

LEG REG REVIEW 2008, Twenty Eighth 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.

AND NOW THERE ARE THREE ...session days until the October recess and reauthorization of PHC4 is still in limbo.

SENATE PASSES HEALTH LEGISLATION

The PA Senate passed parts of the Senate Republicans' health reform package which they presented as an alternative to Governor Rendell's Access to Basic Care proposal. This includes:

- SB 1422 D. (White-R-Indiana) to authorize mini-COBRA for employers with between 2-49 employees. This would give employees and dependents that lose health coverage because of job loss to continue the employer-offered coverage although they would have to pay the full cost (functioning like COBRA itself).
- SB 1453 (Corman-R-Centre) to increase the dependent age for health insurance to 30. In order to qualify, the young adult would have to be unmarried, have no dependents of their own, have no other coverage, or going to school full-time. Excepted are specific disease policies, vision/dental, accidental, and disability income policies. The House had previously passed similar legislation, HB 1556 (Longiotti-D-Mercer), but the Senate Banking & Insurance Committee opted to move a Senate bill instead.

ANNUITY SUITABILITY ON FAST TRACK

Senate Bill 1307 (Corman-R-Centre) was re-referred to the Senate Appropriations Committee after being approved by the Senate Banking & Insurance Committee. This positions the measure for full Senate consideration before the recess and possibly de facto end of the legislative session if there is no post-election lame duck session. SB 1307 provides for a new suitability test for sales of annuities to persons of any age. The bill spells out what analysis insurance producers must undertake in order to ascertain suitability. There is a fail-safe in that the insurance producer is not responsible for what he or she did not know or financial information that the client chose not to disclose.

OTHER LEGISLATIVE ACTION

- The Senate passed HB 1177 allowing licensed clinical social workers to receive reimbursement from insurance companies providing mental health benefits.
- Senate Banking & Insurance Committee amended and moved HB 2098 as reported in the last [Leg-Reg Review](#). The bill was since re-referred to Appropriations Committee, paving the way for Senate passage of the bill.
- Also ready for a Senate vote is SB 5, (Erickson-R-Chester), a bill to expand the numbers of free clinics in the Commonwealth to reduce use of emergency rooms by the indigent. This bill is the cornerstone of the Senate Republicans' health initiatives.
- On the House side, that chamber is poised to take up Senate Bill 100 (Tomlinson-R-Bucks) after approval by the House Consumer Affairs Committee September 23. This is a bill to regulate home contractors. It contains an insurance requirement.

EDUCATION BENEFIT CONSOLIDATION DOES NOT MOVE

House Bill 1277 (Surra-D-Elk) did not move to final House passage despite an attempt to put it on the fast track. The bill was re-referred to the House Appropriations Committee. When the House reconvenes next week, expect additional pressure for a quick passage. This bill would consolidate the health benefit programs of all school districts except Philadelphia into one state-run plan. It is opposed by PA Association of School Business Officers, the PA Association of Health Underwriters, and others but is strongly supported by PSEA (teachers' union).

NAIC HITS FED FOR BLOCKING MEDICARE MARKETING CLEAN-UP

The National Association of Insurance Commissioners (NAIC) issued a White Paper citing serious federal oversight problems with the agent and company marketing of Medicare Advantage and Medicare Part D prescription plans. Its key point was that federal oversight eclipsed state regulatory authority in 'holding plans accountable for their marketing practices. Some of the other criticisms include assertions in marketing that there is:

- Use of confusing and vague names
- Cross-selling of Medicare products into annuities during a Medicare appointment
- Cold calling
- Lack of a suitability test in marketing Medicare products
- Lack of a requirement that agents meet state continuing education requirements

The PA Insurance Department had not issued a reaction to the NAIC report but is preparing a Bill of Rights for senior citizens to help protect them from marketing abuses in life and annuity as well as health and long-term care products.

FLOOD PROGRAM CONTINUES

Originally set to expire September 30, the National Flood Insurance Program (NFIP) was given an extension by congressional action continuing the existing program in the short term. Still to be reauthorized is the NFIP and a number of issues still must be resolved by the new Congress. Central among them is a House of Representatives proposal to have an NFIP multi-peril policy covering both wind and flood. That idea is opposed by both national PIA and the Big I.

INSURANCE/CLIMATE SUMMIT PLANNED

The PA Insurance Department announced plans for a Climate Change Summit November 6th in Harrisburg. Its purpose is to bring company CEOs, insurance trade groups, consumer advocates and other government agencies such as the Department of Environmental Protection, Department of Community & Economic Development, Agriculture, and Treasury together. A particular topic will be environmental risk disclosure. Details: Donna Flickinger 717/787-0636 E-mail: donflickin@state.pa.us.

AG DEPARTMENT SETS OCTOBER 21

The PA Department of Agriculture has set October 21 as the date of its 9th Annual Crop Insurance Conference in Harrisburg. The event will focus on federal legislative and regulatory changes stemming from the Farm Bill. CE credits have been applied for. Details: kapowell@state.pa.us.