

LEG REG REVIEW 2007, Eighteenth 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.

RENDELL BUDGET PASSES HOUSE

Last week, the PA House passed Governor Rendell's Budget proposal (House Bill 1286) and sent it to the Senate. The 102-97 vote was along party lines with Democrats voting for and Republicans against with the exception of Republican Speaker of the House Dennis O'Brien (Phila.) siding with Democrats. What made the vote unusual was a decision by both parties to vote on one Republican amendment rather than the usual procedure with multiple amendments from legislators of both parties. Traditionally, a flood of amendments comes from members wishing to show advocacy for a particular program or simply to show commitment to constituents. The problem has been that the House-passed bill bears little resemblance to a 'real' Budget since any new money must be justified by a cut in an existing program.

A gap of about \$2 billion separated the Republican versus the Democrat Budgets. It now goes to the Senate where majority Republicans are expected to pass their own version of the Budget without many of the things the Governor wants. When the Senate acts, the Budget will return to the House to receive a non-concurrence vote. With two different versions, the Budget will go to a conference committee made up of leadership and Appropriations committee chairs from all four caucuses.

Text of HB 1286 is found at www.legis.state.pa.us. Some highlights include:

- A \$2 million cut in Crop Insurance premium subsidies (Agriculture Department)
- Office of Health Care Reform \$3.950 million state money to implement Rx for PA and \$2 million federal money
- Health Department money to implement Rx for PA includes \$719,000 for health literacy; \$510,000 hospital community standards \$810,000; hospital admission criteria; \$1 million for health equity strategies (*NOTE: The health equity money implements Governor Rendell's Executive Order 2007-4 creating an Office of Health Equity within the Department of Health to examine any disparities in health treatment that stem from gender and race, income, location and other variables.*); \$ 5.4 million primary care access
- Insurance Department :
 - Rx for PA small business regulation \$268,000 ostensibly to review business insurance programs to see if they meet the new state standards to enable them to receive the credit back from their payroll 'Fair Share Assessment' mandated by Cover All Pennsylvanians.
 - CHIP administration \$2.381 million (plus \$5.2 million federal money)
 - CHIP program \$63.531 million (plus \$210.4 million in federal money)
 - adultBasic administration \$3.458 million
- Dept. Public Welfare long-term care \$799.1 million state money plus \$2.286 billion in federal money. Add to that \$79.227 million from the Tobacco Settlement

HEALTH PLAN RHETORIC HEATS UP

Despite the General Assembly shift from passing all of Governor Rendell's Rx for PA in one bill (HB 700) to passing components, the Governor has apparently stepped up the PR offensive for the entire program by blasting opponents as "morally indefensible" at a labor rally at the State Capitol. He was also reported by the Carlisle Sentinel newspaper as telling the Harrisburg Area Chamber that it was either his proposal or a single payer plan.

SENATE PASSES BLUES MERGER BILL

The PA Senate passed House Bill 112 (Eachus-D-Luzerne) enabling the Insurance Department to review the proposed Independence Blue Cross and Highmark Blue Shield merger. The action was taken after an unsuccessful Senate Democratic attempt to delay the vote by one session day. At issue is whether the legislature should also have a role in scrutinizing the merger in addition to the Insurance Department. Governor Rendell has indicated that legislative oversight over and above the Insurance Department's review would prompt a veto. An earlier version of the bill would have given the General Assembly a regulatory veto power by establishing the Insurance Restructuring Board. The current bill puts the legislature in an advisory capacity where concerns must be answered by the Department. The Senate vote was 30 to 18. The bill goes back to the House, setting the stage for a conference committee to work out the different versions.

HOUSE INSURANCE COMMITTEE MOVES HEALTH BILLS

On May 22, the House Insurance Committee moved three health insurance bills. They are:

- HB 972 colorectal mandated screening benefit for those over 50
- 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.

Another bill, HB 1150 (O'Brien-R-Phila.) did not move through committee. It is a bill regarding insurance company payments for autism treatment.

MEETINGS TO NOTE

- On May 29, the House Professional Licensure Committee will hold a hearing on the scope of practice for nurse practitioners (HB 1253 and HB 1254). The following day, the hearing topic will be on expanding powers of dental hygienists (HB 1257). On May 31, the committee will discuss nurse midwives (HB 1255). Expanding the authority of these professions is seen by Governor Rendell and others as a way to reduce medical costs by reducing the need for physicians to be involved in providing certain care.
- On May 31, the House Health & Human Services Committee meets in Scranton to discuss Governor Rendell's proposed smoking ban.
- On June 6, Senate Public Health & Welfare Committee will hold a hearing on hospital acquired infections, a key cost issue in Governor Rendell's health reform plan.
- June 6 and June 20 the House Republican Policy Committee will discuss tort reform with former Governor Thornburgh.
- House Democratic Policy Committee meets at U of Pittsburgh June 7 on the \$500 million health initiative sought by the Administration (Jonas Salk Fund).