

LEG REG REVIEW 2008, Third 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.

TAX ISSUES DOMINATE HOUSE WEEK

Property Tax reform dominated House activity last week with three major pieces of legislation in play. **HB 1600** (Levdansky-D-Allegheny) would lower property taxes by increasing state sales tax to 6.5% (currently at 6%) and increase the Personal Income Tax, or PIT, by .22 percent. HB 1600 was reported from the Appropriations Committee January 16. It also contains provisions to protect school district revenues from falling below current levels. Joining HB 1600 is another bill also moved by Appropriations January 16. **HB 1489** has a different taxation mix but tries to do much the same thing. It is sponsored by House Majority Leader Bill DeWeese (D-Greene).

The second piece of legislation was taxation bill **House Bill 377** (D. Evans-D-Phila.). The House tacked on a number of amendments addressing unpopular taxes including repeal of the tax on cell phones and the inheritance tax as well as reducing the PIT to 2.8 percent by 2009. Of interest to those in the health insurance market was an amendment offered by Rep. Scott Boyd (R-Lancaster) to HB 377 to give businesses a tax credit if they help their employees with an insurance deductible for a high deductible/health savings account plan. This amendment is also found in his separate bill, HB 121 that is part of the GOP alternative to Governor Rendell's Cover All Pennsylvanians proposal. HB 377 was passed 191-0 on Jan. 17. Text of bills is always available from the Electronic Bill Room www.legis.state.pa.us.

NOT TO WORRY: HEALTH ISSUES STILL THERE

Despite the focus on property tax and other taxation issues, health reform still commanded the insurance agenda with competing press conferences on Cover All Pennsylvanians (CAP). First up was Governor Rendell with a group of uninsured Pennsylvanians to assert that anything but CAP was insufficient to the need. House Republicans blasted back immediately in their own press conference, presenting no fewer than 14 bills that each address a health insurance or health care costs issue. The Governor pressed for passage of his plan by Valentine's Day and in Philadelphia reportedly promised to campaign against Republicans who did not support his plan. By week's end, he was quoted in the Sunday Patriot-News (Harrisburg) as saying that this should not be a partisan issue of Republicans versus Democrats.

Needless to say, SB 1137 is still on the House agenda. It was earlier amended by House Insurance Committee Democrats to reflect the Governor's attempt to take some of the surplus in the MCARE abatement fund to fund Cover All Pennsylvanians. This move is still met with Senate Republican opposition (They are in the majority) and uncertainty in the House as to whether or not the votes are there. House Democrats have a working majority of only two.

In a separate area, the **Senate Banking & Insurance Committee has called a January 30 hearing on the proposed merger between Independence Blue Cross and Highmark** to hear from Capital Blue Cross and the Delaware Valley Health Care Coalition.

MORE RETIRE...

Senator Terry Punt (R-Adams/Franklin) is the latest legislator to join the exodus after this year. Punt is the Majority Caucus Administrator. New retirements came from the House too:

- Rep. Ray Kenney (R-Phila.) minority chair of the House Health & Human Services Committee
- Rep. Tom Petrone (D-Allegheny)

PA COUNCIL ON AGING: 2008 MEETING DATES

The Pennsylvania Council on Aging established the following schedule for its 2008 meetings:

- Wednesday, February 13, 2008 9 a.m.--2:30 p.m.
- Wednesday, April 9, 2008 9 a.m.--2:30 p.m.
- Wednesday, June 11, 2008 9 a.m.--2:30 p.m.
- Wednesday, August 13, 2008 9 a.m.--2:30 p.m.
- October Meeting TBA
- Wednesday, December 10, 2008 9 a.m.--2:30 p.m.

REGULATORY UPDATE

- **IMPORTANT FOR SURPLUS LINES LICENSEES:** The Insurance Department has released its list of non-admitted carriers eligible to write surplus and excess lines coverage in PA. List is available from www.pabulletin.com in the January 19 issues.
- On January 12, the Insurance Department increased the threshold of auto claim costs over a three-year period that permits an insurer to levy a surcharge. The new amount is \$1,350.00 effective July 1, 2008.

TWO EARLY FEBRUARY LEGISLATIVE EVENTS TOUTED

Two insurance events are being pushed by their respective sponsors. February 2-6 is the Capitol Conference sponsored by the National Association of Health Underwriters (NAHU) where insurance brokers present their issues to folks on Capitol Hill in Washington on topics such as the uninsured and promotion of long-term care insurance. Leading the 25 person PA delegation this year is PAHU president Stewart Anmuth. Details: www.nahu.org

The second February (4-5) event is the yearly Mutual Insurance Day sponsored by the PA Association of Mutual Insurance Companies (PAMIC). This is also a legislative event with, in addition to visits to legislators, presentations by Insurance Commissioner-designee Joel Ario, Senate President Pro Tempore Joe Scarnati (R-Warren) and Rep. Glenn Grell (R-Cumberland). Attendees are employees and executives from PA P/C mutual companies. Details: www.pamic.org 717/303-0197

I DAY REFERENCE LIST

In response to the number of inquiries received by Leg-Reg Review, following is a list of I-Day dates and contact points:

- **March 20** **Central PA I Day** www.centralpaiday.com
- **April 16** **Reading I Day** **Sandi Boone** sboone@thedunlogroup.com
- **April 25** **Pittsburgh I Day** www.insclubpgh.org

CONTINUING EDUCATION NOTE FROM PHILLIPS ASSOCIATES...Help Wanted. PHILLIPS ASSOCIATES is seeking instructors who are knowledgeable on Flood Insurance in preparation for courses to be offered this spring. Queries should be directed to Joan Troutman 717/732-7255.