

## LEG REG REVIEW 2007, Sixth 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 of use 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](mailto:xenobun@aol.com). Please email [jtrout2792@aol.com](mailto: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.*

### **RENDELL PRESENTS FY 07-08 BUDGET**

On February 6, Governor Rendell presented his budgetary vision to a combined House-Senate session of the General Assembly. It called for a record \$27.3 billion budget for the fiscal year beginning July 1, 2007. Tax increases made some of the headlines:

- Tax on oil industry to help fund infrastructure. This tax partially resurfaces combined reporting, something that was first raised by his Tax Commission.
- Sales tax increase of 1% to 7%, some of which would go to property tax relief
- 3% payroll tax on employers not offering health insurance to employees

He also made headlines by calling for a lease of the Turnpike following Indiana and Chicago's example, money again for infrastructure. He also will try to convince the General Assembly to pass the Salk Initiative, a state \$500 borrowing obligation to the state that would provide funding for medical research. This was proposed last year as well but was not approved by the legislature.

Some insurance related parts of the Budget include passage of the Cover All Pennsylvanians health initiative advanced January 17 that expands adultBasic benefits to include Rx and behavioral services to employees and individuals without insurance for six months (with exceptions for immediate enrollment if unemployed for example). Although income-based, anyone could purchase the state health plan. For now, insurance brokers appear to be excluded from marketing for this 'insurer of last resort'. As mentioned above, businesses without insurance would help pay for the program (3% of payroll tax). Other funding comes from increasing cigarette taxes, taxing cigar and smokeless tobacco, the adultBasic money now in the Tobacco Settlement, hospital uncompensated care portion of the Tobacco Settlement, and the assumption of matching monies from the federal government

Another insurance note: The Crop Insurance premium subsidy would be cut by \$2 million.

### **HOUSE INSURANCE COMMITTEE VOTES FOR MERGER BILL**

The House Insurance Committee voted to move House Bill 112 (Eachus-D-Luzerne) on February 7. This bill provides '*in insurance holding companies, for definitions, for acquisition of or control of or merger with domestic insurer and for acquisitions involving insurers not otherwise covered.*' This is viewed as governing a Blues' merger or acquisition should it occur. Text of the bill or any bill is available at [www.legis.state.pa.us](http://www.legis.state.pa.us). (no space between hb and 112 when you type in the bill no.) The bill was amended to include a technical amendment. Other amendments lifting the cap on the amount of non-insurance investment were not acted on although they may resurface as a floor amendment. The investment cap may also be expanded to included P/C carriers, beyond the current life/health scope of the legislation.

## **BUDGET HEARINGS SET**

The House and Senate Appropriations Committees have set the budget hearings schedule. These are usually picked up by PA Cable Network. Some of those having greatest interest to readers are:

<i>Department</i>	<i>House</i>	<i>Senate</i>
Overall Budget	2/20	2/28
Governors Office	3/8	na
Gov. Ofc. Health Care Reform	2/20	na
Agriculture	3/5	3/8
Aging	2/22	3/6
Banking	2/22	na
DCED	2/28	3/7
Education	3/1	3/5
Health	3/1	3/1
Insurance	2/21	2/28
Public Welfare	3/8	3/7
Labor & Industry	2/28	2/27
PennDOT	3/6	3/6
PA Economy League	3/6	na

## **FUMO STEPS DOWN**

Senator Vincent Fumo (D-Phila.) has temporarily stepped down as Democratic chairman of the Senate Appropriations Committee because of a federal indictment. This decision means that Senator Gerald LaValle (D-Allegheny) is the acting minority chair for that committee. Fumo's decision means that three out of the four caucuses have new Appropriations Committee chairmen leaving only veteran House Democrat Dwight Evans (Phila.) with experience in that post.

## **BILL INTRODUCTIONS ACCELERATE**

Introductions of insurance legislation are increasing, again with the emphasis on health insurance:

- HB 121 (small business health premium tax credit) referred to Finance
- Two bills offering long-term care insurance tax credits: HB 129 gives an individual a personal income tax credit: HB 129 amends the PA Constitution for the same.) Both referred to Finance Committee.
- HB 133 (cell phone in auto prohibition) referred to Transportation Committee
- HB 163 (junior driver license) referred to Transportation Committee
- HB 292 (Workers' Compensation ' definition of employee) referred to Labor Relations
- HB 298 (Insurer reserves above 3 months worth of claims would have to be returned to premium payers) referred to Insurance Committee
- HB 304 (MCARE) referred to Judiciary Committee
- HB 305 (certificate of need) referred to Health & Human Services Committee
- HB 308 (limit liability for product sellers ) referred to Judiciary Committee
- HB 316 (mandated benefit for contraceptives ) referred to Health & Human Services
- HB 317 (reimbursement by health insurers for prosthetic devices) referred to Insurance
- HB 320 (prohibiting carrier discrimination against volunteer ambulance services/any willing provider) referred to Insurance Committee.