

LEG REG REVIEW 2007, Thirty-Third 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.

SCHOOL DISTRICT CONSOLIDATION VOTE SLATED

After a House Education Committee hearing last week on House Bill 1841 (Surra-D-Elk) that would prompt a study on whether the school district benefits programs should be consolidated into a state-run program, chairman James Roebuck (D-Phila.) has scheduled a voting meeting on the bill for November 14. The legislation establishes a governing body to oversee a feasibility study of consolidation and establishes a framework where many health benefits would be removed from authority of school districts (and collective bargaining) and transferred to the state. Increased benefits costs would be funded by general state tax revenues, not by the local districts.

LEGISLATION UPDATES

- *Introduced by Rep. Tony DeLuca (D-Allegheny) is a bill to establish the Landslide Insurance and Assistance Program within PEMA. This bill appears to model itself after the Mine Subsidence Insurance Program except that it does not appear to have a role for insurance agents to market the state-developed product (unlike mine subsidence).*
- *Introduced by Senator Michael O’Pake (D-Berks) is SB 1144 is legislation establishing a Consumer Advocate for Insurance within the Office of Attorney General.*
- *Text for Governor Rendell’s Cover All Pennsylvanians proposal advanced by Senator Jay Costa (D-Allegheny) in SB 1117 is now available at www.legis.state.pa.us.*
- *The Senate Banking & Insurance Committee held the second of two hearings on the proposed merger between Independence Blue Cross and Highmark. The first one featured Insurance Commissioner-designee Joel Ario. This second involved company executives.*

MCARE LEGISLATION MOVES

Passing the Senate was SB 1137 (D. White-R-Indiana) that allocates the surplus from the MCARE abatement fund. The abatement fund was established to help physicians pay their MCARE (medical malpractice) assessment in exchange for signing a pledge to continue working in PA. On the House side, another medical malpractice bill was introduced. HB 1994 (Godshall-R-Montgomery) decreases by 50 percent mandatory levels of liability coverage.

WORKER COMPENSATION STUDY RELEASED

The Bureau of Workers’ Compensation issued its annual report on whether the fee schedule for health care services is adequate to ensure that injured workers have access to care. The executive summary is available at www.dli.state.pa.us, PA keyword: workers comp. Highlights include:

- *Injured workers’ satisfaction with their treatment has reached the highest level in ten years.*
- *Provider accessibility remains a problem with 1/3 of orthopedic surgeons either not seeing WC patients or cutting back with late or reduced payments being the major reasons.*
- *57% of workers state they were informed of their rights and duties, same as last year.*

INSURANCE COMMITTEE AGENDA PACKED

The House Insurance Committee has a packed schedule for the upcoming week. On November 14, the committee will consider:

- **HB 1105** (Curry-D-Montgomery) setting **standards of care for hemophilia**. This bill originally went to Health & Human Services Committee but was reassigned to Insurance.
- **HB 1462** (DeLuca) requiring coverage for **cancer clinical trials**
- **HB 1973** (Shapiro-D-Montgomery) re **disbursement of MCARE abatement fund surplus**. 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.
- **HB 1858** (DeLuca) requiring that **consumers be notified of their unearned credit life insurance premium** if the loan is paid off early. This bill is supported by the PA Financial Services Association representing consumer discount (loan) companies.

The next day, the committee holds a hearing on two health insurance bills. HB 2005 (DeLuca-D-Allegheny) does not have text available but is described as “providing for health insurance coverage for certain children of insured parents and for affordable group health care coverage.” The other bill is HB 1601 (Eachus-D-Luzerne). It gives the Insurance Department authority to review for-profit carrier small group (2-50 lives) plan rates and requires that insurers establish community rates. It also requires that the claims paid equal 85% of premium received.

POLITICAL NOTES

- Democrats won the two races for Pennsylvania Supreme Court, setting the partisan ratio at 4-3 in favor of the Democrats, assuming that Governor Rendell appoints another Democrat to replace Justice Cappy who is leaving his position. Superior Court went the other way with Republicans winning two of the three Superior Court seats.
- **Senator Roger Madigan (R-Lycoming)**, chairman of the Senate Transportation Committee and former chairman of the Labor & Industry Committee (Act 44 Workers Compensation reform) is leaving at the end of next year. On the House side, **Rep. Jerry Nailor (R-Cumberland)** has announced his retirement.

REGULATORY UPDATE

- Proposed changes to Pennsylvania’s regulatory review system was published in the November 3 **PA Bulletin** (www.pabulletin.com). These would change some of the operations of the Independent Regulatory Review Commission.
- The Worker’s Compensation Bureau has made a revision in form LIBC-766 Request for Designation of a Physician to Perform an Impairment Rating Evaluation. The old form is not to be used starting November 1, 2007.
- A final plan for rehabilitation for Fidelity Mutual Life Insurance Company has been approved by Commonwealth Court. The company’s life insurance assets are being transferred to Commonwealth Annuity & Life Insurance Company, a Massachusetts-based subsidiary of Goldman Sachs Group. When placed into rehabilitation, Fidelity was PA’s fifth largest life insurer. Policyholder questions should go to 800/523-4573.

CE and Pre-Licensing NOTES: 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. A Property/Casualty Pre-Licensing class will be offered in Harrisburg in December 11-12-13. Details: 717/732-7255.