

LEG REG REVIEW

2008, Fifth 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.

PROPERTY TAX SHIFT STALLED

House Majority Democrats pulled debate on HB 1600 (Levdansky-D-Allegheny) after it was amended by former Speaker John Perzel (R-Phila.) to dedicate gambling revenues to property tax relief for seniors making under \$40,000 per year. The amendment radically changed the original design for the bill which was to reduce property taxes for all by shifting the tax to increases in sales and personal income taxes. *Another amendment advanced by Rep. Sam Rohrer (R-Berks) would have eliminated all property taxes for individuals AND businesses to be replaced by funding from sales tax expansion to services including “financial services”. This amendment failed 148 to 47.*

INSURANCE COMMITTEE TO RUN HEALTH BILLS

On February 6, the House Insurance Committee is slated to run two health insurance bills.

- HB 2028 (DeLuca) permits insurers not to pay hospitals and doctors for “preventable serious adverse events”. This builds on HHS’ decision not to pay under Medicare and Governor Rendell’s order blocking Medicaid payments. It is regarded as a key component in the Governor’s Prescription for Pennsylvania because it creates a financial consequence to health care providers and presumably reduces the likelihood of medical malpractice (health costs).
- HB 2026 (Pickett-R-Bradford) establishes a Mini-COBRA where former employees within employer groups of two to 19 would be allowed to continue health insurance, paying 102 percent of the full premium. Employer responsibilities would be limited to a notification of eligibility. Mini-COBRA is part of the House Republicans’ package of alternatives to Gov. Rendell’s Cover All Pennsylvanians proposal.

EDUCATION BENEFITS BILL MOVES

On January 30, the House Education Committee moved the bill that sets the stage for consolidation of school district health insurance benefit programs into a state-run plan (HB 1841-Surra-D-Elk). Although advocated by the Governor, the bill attracted several Republican votes. Defeated in committee were amendments that would have allowed school districts to opt out if they felt that the state program would mean a step back from their present position. Another defeated amendment introduced by Rep. Jake Wheatly (D-Allegheny) would have forced inclusion of the Philadelphia School District, now exempted from the legislation. The committee votes were a setback for PASBO (school business officers), the school boards, and the Pennsylvania Association of Health Underwriters. PSEA (teachers’ union) supports HB 1841.

BLUES MERGER HEARING HELD

The Senate Banking & Insurance Committee held a hearing January 30 on the Independence Blue Cross – Highmark proposed merger. Testifiers included Capital Blue Cross, Delaware Valley Health Care Coalition, and the trades unions.

COMMITTEE ACTION THIS COMING WEEK

- On February 5, the Senate Banking & Insurance Committee meets to consider SB 484 (Browne-R-Lehigh), a bill giving the Banking Department authority to require national criminal screening for mortgage brokers and consumer discount companies engaged in mortgage loans.
- One of the bills to be considered February 5 by the House Commerce Committee is HB 61 (Markosek-D-Westmoreland) concerning the sale of securities. It puts the legal burden of proof on those claiming certain credentials.

BUDGET LOOMS AS NEW WEEK'S FOCUS

On February 5, Governor Rendell will address a joint House-Senate session to unveil his proposed Budget for FY 2008-09 beginning July 1. Of possible interest will be his Budget details on Insurance Department funding (will it include monies re rate reform and Cover All Pennsylvanians?) and Crop Insurance. Last year, the Administration cut funding for the Crop Insurance premium subsidy program to \$1 million (upped to \$1.5 million by the legislature). Outlook is unclear given the timing of a January 30 press release issued by Agriculture Secretary Wolff citing the importance of Crop Insurance and the state subsidy program.

HHS NAMES PA LTC EDUCATION STATE

The 'Own Your Own Future' initiative administered by HHS' Centers for Medicare & Medicaid Services has named Pennsylvania and Ohio as its newest states. The effort's purpose is to educate consumers about the need to plan for long-term care. Sometime in the spring, PA residents between 45 and 65 will receive a mailing re a free Long-Term Care Planning kit. Uncertain is the emphasis, if any, on private sector long-term care insurance. The effort is funded by the Deficit Reduction Act which funds the National Clearinghouse for Long-Term Care Information (www.longtermcare.gov). CMS Public Affairs may be reached at 202/690-6145.

WAR OF THE WORDS CONTINUES

Governor Ed Rendell issued two pronouncements January 22 to further add to pressure for the General Assembly to pass his Cover All Pennsylvanians proposal. First, the state will no longer pay for preventable medical errors involving hospitalized Medicaid patients. He also announced that an additional 29,000 adults on the waiting list for adultBasic will now be covered (leaving a waiting list that may still number over 50,000). Rendell also chided opponents claiming that the numbers of uninsured have grown and will do so even more in tougher economic times to come.

KAISER NOTES PA INSURED IMPROVEMENT

Irrespective of current economic news, the Kaiser Family Foundation's 2006 numbers showed PA as insuring 120,000 more people than the year before and still continuing to do better than the Nation re the numbers of the uninsured. In 2006, for example, 10% were uninsured versus 11% in 2005. The ratio of those with employer-based insurance remained constant at 58% but those with individual policies comprised six percent of the total, up from 5% the year before. By comparison, the national numbers were 16% uninsured and 54% having employer-based coverage. PA's share on Medicaid increased one percent to 12, attributed in part to CHIP enrollment. You may wish to refer to www.statehealthfacts.com for the full chart.

AUTO RIGHT TO SUE BILLS PASS JUDICIARY

House Bills 1104 (Taylor-R-Phila.) and 1510-(Shimkus-D-Lackawanna) passed a key test in the House Judiciary Committee January 29 when the bills moved through committee with all Democratic votes except for one (Rep. Dan Frankel-D-Allegheny) and with some Republicans crossing over. Both Act 6 bills change full and limited tort terminology to full and limited right to sue. Text is available via www.legis.state.pa.us.