

## LEG REG REVIEW 2007, Twenty-Fourth Issue

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### WHAT'S IN THE BUDGET

The \$27.162 billion 2007-08 Budget for the Commonwealth was finally enacted after a bruising contest of wills and a between the Governor and Senate Republicans. In the end, each was able to claim a partial victory with the GOP saying that the spending increase was less than Governor Rendell wanted. The Governor could point to progress on a number of fronts including a large additional influx of mass transit funds to Philadelphia and Pittsburgh in a separate piece of legislation. It funds mass transit through increased turnpike tolls and institution of tolls on I-80. House Bill 1286 is the Budget Bill

(To read the actual text of HB 1286, go to [www.legis.state.pa.us](http://www.legis.state.pa.us) and type in the bill number –no spaces.)

Budget highlights include:

- Governor's Budget: \$7.6 million plus specialized line items such as \$8.372 million for payment of Medicare Part B enrollment penalties.
- *Office of Health Care Reform, a separate item in the Governor's budget, receives \$1.6 million in federal money and \$700,000 to implement the **Prescription for PA**. An executive order under **Rx for PA** for chronic care management received \$2.2 million. Implementing newly-passed legislation to reduce hospital acquired infections was \$2 million.*
- Agriculture Department took a hit on Crop Insurance premium subsidies, although not as much as what the Governor originally proposed. The new budget amount is \$1.5 million (down from \$2 million last year.) It will be joined by \$2 million in federal money however.
- *Department of Aging funding comes from the Lottery, not from the general Fund except for a \$250,000 state matching grant for Alzheimer's disease treatment. Aging's operating budget is set at \$8.2 million and services (PENNCARE) at \$242 million.*
- The Department of Banking receives \$ 18.76 million. The PA Securities & Exchange Commission receives \$ 2.354 million.
- *Department of Community & Economic Development received \$19.880 in its operating budget plus monies devoted to continued workforce development funding close to the FY 2006-07 Budget. These workforce development resources had been cut significantly by the Senate Republicans but were restored in the Conference Committee Report. Workforce development monies within the Department of Education budget also did well (\$5.3 million for job raining). Film promotion and film grants did well, receiving \$5.6 million.*
- Within the DCED budget there is a \$40.2 million item for community revitalization assistance grants formerly known as WAMs.

- *Education received an increase in basic funding, a technology (computers in the classroom initiative) and **Prescription for PA** line items of \$30,000 for physical & health education and \$6 million under **Rx for PA** for increased state subsidies for children's school meal programs.*
- Department of General Services has a line item of \$2.470 million for excess (surplus lines) insurance coverage.
- Health Department budget contains **six Prescription for PA items**:
  - *Health Equity Board (an executive order) that will look at the private sector insurance system to see if there are inequities and discrimination -- \$225,000. There is another line item funding "Health Equity Strategies of \$500,000.*
  - *Health literacy -- \$500,000*
  - *Administration of the PA Injury & Reporting Intervention System -- \$1.3 million*
  - *Hospital acquired infections -- \$2 million*
  - *Primary Care Access \$2.9 million*
- The Insurance Department's operating budget is \$23.520 million. It does not receive any money from the approx. \$400 million generated from insurance premium taxes. There is one **Prescription for PA** item, Small business regulation at \$268,000. Presumably, this would enable the Department to review business' insurance plans to verify that they would be exempt from the Governor's proposed Cover all Pennsylvanians business payroll tax starting at three percent.
  - *CHIP is managed by the Insurance Department with combined federal and state resources for programs at approx. \$264 million including \$8 million in administration costs plus an added \$6.272 million for Governor Rendell's Cover All Kids initiative designed to expand CHIP to all children, not just those at certain income levels.*
  - *The Department budget also shows a \$6 million repayment to the Underground Storage Tank Indemnification Fund (USTIF) for a loan taken against the Fund's surplus a few years ago.*
- The Department of Public Welfare (DPW) provides services to about one in every thirteen Pennsylvanians. A major part of this is medical assistance long-term care. The Federal Government provides \$2.286 billion for long-term care. This is matched by a state appropriation of \$762.6 million plus \$248 million from the Lottery Fund and \$104.8 million from the Tobacco Settlement Fund, about \$1 billion in state money.
- *The PA Health Cost Care Containment Council (PHC4) receives \$4.412 in this year's budget. It is not clear whether or not this funds the expanded role seen for PHC4 under Prescription for PA re transparency in drug prices and hospital acquired infections.*
- The Independent Regulatory Commission (IRRC) receives \$3 million while the Legislative Budget and Finance Committee that studies issues such as insurance from the legislature will have \$2.250 million.

## **LTC PARTNERSHIP BILL SIGNED BY GOVERNOR RENDELL**

Senate Bill 548 (Corman-R-Centre) was signed into law as Act 40 of 2007. It directs DPW to request a Medicaid waiver from HHS so as to permit Long-Term care Partnership Insurance policies to be written in PA. These would be tax-qualified and 'comprehensive' which the Insurance Department interprets as meaning both nursing and home health care services. Among provisions are prohibitions on future sales of nursing home only policies. DPW appears to be taking a leading role in implementing the legislation. This marks a fourteen year quest by the Pennsylvania Association of Health Underwriters in establishing LTC Partnerships in Pennsylvania.