

LEG REG REVIEW 2007, Thirty-Second 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.

ARIO QUERIED ON BLUES MERGER

The Senate Banking & Insurance Committee met last week to hear Insurance Commissioner-designee Joel Ario explain how the Department is evaluating the request to merge by Independence Blue Cross and Highmark. Although not addressing specifics of the request because it is a regulatory matter now under review, he explained the process and discussed Blues' market share as well as banning medical underwriting and other rating issues.

MEDICAL MALPRACTICE CRISIS "OVER" PER RENDELL

Governor Ed Rendell calls the resolution of the Medical Malpractice Crisis a "real success story". This is evidenced (he said) by reduced numbers of Medical Malpractice claims entering the judicial system and a halving of MCARE payments to \$191 million in 2007 versus 2003. He also said that statewide filings were 38 percent lower in 2006 than in the 2000-02 base period before the General Assembly passed reforms. Another sign of a better climate is 57 new insurers writing that coverage since 2002 and that PMSLIC and MedPro filed for rate decreases with the Insurance Department of 11 percent and six percent respectively.

WHAT TO DO WITH MCARE ABATEMENT MONEY?

Activity is taking place in both House and Senate regarding reauthorization of the Medical Care Availability and Reduction of Error (MCARE) abatement fund set up to encourage doctors not to leave Pennsylvania by subsidizing their assessment paid to MCARE. Moving through the Senate Banking & Insurance Committee last week was Senate Bill 1137 (White-R-Indiana). It would reauthorize the abatement fund for one year and create an MCARE Reserve Fund to dedicate 50% of the fund's current surplus towards reducing MCARE's unfunded liability and 25% to the Patient Safety Authority. The remaining 25% would go to a new fund called Medical Safety Automation Fund. This Fund would provide grants to help physicians automate.

On the House side this coming week, members of the House Insurance Committee will be looking at HB 1973 (Shapiro-D-Montgomery). Besides reauthorization, the bill has an eligibility check based on whether state taxes are paid and completion of a Commonwealth-sponsored "independent drug information service" session, which is defined as a university-based outreach program designed to promote unbiased patient-centered cost-effective pharmaceutical decisions. Expect amendments at the House Insurance Committee meeting.

HOUSE PASSES TWO WORKERS COMP BILLS

The PA House passed HB 763 to classify Hepatitis C afflicting first responders and EMTs as an occupational disease. The second bill was HB 292 to classify FEMA-trained disaster volunteers as employees for county or municipalities to cover. They now go to the Senate.

UPCOMING

- This week the House Education Committee holds a hearing on House Bill 1841 (Sturla-D-Lancaster) that would prompt a study on whether the school district benefits programs should be consolidated into a state-run program. Testifying for is the Rendell Administration and Reps. Sturla and Steve Nickol (R-York). Also testifying are PASBO (school district business officers), PSEA (teachers' union), PSBA (school boards), AFT (teachers' union), PARSS (rural & small schools), and PAHU (health underwriters).
- The Senate Banking & Insurance Committee has scheduled another hearing on the Blues' merger as a follow up to the one last week featuring Commissioner-designee Ario.
- On Tuesday October 30, the Pennsylvania Association of Health Underwriters is holding the last of four October 2007 Days on the Hill to advance private sector alternatives to the Rendell Cover All Pennsylvanians plan. This time the group comes from central PA.

HOUSE INSURANCE COMMITTEE AGENDA FOR THIS WEEK

The House Insurance Committee meets October 30 to consider four bills. They are HB 638 (Cappelli-R-Lycoming) re occupational therapy; HB 1177 (Fabrizio-D-Erie) to require insurer reimbursement for mental health services by licensed clinical social workers; and HB 1962 (R. Taylor-R-Phila.) re marriage & family therapy services and professional counseling services. Also considered will be Rep. Shapiro's HB 1973 on the MCARE abatement fund. Text is available at www.legis.state.pa.us.

ON THE REGULATORY FRONT

- October 29 was the date for comments on a proposed regulation on pre-paid burial plans proposed by the State Board of Funeral Directors. To read the proposed rule, refer to the September 29 edition of the PA Bulletin, www.pabulletin.com.
- The Insurance Department is considering an application for Mid-America Insurance Company (stock casualty) to merge with Harleysville Worchester Insurance Company.
- The Independent Regulatory Review Commission (IRRC) meets November 1st to consider Regulation 11-155 from the Insurance Department 'Objections and Procedures for Hearings on Reports of Examination'. Questions: 717/783-5417
- The new MCARE assessment rate for covered health providers is 20 percent according to the October 27 PA Bulletin Insurance Department Notice 2007-05). This represents a four percent drop from last year. The assessment is used to pay medical malpractice claims within MCARE's coverage range. It is set annually at a percent of the "prevailing primary premium" or Joint Underwriting Association (JUA) rate.

WHAT'S IN THE TORT PACKAGE

House Republicans brought in former Governor Thornburgh last week to present the case for tort reform including a package of 12 bills that includes the Fair Share Act, House Bill 850, (replacing Joint and Several liability with a comparative negligence standard). This legislation was passed twice by the General Assembly but was knocked down by the courts the first time and vetoed by Governor Rendell the second. Some of the other bills include: Capping attorney fees (HB 1942 and 1942); Capping non-economic damages (HB 860); Limiting the Statute of Repose from product liability to 15 years (HB 1005); Restricting liability with respect to innocent sellers (HB 470); and several more. Details on the rest of the package are available from Rep. Mike Turzai's office 717/772-9943.

CE NOTE: Location for the Continuing Education November 29 in southeast PA has been announced. E&O In-Depth and Health Insurance Public Policy Issues will be offered at the Ft. Washington Hotel & Conference Center near the Turnpike exit. Details: 717/732-7255