

LEG REG REVIEW 2007, Fifteenth 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.

HEALTH CONTINUES TO DOMINATE

Day on the Hill: April has proven itself to be a busy time for health insurance issues starting with a Day on the Hill April 24 by the Pennsylvania Association of Health Underwriters opposing Governor Rendell's proposal for health care reform, House Bill 700. The Day on the Hill brought about 90 PAHU members to Harrisburg where they met with legislators and staff from over 100 offices. Meanwhile, Governor Rendell visited Pittsburgh, Philadelphia and Wilkes Barre to promote HB 700.

ERISA Preemption for Rendell? On April 24, the Senate Banking & Insurance Committee combined forces with the Senate Finance Committee to examine the question of whether or not the Governor's plan conflicted with the federal ERISA statute. The Maryland so-called Wal-Mart law that mandated eight percent of payroll to be spent on employee health benefits was struck down by U.S. District Court. Since the Rendell legislation requires a three-percent (soon to be 3.5%) payroll 'Fair Share Assessment' tax, Senators asked whether this idea was inviting federal preemption. The answer was no according to Office of Health Care Reform director Rosemarie Greco, who maintained that an internal legal review concluded that there would be no such risk of preemption. Others such as the PA Chamber of Business & Industry and the NFIB were not so sure, suggesting that the federal court decision could apply to what was being proposed here. Also testifying were the Retail Industry Leaders Association and the CPAs.

LTC Partnership: In another development, the Senate unanimously passed Senate Bill 548 (Corman-R-Centre) requiring the PA Department of Public Welfare file a petition for a Medicaid waiver allowing Pennsylvania to establish Long-Term Care Partnerships. In these, some assets are sheltered from Medicaid 'spend-down' so as to allow an individual to purchase private sector long-term care insurance which then gets used for long-term care rather than spending taxpayer Medicaid dollars. The Administration favored a different approach, Senate Bill 706 sponsored by Sen. Mike stack (D-Phila.) that added conditions. The House still needs to concur on SB 548 before it can go to the Governor. Unclear is whether or not the Administration will propose something in the House similar to SB 706 or simply let the bill finally pass.

ANOTHER HEALTH INSURANCE HEARING OF INTEREST

The House Insurance Committee plans two days of hearings in Pittsburgh May 2-3 at Chatham College's Eddy Theatre in Pittsburgh on HB 700. (Details: Lisa Kubeuka 717/787-4437) There are plans to hold another hearing later in May in Beaver County.

NON-HARRISBURG MEETINGS/FORUMS

- On May 9 at 7:00 pm in the York Expo Center, the York Daily Record and WGAL 8 television will convene a town meeting. (www.ydr.com) There is no set agenda but issues such as single payer and Rendell's Cover All Pennsylvanians are expected to be raised.
- Rep. Scott Petri (R-Bucks) plans a hearing on House Bill 700 (Governor Rendell's health insurance proposal) in Langhorne May 31(Details: Dottie Fiedler at 215/364-3414)
- The House Commerce Committee plans a hearing May 6 in the Poconos to discuss a recently unveiled package of bills from the PA Banking Department that focus on predatory lending and loan foreclosures.
- If you hear of additional town meetings, please advise xenobun@aol.com .

BLUES FILE MERGER WITH DEPARTMENT

On April 27, the Insurance Department received the formal merger petition from Independence Blue Cross and Highmark. In receiving the request, Acting Commissioner Randy Rohrbaugh said that materials relevant to the proposed merger would be posted on the Department's web site, www.insurance.state.pa.us , clicking on 'Highmark/IBC Filing'. The Insurance Department is also receiving comments from interested parties and the general public. These go to Robert Brackbill, chief, company licensing division; PA Insurance Department, 1326 Strawberry Square, Harrisburg, PA 17120, FAX 717/787-8557 or via email to rbrackbill@state.pa.us . Comments or at least an index of comments will also be posted on the web site.

There are two other developments relating to the proposed merger.

First, Senate Banking & Insurance Committee chairman Don White (R-Indiana) testified before the U.S. Senate Judiciary Committee to ask the federal body to examine the merger re any federal violations of anti-trust law. He expressed concern, noting "While economies of scale and efficiencies may be achieved by this merger and result in positive short-term benefits, there must be concern over the long term. Creating the 3rd largest insurer in the Nation with a specifically defined geographic territory is not in the best interests of competition and the reality is competition is the best regulator..." Chairman White also said that savings should not be allowed to support growing operations in other states or in lines of business outside insurance.

The second development was House debate and final passage on the merger (HB 112 sponsored by Rep. Todd Eachus-D-Luzerne). The final vote was 189-6, meaning that the bill has now gone to the Senate. The House chose to move its own bill rather than reviewing Senate-passed Senate Bill 550 (White-R-Indiana) which remains in the House Insurance Committee. The two versions of the bill may mean that differences will need to be worked out in conference.

DEPARTMENT NOTES

- Eastern Advantage Assurance Corporation, a stock insurer, submitted an application for a certificate of authority to do business in the Commonwealth
- The Department sent a notice to all Worker's Compensation carriers reminding them of their reporting responsibilities re premiums, losses for 2006. These reports are due to the Department by May 18. Details: Bojan Zorkic 717/787-6968.