

LEG REG REVIEW 2007, Ninth 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.

RENDELL'S HEALTH INSURANCE PLAN HAS A BILL NUMBER

House Bill 700 is the bill number assigned to Governor Rendell's massive health reform proposal even though the text is not yet available from the Electronic Bill Room (www.legis.state.pa.us). Chairman Rep. Tony DeLuca (D-Allegheny) has already scheduled hearings for March 26 and 27 to begin committee deliberations on the plan. Having one large bill appears to be a change from the originally announced Administration presentation that there would be 47 separate parts to the reforms. *(NOTE: Those interested in testifying or in submitting written comments for the record should contact Insurance Committee executive director Rick Speese at 717/787-4437 rspeese@pahouse.net. as soon as possible.)*

Future hearings are tentatively set for April 2 and 3 in Delaware County and on April 11 and 12 in Wilkes Barre.

PAHU ADDRESSES PREMISES OF HEALTH PROPOSAL

On March 6, the Pennsylvania Association of Health Underwriters (PAHU) presented 2 ½ hours of testimony before the House Republican Policy Committee critiquing the Rendell proposal and suggesting private sector oriented reforms as an alternative. Although addressing specific problems as well as a number of proposals, the PAHU testimony stressed certain concepts or basic premises. Some of these included:

- PA has one of the higher percentages of people with health insurance in the US. This suggests that *PA's system may have problems but is certainly not broken.*
- Will a proposal help the private sector or *will it result in 'crowd out'* where employers and employees not offer or accept private sector insurance coverage in favor of the expanded state plan? PAHU said that the Rendell plan will weaken the private sector.
- Will the proposal reduce costs or increase costs? *PAHU took the view that the Rendell plan would increase costs because it expands a quasi-entitlement program (adultBasic) but does not change consumer attitudes when deciding to utilize the health system.* The need is to help consumers become more rational when consuming health care services by promoting use of HPHPs and health saving accounts as well as promoting provider price transparency. PAHU noted that another cost-driver is overuse of diagnostic or duplicate tests but said that doctors prescribe more diagnostic procedures because of the fear of law suits. The General Assembly should once again pass the Fair Share Act (comparative negligence to replace the existing system of joint and several liability).
- Is the *Rendell proposal a way station to single payer?* Evidence of this mind set was the March 2 media report that the Department of Public Welfare decided to terminate private sector marketing of Medicaid managed care programs in favor of a state-run program.

WAS IT THREE PERCENT?

A March 9 Central Pennsylvania Business Journal news report cites an Administration spokesperson at the Department of Labor & Industry (L&I) saying that the three percent payroll tax in the Rendell proposal for employers not providing health insurance is only temporary and that it will be revised upward to 3.5% after an initial 3-year period.

MEETINGS

- On March 15 House members will testify before the House Appropriations Committee regarding their personal budgetary priorities.
- This week Senate committees will review Governor Rendell's nominations of Aging Secretary Nora Dowd Eisenhower, DPW Secretary Dr. Calvin Johnson, Conservation & Natural Resources Secretary Michael DiBerardinis, DCED Secretary Dennis Yablonsky, PennDOT Secretary Allen Beihler, General Services Secretary James Creedon, Corrections Secretary Jeffrey Beard, and Department of Agriculture Secretary Dennis Wolff. If approved by the committees, the nominations will progress to the full Senate to consider the confirmations.
- The Senate Agriculture and Rural Affairs listening session in Ephrata was re-scheduled for March 16. Restoring the state subsidy for Crop Insurance premiums cut by the Rendell Budget proposal for FY 2007-08 is expected to surface.
- The House Insurance Committee plans an informational meeting with Acting Insurance Commissioner Randy Rohrbaugh March 21 to discuss his perspective on the Department's operations, programs, and how it regulates the insurance industry.
- Senate Banking & Insurance Committee meets this week on three bills.
- **House Democratic Policy Committee plans several hearings focusing on Rendell's proposal for health care reform. Scheduled 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

Those interested in testifying or presenting written comments are asked to contact Rep. Todd Eachus' office at 717/787-2229.

DEPARTMENT ISSUES ANOTHER FLOOD WARNING

The PA Insurance Department has issued another advisory regarding insurance producers and the National Flood Insurance Program (NFIP). The memo reminds producers that NFIP requires flood insurance training as part of a person's credentialing to write flood insurance. Please note that this in no way changes the long-standing Pennsylvania policy of letting producers choose what CE they want to take in order to complete their 24-hour requirement.

MARCH DATES TO NOTE

- March is Ethics Month per the CPCUs.
- March 15 is the sales closing date for most Pennsylvania crops for Crop Insurance. Three resources are www.rma.usda.gov, www.cropins.aers.psu.edu, and kapowell@state.pa.us.
- Western CE Tour occurs March 14 in Uniontown, March 14 in Monroeville, and March 28 in Indiana. Each location offers eight CE credits. Details: 717/732-7255 jtrout2798@aol.com