

LEG REG REVIEW 2007, Twenty-Seventh 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.

PAHU MEETS WITH COMMISSIONER ARIO

On September 6, Acting Commissioner Joel Ario met with leadership of the Pennsylvania Association of Health Underwriters (PAHU) to discuss a range of issues and for the insurance producers to gain a sense of who he is and what his priorities are. Mr. Ario sees health insurance as the top issue right now. One issue is the proposed merger between Independence Blue Cross and Highmark. He could not comment since his office must review the request should the General Assembly pass enabling legislation.

The other top issue is rating and specifically medical underwriting. He said that he wants stakeholders to be involved in the discussion, particularly to ascertain what ways the market would adapt if there was a medical underwriting ban. PAHU also raised issues such as the use of licensed insurance producers to market insurance products such as CHIP and whether risk pools in PA would help the cause of health reform. Commissioner Ario also stressed that he wants to hear from practitioners in the insurance industry and that he values the educational and advocacy roles they play in helping consumers and in alerting the Insurance Department on possible wrongdoing in the market.

LONG TERM CARE PARTNERSHIP MEMO II

The Department issued a second memo September 5 about required training for producers seeking to sell, solicit, or negotiate Long-Term Care Partnerships. It said that all producers, resident or non-resident, had to complete the training in order to sell Partnership policies. For PA producers, those would be accredited Continuing Education classes. The clarification was issued because the original July 20 memo from Thomson Prometric could be read as requiring all producers who sell **any** long-term care insurance to take this specific course. That is not the case. However, anyone selling a Partnership must comply. According to Producer services Director Jack Yanosky, producers selling other LTC policies are strongly urged to take the training since the question of Partnerships might come up in conversation with the client. Later this fall, the Department plans to issue a proposed regulation requiring CE for anyone selling any type of long-term care insurance.

SENATE SCHEDULES CONFIRMATION HEARING

The Senate Banking & Insurance Committee has scheduled a September 18 confirmation hearing on Governor Rendell's choice to be Banking Secretary, Steven Kaplan. In addition, the Senate committee will hold a hearing on four pieces of legislation advanced by Sen. Pat Browns (R-Lehigh) addressing mortgage reforms.

NEW YORK WC RULING AFFECTS PA AGENTS

Effective September 9 is a directive issued by New York's Workers Compensation Bureau requiring that any person doing work in the Empire State even for one day must be covered by a New York approved Workers Compensation policy. This expansion came about via legislation from Governor Spitzer passed by the NY legislature. Exception may be found on line 3A on the information page of a WC policy. If New York is listed, the employer and agent are home free. If not, there are numerous questions and too few answers per web site information that lists possible exemptions and staff at the Compliance office who say that no exemption exists except for line 3A. Resources: www.wcb.state.ny.us and the Compliance Office (866/298-7830). This information also exists in memo form. Interested persons should seek memo Subject No. 046-198 issued by the Workers Compensation Board. The above memo appears to be inconsistent with a document on the same web site entitled 'Requirements for Out of State Businesses Working in NYS'. Those wishing details on the other reforms within the new law should click on 'Goals of Reform'.

INSURANCE HEARINGS IN FULL SWING

Anticipating the return of the General Assembly to Harrisburg this September, the House Insurance Committee has accelerated its activity as seen by the hearings held in late August and the first week of September. Hearings included health care provider reimbursement issues HB 685 and 933 (collective bargaining for doctors etc.) September 6; clinical cancer trials mandated benefit HB 1462 Sept. 5; Office of Insurance Consumer Advocate to be housed within the Office of the Attorney General (HB 1121) August 30; and requiring reimbursement to licensed clinical social workers HB 1177 August 29.

HB 1121 (Yudichak-D-Luzerne) would create the OCA and give it a mandate to aggressively seek out abuses and prepare prosecution as well as looking at class action lawsuits if patterns of wrongdoing were found. Industry reaction to the proposal was negative, suggesting that the Insurance department has the legal mission to serve as consumer advocate, i.e. why do we need a duplicative government office? The OCA would be funded by assessments levied on insurers doing business in Pennsylvania.

REGULATORY UPDATES

- Independent Regulatory Review Commission has a new newsletter entitled *Common Ground*. Details: www.irrc.state.pa.us or call Kim Kaufman 717/783-5417
- State insurance regulators from Arkansas, Connecticut, New York, Florida, and Iowa led the way in crafting a \$20 million regulatory settlement agreement between 36 states including Pennsylvania, DC, and the United Healthcare Insurance Company over alleged violations of state laws involving claims payment services. Part of the settlement involves NAIC working with the company to implement a three-year process improvement plan re their claims payment system.
- NAIC raised the issue of annuity suitability and qualifications of annuity advisors who make recommendations to seniors at a September 5 hearing of the U.S. Senate Select Committee on Aging.
- BY POPULAR DEMAND, the contact point for information on the new sole proprietor Worker compensation policy now offered by State Worker Insurance Fund (SWIF) is Erin Vancosky, underwriter at SWIF 570/941-1634.