINANCIAL EDUCATION MONTH

April is Financial Education Month per Rendell Administration proclamation. This joint venture of the Departments of Banking and Insurance includes an electronic newsletter 'Financial Education News You Can Use' (donflickin@state.pa.us) and a schedule of activities across the state. The effort also reinforces the National Credit Union Youth Week April 22-28.

INDUSTRY EVENTS

- The 81st Pittsburgh I Day will be held April 27 at the Hilton Hotel in downtown Pittsburgh. In addition to general programs and exhibits, the event offers CE on BI, D&O/EPLI, and Boiler & Machinery along with an explanation of the PA Experience Rating Plan. (Details: 412/471-7488)
- PAHU is holding a Day on the Hill April 24 in Harrisburg to address the Rendell Cover All Pennsylvanians proposal. (www.pahu.org)
- NAIW is holding its own Day on the Hill May 8. (details: Yvonne Butta 215/627-1752)

HEALTH HEARINGS CONTINUE

The House Insurance Committee continued its hearings schedule with hearings in Wilkes-Barre April 11-12 on HB 700, following one in Delaware County. Unlike the Harrisburg hearing which included an array of largely favorable witnesses, the out of town hearings drew criticism as to design and cost from insurance and business groups including the Insurance Federation's Sam Marshall and PAHU witness Ross Schriftman, an agent and former Democratic candidate for state representative in Montgomery County. Business groups (NFIB and the Chamber) have also raised costs issues about HB 700.

STATE SPENDING BILLS INTRODUCED

State spending limits are the focus of Senate Bills 7 and 707. SB 7, introduced by Senator Bob Regoli (R-Westmoreland), amends the Constitution to keep state spending growth at the inflation rate factored by population changes over the preceding three years. SB 707 (Folmer-R-Lebanon) seeks the same goal by statute rather than by amendment. The Taxpayer Protection Act also restricts the use of any surplus revenues received by the Commonwealth with 75% being returned to taxpayers and 25% going to the Rainy Day Fund.

MANDATED BENEFIT REPORTS ISSUED

The Legislative Budget and Finance Committee issued a report of interest to the health community. Required by SR 212, the report evaluates mandating an insurance benefit on colorectal screening. The study was unusual in that usually the PA Health Care Cost Containment Council (PHC4) is tapped to research such mandated benefits. The report concluded that many insurers cover the screening tests already and that an increase in demand if colorectal screening was mandated would not impact pricing structure.

Reports still in the works are studies of the effectiveness of PHC4 and a study looking at the cost and quality of Medicaid fee-for-service compared to managed care plans. On the later, it may become newsworthy given the Rendell Administration desire to move away from private sector managed care as a way to provide Medicaid services. Details: 717/783-1600