

## LEG REG REVIEW 2007, Thirty-Fourth Issue

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### INSURANCE COMMITTEE MOVES SIGNIFICANT LEGISLATION

The House Insurance Committee met November 20 and moved several pieces of legislation while referring two mandated benefits bills to the PA Health Care Cost Containment Council (PHC4)..

Tops on the list was **House Bill 2005 (DeLuca-D-Allegheny), a bill eliminating medical underwriting.** While somewhat different than the Governor's bill, HB 1601 (Eachus-D-Luzerne), it achieves the same goal as the Cover All Pennsylvanians proposal. A key motion to amend did not pass. Rep. Curt Schroder (R-Chester), a long-time advocate of prohibiting medical underwriting, moved to replace language of HB 2005 with HB 1601 language. HB 2005 was moved out of committee.

The second major bill was **HB 1973 (Shapiro (D-Montgomery) to use MCARE abatement fund surplus monies** to reduce unfunded medical malpractice claims liability and to require that doctors use an Rx training program that is credited with reducing medical errors. The bill also has an eligibility check based on whether state taxes are paid by participating doctors. Even though no costs were given in response to questions, the bill still moved through the committee. An amendment was made to the bill allowing for MCARE phase out in \$50,000 coverage increments instead of the current \$250,000. The argument was made that the Department may have been reluctant to phase MCARE out in the larger amount because of medical malpractice market capacity.

A third bill passed unanimously. **HB 1858 (DeLuca) would require that credit life insurance customers be notified that they are due refunds of unearned premiums** if their loan was paid off early. The bill is supported by the PA Financial Services Association, a group representing consumer discount companies (consumer loans).

The two bills referred to PHC4 for study as to how they would impact the insurance marketplace are: **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.** Insurance Committee Chairman DeLuca told the committee that he would have the committee vote on HB 1462 regardless of what the PHC4 recommended. The research is to be completed by March 31, 2008.

### SCHOOL DISTRICT HEALTH BENEFIT CONSOLIDATION MEETING MOVED

The House Education Committee is postponing a vote until mid-December on House Bill 1841 (Surra-D-Elk) on whether the school district benefits programs should be consolidated into a state-run program. The original voting date was November 14. The legislation establishes a governing body to oversee a feasibility study of consolidation and establishes a framework of consolidation. Increased benefits costs would be funded by general state tax revenues, not by local school districts. It has been met with considerable opposition from PASBO (school business officers), PAHU, and others.

## **DEPARTMENT OF AGING PLANS MEDICARE D MEETINGS**

The PA Department of Aging announced that it is convening meetings across Pennsylvania to educate seniors re their options on choosing a Part D prescription drug plan. These meeting are conducted by APPRISE program volunteers to offer “free, unbiased health insurance counseling”. They will assist by helping compare Part D plans (is your medicine on the plan’s formulary?, etc.), explaining costs, offering tips on how to save money during the coverage gap and assisting with on-line enrollments. Schedule is available at [www.aging.state.pa.us](http://www.aging.state.pa.us). The open enrollment period runs between November 15 and December 31, 2007 with coverage beginning January 1, 2008.

## **REGULATORY UPDATE**

- According to a Newsday article from November 18, Pennsylvania Insurance Department is quoted with assessing insurer losses of \$277 million in auto insurance premiums during 2005 because of rate evasion (where a policyholder uses an address in a lower cost state in order to save on auto premium). PA Insurers are also on the hook for \$12-15 million a year for accidents that rate evaders have out of state per the article.
- Homestead Risk Management Corporation is seeking to acquire Homestead Insurance Company, a PA-domiciled stock casualty insurance company.
- The Independent Regulatory Review Commission (IRRC) approved Insurance Department rule #11-155 Objections and Procedures for Hearings on Reports of Examination. Questions: Peter Salvatore 717/787-4429.
- IRRC posted its 2008 meeting schedule at [www.irrc.state.pa.us](http://www.irrc.state.pa.us)

## **NICKOL ANNOUNCES RETIREMENT**

Rep. Steve Nickol (R-York) is the latest legislator to announce plans for retirement after 2008. Nickol, minority chairman of the House Finance Committee, is credited as being one of the most thoughtful and insightful legislators by both Republicans and Democrats. He is known for numerous nuts and bolts laws such as protecting Mutual Insurance Companies from excessive PIGA assessments. He is currently the architect behind the effort to consolidate school district health benefit programs into one state-controlled benefit system.

## **PROPERTY TAX BILL WOULD AFFECT INSURANCE**

Although there are numerous bills designed to reduce property taxes by shifting tax loads to increases in sales taxes or personal income taxes or both (Rhoades, Levdansky, etc.), introduced now is House Bill 1275 by Rep. Sam Rohrer (R-Berks). This legislation is more expansive in scope because it envisions property tax elimination, not reduction. It also seeks to expand the reach of the state sales tax to new areas such as professional services. Some have said that professional services would include fee for service items charged by insurance brokers and possibly even on the full range of financial services, something that would affect banks as well as insurance interests.

## **SENATE BILL INTROS IMPACT INSURANCE**

- Consolidation of public school districts health benefit into a state plan (SB 1140 Musto-D-Luzerne)
- Coverage for mammography exams (SB 1151-Punt-R-Franklin)
- Insurers to directly reimburse emergency services organizations (SB 1131-Wonderling-R-Lehigh)
- Medical nutrition therapy coverage (SB 1145-O’Pake-D-Berks)
- Unfair or deceptive acts under the Fair Credit Extension Uniformity Act (SB 1143-O’Pake)