

LEG REG REVIEW 2008, Ninth 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.

THIS WEEK AS HEALTH INSURANCE WEEK

The legislative climate is somewhat fluid regarding expectations of House Democrats moving major health insurance legislation next week. In legislative meetings held March 4 and 5, leaders of the Pennsylvania Association of Health Underwriters (PAHU) received conflicting messages about what the House will do this coming week. One view is that the Governor's energy proposal will take center stage and only then will attention swing to health insurance. A starkly differing view is that health insurance will be front and center. Assuming that the later is true, some possibilities are:

- Possible introduction of a new Democratic Cover All Pennsylvanians (CAP) proposal that will differ from the Governor's in terms of scope.
- *Small group rating reform (HB 2005) that would eliminate medical underwriting for carriers except for those with less than 10% market share in a particular region.*
- Community networks forming solely to purchase group health insurance (HB 2209)
- *Insurers not having to pay for foreseeable adverse events (medical errors) HB 2028*
- Mini-COBRA plan (HB 2026)
- *Doctor price transparency (HB 2028)*

The last two bills are Republican-sponsored, part of their alternative to Rendell's CAP.

MORE FIREWORKS FOR ARIO

As if the Senate Appropriations Committee grilling was not enough, Acting Insurance Commissioner Joel Ario ran into more pointed questioning at the House Appropriations Committee, centering on the Governor's Cover All Pennsylvanians (CAP) proposal and the use of the MCARE abatement fund surplus to pay for it. Republican (minority) Chairman Mario Civera (R-Delaware) set the hearing's tone by questioning the linkage between holding up doctor's abatement payments (used to pay their medical malpractice state insurance assessment/premium) and funding a new government program.

Rep. David Reed (R-Indiana) zeroed in on the adultBasic waiting list, noting that Gov. Rendell makes periodic announcements about people being taken off the waiting list. The Acting Commissioner revealed that the actual take-up was about 1/3. This means that 2/3 of those on the waiting list no longer want to be on adultBasic when their turn in the queue comes. Some move out of state or have secured other insurance coverage. This led to the question as to whether Cover All Pennsylvanians really would cover all, or just some Pennsylvanians.

In somewhat of a surprise, Ario candidly told members of the committee that tapping the MCARE abatement surplus was not cast in stone although the Governor fervently wanted it. Ario noted that the original Rendell proposal to impose a payroll tax to pay for CAP was discarded when it became obvious that the legislature would not concur. MCARE abatement funding is Plan B, he said, but there would be a Plan C, D etc. if the latest funding idea ran into trouble. He mentioned this again on March 6 in a speech to the Central PA Association of Health Underwriters.

On another issue, Rep. Bob Godshall (R-Montgomery) chided the NAIC, asserting that unlike the NCOIL (National Council of Insurance Legislators) which drafts model legislation openly, the NAIC exceeded its regulatory purview by proposing model laws but does so often in executive session. Acting Commissioner Ario said that the NAIC should not have closed meetings except where confidential discussion of companies' financial conditions is involved.

The most heated exchange came at the last when Rep. Doug Reichley (R-Lehigh) took the Administration to task, again on the linkage between MCARE abatement fund/doctors issue and Cover All Pennsylvanians. Ario answered that he did not see it as taking doctors hostage but rather saw it as a comprehensive attempt to resolve two related issues (medical malpractice and the uninsured). He also minimized the portion of CAP funding coming from MCARE.

Two other issues were property/casualty insurance related. First was Governor Rendell's desire to surcharge property insurance premiums for both homeowners and businesses to generate \$3.3 million which then would be used as leverage in securing state borrowing to pay for flood control. Second, the unfunded liability of the Underground Storage Tank Indemnification Fund was discussed.

Similar fireworks occurred at another budget hearing with the Office of Health Care Reform.

COMING UP...

- Two conference committee hearings will be held this week on SB 246 (Greenleaf-R-Montgomery), the smoking ban central to Governor Rendell's Rx for Pennsylvania.
- *Three budget follow up hearings will take place. On March 11, DCED Secretary Dennis Yablonski will discuss the economic development budget. Also on March 11, the Senate Appropriations Committee will hear from groups whose budgets were cut in the Rendell 2008-09 Budget proposal. The House Aging & Older Adult Services Committee meets March 18 to discuss the Department of Aging budget.*
- On March 13, the House Consumer Affairs Committee will hold a Clarks Summit hearing on HB 1821, licensing of home contractors. There would likely be a proof of insurance requirement.
- *A single payer hearing is scheduled for March 19 in Philadelphia to discuss Rep. Kathy Manderino's HB 1660.*
- A non-insurance hearing of interest to the business community is a March 17 meeting of the House Republican Policy Committee on the expected jump in electric rates after the cap is lifted (energy deregulation).

MEDICAL MALPRACTICE NEWS

Two items were published in the [PA Bulletin](#) relative to Medical Malpractice. First was notice of a Patient Safety Authority meeting March 11 in Harrisburg (Details: 717/346-0469). Second is an MCARE announcement regarding the reporting requirements of health care-related infections. (Details: www.pabulletin.com, March 1 issue) Also in that same issue although not on medical malpractice are the Independent Regulatory Review Commission (IRRC) comments on a Health Department rule governing confidentiality of patient records and information –Regulation #10-186/IRRC #2654.

QUICK NOTES:

- Kaiser Family Foundation has announced a writing contest for college students, asking that they picture themselves as the new President's health policy advisor. Their assignment is to prepare a synopsis of what the new health reform policy should be ...in 800 words or less. Cash prizes are \$500 and \$1,000 with entries due March 17. Details: www.kaiserEDU.org
- A PHILLIPS ASSOCIATES E&O class is being held in York March 17. 717/732-7255