

LEG REG REVIEW 2007, Seventeenth 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.

BIG WEEK FOR HOUSE INSURANCE COMMITTEE

On Tuesday May 22, the House Insurance Committee has a packed agenda of bills that will set forth an array of controversial themes as the General Assembly readies for its June marathon. Agenda items include:

- HB 972 colorectal mandated benefit
- HB 320 any willing provider volunteer ambulance service
- HB 1000 re credentialing of managed care plans outpatient behavioral health services (notifying a plan within 90 days) and honoring mental health referrals
- HB 207 adding a section to the Insurance Company Law for professional and trade association rate protection... “shall base the premiums for association members on actual claims and expense experience for such group providing that the association’s membership is comprised of at least 50 individuals.” Association formation solely for the purpose of purchasing insurance would be prohibited.

INSURANCE DEPARTMENT ISSUES FLOOD WARNING

The Department issued a consumer advisory warning that flood insurance should be considered now since standard homeowner’s policies do not cover floods and there must be flood insurance in force for 30 days (i.e. not taken out when the creek is rising). According to the Insurance Department, PA flood insurance policyholders received the second highest total claims payments in the US after the 2004 hurricane season. In the past five hurricane seasons, PA losses totaled more than \$337 million.

Acting Commissioner Randy Rohrbaugh noted that Pennsylvanians are vulnerable to heavy rains and tropical storms moving inland. The Department provides a consumer education brochure at www.insurance.state.pa.us “Are You Ready if a Disaster Strikes?” Also important is that insurance producers need to be reminded that the National Flood Insurance Program requires education on flood insurance for any producer wishing to sell the product.

INSURANCE DEPARTMENT LEVIES MAJOR FINE

The PA Insurance Department levied a \$9 million fine against ACE INA Holdings Company re alleged bid-rigging where the company purportedly schemed with brokers to falsify quotes “creating a false appearance of market competition to the detriment of consumers”. The fine includes \$6 million as penalty and \$3 million in restitution. Part of the settlement includes ACE informing customers on how insurance agents are compensated. The later may be important given last session’s proposed legislation requiring compensation disclosure based on the NAIC model.

SENATE BEGINS TO BREAK UP RANDELL HEALTH PLAN

The PA Senate is looking at the Governor's health reform in parts rather than going with the omnibus approach originally presented in House Bill 700. The Senate lineup so far does not have the expansion of state insurance programs to the uninsured. That part of the Governor's Cover All Pennsylvanians was hammered at Senate Committee hearings as too costly to businesses and too threatening to the private sector system for delivering health benefits ('crowd out'). In addition, the insurance component was attacked during a joint hearing held by the Senate Finance and Banking & Insurance Committees as possibly violating federal ERISA law per the federal court ruling striking down the Maryland 'Wal-Mart' plan that required large employers to pay at least eight percent of payroll for health benefits or pay into a state fund for the uninsured.

Some Senate legislation to watch:

- SB 12 (Stack-D-Phila.) re reporting of hospital-acquired infections and developing a best practices standard of hospital care to prevent these infections
- SB 13 (Musto-D-Luzerne) increasing the age of dependent health coverage to age 30
- SB 15 (Costa-D-Allegheny) re drug price transparency

FROM THE INSURANCE DEPARTMENT...

- A 5.4% premium increase is being sought for the PA Professional Liability Joint Underwriting Association (JUA). JUA is the insurer of last resort for Medical Malpractice.
- CMS Financial Services Corp. is applying to acquire control of United Security Assurance Co. of PA and Colonial American Life Insurance Company.
- HMO HealthGuard of Lancaster, Inc. seeks to surrender its certificate of authority.

FINANCIAL LITERACY BILL BEFORE SENATE COMMITTEE

Passed by the House and referred to the Senate Education Committee is HB 111 (Stairs-R-Westmoreland). This bill requires that the Education Department prepare curricula on economics and personal finance at the secondary school level. The Education Department may also utilize financial literacy materials prepared by economic, banking, and personal finance education organizations. In addition, the bill requires that the Secretary of Education consult at least annually with such groups and establishes a fund known as the Economic Education & Personal Financial Literacy Fund.

(NOTE: The word 'insurance' does not appear in the text of the bill.)

DATES TO NOTE

- This week the House Labor Relations Committee will consider HB 292 (DiGirolamo-R-Bucks) to define an employee under the Worker Compensation Act as a person, who has completed Community Emergency Response Team training, is a first responder, or is a volunteer assisting a first responder.
- *The House Consumer Affairs Committee is looking at HB 507 regulating home improvement contractors. The bill includes a legal requirement for home improvement contractors to carry general liability insurance.*
- May 22 is the state Chamber's Day on the Hill for local chambers of commerce. Transportation and health reform are expected to be focused on at this event.
- *Also on the 22d, the Senate Consumer Protection & Professional Licensure Committee takes up Senator Pat Vance (R-Cumberland)'s SB 455 expanding powers of dental hygienists.*
- Last week the House Insurance Committee convened a hearing in Beaver County on HB 700, the Governor's health insurance plan. Another is scheduled May 30 in Bucks County.
- *A House Health & Human Services Committee meeting on HB 288 (Leach-D-Montgomery) on victims of sexual abuse for May 24 was cancelled and re-scheduled for May 29.*