

LEG REG REVIEW 2007, Nineteenth 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.

BLUES MERGER UPDATE

On May 30 The Federal Trade Commission ruled that the proposed merger between Independence Blue Cross and Highmark was not anticompetitive. As of June 3, the text of the FTC ruling was not available on their web site, www.ftc.gov. The FTC ruling supports the case for the merger but PA oversight action is the one to watch because of House Bill 112, which passed the House and Senate in differing forms. The Governor has said he will veto bill if it has a legislative component to the review by the state of the proposed merger.

Some of the most recent changes to HB 112 include: renaming the legislative oversight panel to be the Insurance Restructuring Public Interest Review Board; adding to the Board the Attorney General and a health care provider with Blues experience; requiring that the Blues underwrite some review expenses; establishing an account in the Treasury Department where 'net economic benefits' or savings from the merger will be deposited. In addition, the Insurance Department must certify by a written determination that the merger will result in a sustained reduction in health care premiums and state the reasons why the transaction will be in the public interest. Full text is available via www.legis.state.pa.us.

BUDGET NEGOTIATIONS BEGIN

With House passage of HB 1286, negotiations begin in earnest between House and Senate leaders as the General Assembly returns. Making the conversation more interesting is the Revenue Department report on May revenues showing May \$201.5 million income over projections. **Year to date surpluses are \$409.3 million** and ahead in all categories but one: \$222.5 in corporation tax; \$237.7 in personal income tax; \$43.5 million in non-tax revenues. Sales tax revenues were \$41.6 less than expected for the year. The \$409.3 surplus could be used to fund part of the Governor's record budget including Rx for Pennsylvania, depending on how the negotiations go. The other question being posed is whether Governor Rendell's proposed tax increases are necessary given the surplus.

DEPARTMENT & REGULATORY NOTES

- MIC Holding Company has filed an application for approval to acquire PA Medical Reinsurance Company; a PA domestic stock casualty insurance company...AIA Holdings is seeking to acquire the Allegheny Casualty Insurance Company (domestic stock casualty company).
- Assigned Risk Plan issued notice GEN (PA) 07-01 to the effect that all insurance producers transacting Pennsylvania assigned risk business must be certified or re-certified using updated criteria by September 1, 2007.

FEDERAL POVERTY INCOME LEVELS CITED

The PA Department of Public Welfare issued the listing of Federal Poverty Income Guidelines retroactive to January 24, 2007.

- One person @ 100% \$851/month or \$10,210/year
- Four persons @ 100% \$1,721/month or \$20,650
- One person @ 250% \$2,128/month or \$25,525/year
- Four persons @250% \$4,303/month or \$51,625/year

The full chart is available in PA Bulletin May 5 at www.pabulletin.com.

RESOURCES ISSUED

- PA Health Care Cost Containment Council listed all of its special reports and data for the previous calendar year. Find them in the May 28, 2007 PA Bulletin (www.pabulletin.com).
- A Web cast by the Kaiser Family Foundation and the National Governors Association focuses on numbers of approaches states are undertaking to address the problems of the uninsured. (<http://www.kaisernetwork.org/elements2/25may07>)
- National Federation of Independent Business (NFIB) has issued survey results citing health care costs as the Number One small business concern. The survey also showed business opposition to major changes in governmental health policy. (<http://www.nfib.com/research>)

NAIFA-PA NAMES NEW EVP

Jan Hartman has been tapped as the new Executive Vice President of the Pennsylvania chapter of National Insurance and Financial Advisors, a group representing life insurance producers and financial planners. Hartman was former head of the government affairs operation of the PA Credit Union Association and also managed its CU BizSource association service organization. He is a graduate of American University, University of Baltimore Law School and has a Master's degree from Penn State. He also has PA Capitol Hill experience with service as a budget analyst for the House Appropriations Committee and the Governor's Budget Office. He started May 29.

OTHER INSURANCE BILLS TO NOTE

- An Any Willing Provider for emergency medical services proposal (House Bill 320) was considered by the House Insurance Committee and re-referred to the House Veterans Affairs and Emergency Preparedness Committee.
- The Senate Public Health & Welfare Committee moved SB 877 (Earll-R-Erie), a bill that addresses Medicaid's use of managed care programs for medical assistance recipients. In some parts of the state, Medicaid would directly run the program but in others, private sector managed care plans would implement the program, assuming that state and federal requirements are met. This in effect reinforces the status quo and preserves the private sector role where it exists now. The bill also requires prior approval by the General Assembly before DPW could terminate voluntary or mandatory managed care. Any amendments to state plans being sent to the Federal Government would require prior notice to the appropriate legislative committees. Additionally, the current state Rx contract would be included as a covered benefit under managed care.