

## **LEG REG REVIEW 2007, Eighth Issue**

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### **BUDGET HEARINGS TAKE CENTER STAGE**

Highlighted this week were two House Appropriations Committee hearings involving Acting Insurance Commissioner Randy Rohrbaugh and Office of Health Care Reform Director Rosemarie Greco. (Thanks to PA Legislative Service for their contribution in preparing this item.)

The bulk of Rohrbaugh's discussion with lawmakers involved the Rendell Cover All Pennsylvanians proposal with questioning on the actuarial basis used to calculate the \$280 figure per adult per month and company reserves (coming out of the 15% left over after claims were paid). Small employers would need to check with the Department to see if their insurance was sufficient so as to allow them an exemption from the three percent tax.

Non health areas of questioning centered mainly on auto insurance, principally in the Philadelphia market where the Department said that state wide auto premiums had only increased 2% on the average over the past ten years and that Philadelphia auto premiums had declined by \$50 million. Rohrbaugh also commented on Medical Malpractice Insurance saying that the numbers of claims was decreasing (50%) and that the industry has not increased those premiums in two years. He also said that MCARE claims had declined by 45%.

Greco's testimony provided some insight on the Governor's program. Some highlights:

- Associations were not asked for their involvement in the preparation of the Cover All Pennsylvanians program although some individuals connected with associations were.
- Employers where some employees choose not to participate in the employer-offered plan would pay 3% of those employees' payroll. *Note: Another similar question yielded a slightly different answer, that assessing the 3% tax on just the individuals' payroll or the firm's payroll would depend on the conditions of employment*
- Crowd out (according to Greco) would not be a problem since competitive pressures mean employers would continue to offer health insurance.
- Greco said that the Maryland law (mandating that large employers of 10,000 workers pay 8% of payroll) was struck down by the court because it targeted specific companies. (NOTE: *Another explanation of the court decision was that Maryland improperly tried to supersede US Department of Labor authority over a federally regulated plan.*)

### **GOVERNOR ANNOUNCES HHS CHIP OK**

On February 23 Governor Rendell announced that federal regulators had approved Pennsylvania's expansion of CHIP per last year's legislation and that enrollments are now taking place. He also used the federal OK as an indicator that federal approval was likely for his Cover All Pennsylvanians plan. Details on CHIP expansion: [www.CHIPcoversPAkids.com](http://www.CHIPcoversPAkids.com); New proposal: [www.rxforpa.com](http://www.rxforpa.com).

## **UPCOMING APPROPRIATIONS HEARINGS OF INTEREST INCLUDE:**

- 2/27 Senate on Labor & Industry
- 2/28 Senate on Insurance Department; the Budget Secretary
- 2/28 House on DCED; Labor & Industry
- 3/1 Senate and House on the Health Department
- 3/5 House on the school retirement fund and the state workers' retirement fund; DEP; Department of Agriculture (and Crop Insurance)

## **OTHER COMMITTEE MEETINGS**

- House Labor Relations Committee holds two hearings this week on the functions of the Department of Labor & Industry and on the PA Compensation Rating Bureau.
- House Insurance Committee plans a March 21 meeting with Insurance Department Acting Commissioner Randy Rohrbaugh.
- House Democratic Policy Committee plans several health hearings. Scheduled so far are:
  - March 15 in West Chester at the West Goshen Municipal Building hosted by Rep. Barbara McIlvane Smith (D-Chester)
  - March 28 at the Lehigh County Building hosted by Rep. Jennifer Mann (D-Lehigh)
  - March 29 in the Whitehall Community building hosted by Rep. Chelsea Wagner
  - April 26 at the Dunmore Community Center hosted by Rep. Ken Smith

## **WORKERS COMP PCRB UPDATES**

- PA Compensation Rating Bureau (PCRB) announced that the new loss cost filing rate approved by the Insurance Department is +2.95 percent, taking effect April 1, 2007. (Circular 1521)
- There is a Manual revision issued 2/22/07 (Circular 1522) re Catastrophe Code 87.
- PCRB is also convening Pennsylvania workshops as follows:
  - *Basic Operations of the PCRB (3 credits) offered April 19 and September 20.*
  - *Advanced seminars (3 credits) are Classification May 9, Experience Rating June 21, Actuarial Procedures Sept. 13, Unit Statistical Reporting Sept. 18 and Test Audit Oct. 11, all for \$35.00. All CE will take place at the PCRB office, 30 South 17<sup>th</sup> St., #1500, Philadelphia. Details: [www.pcrb.com](http://www.pcrb.com) 215/568-2371 x4455.*

## **PHC4 PLANS APRIL CONFERENCE**

PA Health Cost Care Containment Council (PHC4) is planning a full day symposium in Harrisburg April 18 focusing on issues like price transparency and hospital acquired infections. (Details: [www.phc4.org](http://www.phc4.org) 717/232-6787). RSVPs are requested by April 11. Cost is \$30.00.

## **INSURANCE DEPARTMENT NEWS**

- CLAC Insurance Enterprises Holdings Ltd. has applied to acquire control of AmGUARD Insurance Company, NorGUARD Insurance Company, EastGUARD Insurance Company, and WestGUARD Insurance Company. *Another company move is Shared Services Insurance Group Inc. applying for a certificate of authority to operate as a domestic stock casualty insurance company in PA.*
- After Koken's departure, Insurance Department legislative liaison Lisa Tressler has moved on to do legal work at the Office of Administration. Coming in to the Department is Doug Furness who previously worked as the Department of Agriculture's legislative liaison and for former Rep. Jeff Coy (D-Franklin).