

LEG REG REVIEW 2008, Eleventh 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.

HEALTH INSURANCE WEEK 1 IN THE HOUSE Part Two A. Senate Bill 1137, Creation of a Government Health Program

On March 17 the House voted 118-81 largely upon party lines to approve SB 1137, approving the modified Cover All Pennsylvanians plan, now known as ABC instead of CAP.

Democrats voted solidly for the bill. Republicans crossovers included most of the Rs that voted with Democrats for the Eachus Amendment last week but added some new ones.

Crossovers from last week who voted for final passage: Karen Beyer (Lehigh), Eugene DiGirolamo (Bucks), Robert Godshall (Montgomery), George Kenney (Phila.), Nicholas Micozzie (Delaware), Jay Moyer (Montgomery), John Payne (Dauphin), Ron Raymond (Phila.), Mike Vereb (Montgomery)

New crossovers were: Bill Adolph (Delaware), Karen Boback (Luzerne), Kate Harper (Montgomery), Tom Murt (Montgomery), Jim Marshall (Beaver), Mario Civera (Delaware).

Noteworthy are two Republicans who voted for the Eachus Amendment last week but who returned to their caucus position to vote no: Mario Scavello (Monroe) and Matt Baker (Tioga).

Status: It went over to the Senate where it is not expected to receive a warm reception, particularly given Senate Banking & Insurance Committee chairman Don White's (R-Indiana) vehement opposition to using the MCARE abatement fund money to fund a new government health program.

B. House Bill 2005, Rating Reform

On March 18 the House took up House Bill 2005 (DeLuca-D-Allegheny). The bill was amended to strip the original bill text and replace it with language authored by long-time medical underwriting opponent Curt Schroder (R-Chester). In its present form, the bill:

- Mandates a loss ratio of 85%. This means that for every dollar received in premiums, the insurer must spend 85 cents in claims. According to insurance groups, this gives larger insurers a significant competitive advantage because of their huge economy of scale. Failure to reach 85% means that the insurer will be forced to refund the difference to policyholders.

- Bans medical underwriting
- The Insurance Department will develop a minimum benefit plan to which all health insurance plans must adhere. PAHU raised concern about the Department's apparent inclination to create rich benefit packages (CHIP, adultBasic) and call them minimum. The result, per PAHU, will be a more expensive product leading to more uninsured. Concern was also expressed that high deductible health plans/Health Savings Accounts could also be placed at risk if the Department decides it does not like them.

Status: The House did not vote on HB 2005 as expected because of another issue dealing with lost/stolen hand guns. It would impose severe sanctions on the owner if the lost/stolen gun was used in a crime and the owner did not report the loss. Because of that bill's heated debate and uncertain vote count, the House was adjourned until March 31.

C House Bill 1660 Single Payer

On March 19, the House Health & Human Services Committee convened a hearing on a single payer plan, House Bill 1660, sponsored by Rep. Kathy Mandarino (D-Phila.). Although the bill is not seen as having a realistic chance of passage at this time, the hearing highlighted the strong divisions in society over the future of health care. Proponents argued that it made sense to consolidate health care under the government using Medicare as a model and that government must carry that responsibility to make sure that everyone is covered. It would be paid for by a business payroll tax and a doubling of personal income taxes. Groups such as League of Women Voters and AFL-CIO testified for House Bill 1660.

Opponents included PAHU and the Lehigh Valley Chamber of Commerce. Arguments con were centered on ballooning costs (because of a sense of entitlement) and rationing that comes with single payer systems. PAHU also tried to reference specific personal experiences with the Australian system that led to delays and deaths because of inherent flaws in the system itself but was not permitted to complete the presentation.

REGULATORY NOTES

- **Long-Term Care Partnership training guidance.** An e-mail from Jack Yanosky, Director of Producer Service, attempted to clear up some confusion surrounding training and CE requirements for those planning to sell Long-Term Care Partnerships and long-term care insurance generally.
 - The Department requires that any producer planning to sell or discuss LTC Partnerships with clients take a mandatory one-credit Partnership course. This applies to PA resident producers and all non-resident producers selling the product here in Pennsylvania. Non-residents would not receive CE credit for it in their home state.
 - The Department will propose a regulation requiring all producers selling LTC insurance to complete eight hours of long-term care CE by year's end 2008 and four hours of LTC CE for each licensing cycle thereafter.
 - There is no data base producers can go that lists the CE providers offering the one-credit Partnership class. Rather, producers will have to research classes on sircon and contact the CE provider to see if the class meets the Department's Partnership training requirement.
- The Insurance Department received high marks from the national NAIC-sanctioned Licensing Coalition in an evaluation report on PA's producer licensing program.