

## **LEG REG REVIEW**

### **2008, Twenty First Issue**

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#### **SENATE PASSED THEIR BUDGET; NOW IT'S THE HOUSE'S TURN**

Last week the PA Senate passed SB 1389 showing a reduction from Governor Rendell's original Budget spending increase of over four-percent. This contrasts to the House Appropriations Committee's House Bill 2380. Some comparisons between the two bills follow.

#### **Office of Health Care Reform**

SB 1389: \$1.1 million state money and \$325,000 Federal money. HB 2380 has \$1.4 million state money plus the Federal \$325,000. The Senate bill allows \$241,000 for Rx for PA implementation and \$2 million for chronic care management (part of Rx for PA) while the House bill calls for \$700,000 and \$2.2 million respectively. In addition, House Bill 2380 has \$5 million for Rx for PA Health Information Exchange, an item not appearing in SB 1389.

#### **Department of Aging**

SB 1389 and HB 2380 have \$8.7 million of Lottery money funding the Aging Department. PENNCARE program monies are identical at \$247.6 million. The Rendell Administration transferred funding for Aging away from the General Fund to the State Lottery Fund except for an Alzheimer's disease program.

#### **Insurance Department**

HB 2380 includes \$23.839 million in general operations. SB 1389 includes a slightly lesser amount, \$23.541 million. Both House and Senate bills show a \$266,000 appropriation for Rx for PA small business regulation. (It is unclear from the documents as to whether or not this is part of Access to Basic Care or rate reform allowing the Department to approve rate requests from for-profit carriers.) Both bills have a \$10 million repayment of a loan taken from the Underground Storage Tank Indemnification Fund (USTIF) several years ago.

#### **Department of Public Welfare**

Annual state money for Medicaid long-term care is climbing toward one and a half billion dollars. Medicaid long-term care (in HB 2380) includes \$955 million in general state money with a Federal match of \$2.2 billion. SB 1389 sees the same in state money but less coming from the Feds (\$2.154 billion). In addition, there is also state long-term care money coming from the Lottery Fund totaling \$248.771 million in HB 2380 and SB 1389 and \$134.1 million from the Tobacco Settlement in SB 1389 versus \$135.467 million in HB 2380.

#### **Agriculture Department**

HB 2380 restores previous years' funding cuts for the Crop Insurance premium subsidy program to \$3 million while SB 1389 keeps it at \$1.5 million.

## **Health Department**

Both HB 2380 and SB 1389 include \$4.750 million for Rx for PA primary care access and \$500,000 for another Rx for PA program, health equity strategies.

### **RENDELL REPORTEDLY AGREES TO WAIT ON HEALTH INSURANCE PLAN**

According to news reports, Governor Ed Rendell has apparently decided to hold off on linking Budget approval to approval of his Access to Basic Care (ABC) proposal formerly known as Cover All Pennsylvanians. If true, this creates a brighter prospect for Budget resolution since earlier it was feared that he was tying ABC into the Budget negotiations. Despite that, the Administration is still mounting an all-out campaign to enact ABC via intensive media, speeches by Administration officials including the Agriculture Secretary to farm groups and an email that went out from the state to numerous groups and individuals throughout the Commonwealth. Additionally, the Office of Consumer Liaison within the Insurance Department sent out its own blast e-mail.

### **PHC4 REAUTHORIZATION SPURRED**

Reauthorization of the PA Health Care Cost Containment Council (PHC4) received a boost after the second of two hearings convened by the Senate Public Health & Welfare Committee June 17 and quick committee approval of SB 1372 (Fontana-D-Allegheny) June 18 giving PHC4 five more years of life. The bill is readied for a Senate vote. On the House side, the Insurance Committee plans a meeting to consider HB 2648 (Eachus-D-Luzerne) to give PHC4 a four-month breather.

### **REGULATORY UPDATE**

- The Insurance Department will propose new rules regarding Continuing Education. Requests for the draft must be received by the Department by July 11 (Bureau of Administration, 1326 Strawberry Square, Harrisburg, PA 17120.) NOTE: This has not yet been formally proposed as a formal regulation. It is an attempt made by the Department to solicit industry input BEFORE the regulation is presented for formal review. It stems from a meeting the Department called a few weeks ago bringing PAHU, NAIFA-PA, and IA&B together to discuss Continuing Education and NAIC producer licensing standards.
- On June 13, the Department issued a data call for auto insurance companies. This appeared in the June 21 PA Bulletin ([www.pabulletin.com](http://www.pabulletin.com)). Details: Bojan Zorkic 717/787-6968
- In the same PA Bulletin, the new Department per diem fees for market conduct exams (Notice 2008-06) and financial exams (Notice 2008-07) are listed.
- The Patient Safety Authority (MCARE) will meet July 22, 2008 in Harrisburg.

### **INSURANCE COMMITTEE PASSES CONSUMER ADVOCATE**

The House Insurance Committee met June 17 to consider several bills. Passed was HB 1121 to establish an Office of Insurance Consumer Advocate (OCA). It was amended to focus on health insurance only and to receive monies out of the General Fund. Two community clinic bills (HB 1824 & 1825) passed as did HB 2642 which punishes health insurance companies if their rate increases stem from paid claims for foreseeable adverse situations or hospital infections.

Also moving through the committee were a bill preventing insurers from not renewing a homeowner policy on the basis that surrounding buildings were vacant (HB 2490) and HB 2580 requiring the Blues to reimburse for licensed occupational therapists. Not considered at this meeting were HB 305, reinstating certificates of need, and HB 1485, a bill protecting insurer financial records used by the Department for financial evaluation from public scrutiny.