

LEG REG REVIEW

2008, Fourth 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.

GENERAL ASSEMBLY RETURNS

In the return of the General Assembly to Harrisburg, this week, there are a number of legislative issues with which lawmakers will keep busy (energy, turnpike lease etc.) although most look to next week when Governor Rendell presents his vision of the FY 2008-2009 State Budget. His Budget address will be given February 5 to a joint House/Senate session of the General Assembly.

Besides the anticipation for next week, on the House calendar for second consideration (third consideration means a vote) are a number of pending bills, including these items of interest:

- HB 1600 and HB 1489, competing versions of property tax shifts to personal income tax and sales tax advanced by Finance Committee Chairman Dave Levdansky (D-Allegheny) and Majority leader Bill DeWeese (D-Greene).
- SB 1137, the bill that the House did not vote on before the recess because of the Governor refusing to allow MCARE abatement checks going to doctors until his Cover All Pennsylvanians (CAP) was passed.
- HR 465, a non-controversial resolution asking that the Federal Government update flood maps every ten years.

On the Senate side, the only bill on the calendar with insurance implications is SB 497 sponsored by Sen. Bob Robbins (R-Mercer) regarding limitations on liability for property owners who allow recreational use (snowmobiles etc.) by others on their land.

EDUCATION COMMITTEES SET TO MOVE SD HEALTH BENEFITS CONSOLIDATION

On January 30, the House Education Committee is slated to consider the bill that would set the stage for consolidation of school district health insurance benefit programs into a state-run plan (HB 1841-Surra-D-Elk). Action on this bill was held up in November and December because of opposition by the school business officers, the Pennsylvania Association of Health Underwriters and others. PAHU said that HB 1841 hurts educational consortia which already attack health care costs and should not be discarded and replaced with a centralized system that reduces local innovation and eliminates local insurance brokers. It is not clear if the committee chairman has the votes to move the bill.

Amendments may be considered to exempt certain (or all) consortia from the scope of the legislation. The Philadelphia School District is already exempt from the bill.

COMMITTEE WORK

- House Judiciary Committee meets on January 29 to consider two bills dealing with auto insurance tort selection. They are HB 1104 (J. Taylor-R-Phila.) and HB 1510 (Shimkus-D-Lackawanna). HB 1104 and HB 1510 change terminology from full or limited tort to full or limited "right to sue".
- The Senate Banking & Insurance Committee convenes a hearing January 30 on the Independence Blue Cross – Highmark proposed merger. It will receive testimony from Capital Blue Cross and the Delaware Valley Health Care Coalition.

IMPORTANT! FOR LTC INSURANCE PRODUCERS re PARTNERSHIPS

The Insurance Department issued Notice 2008-03 to provide information on the marketing of Long-Term Care Partnership insurance policies. It is recommended that you secure the original text of the Notice because it describes necessary requirements. (www.pabulletin.com January 26 issue) Some highlights:

- Those selling Partnership policies must complete the one-credit training dictated by the Department by December 31, 2008.
- Thereafter, those producers will need to take four hours of instruction specifically dedicated to Partnerships in each licensing period.
- Conversions of non-Partnership policies to Partnership policies are spelled out in Act 40 (www.legis.state.pa.us)
- Partnership policies will contain inflation protections based on the age of the individual.

Questions: Shelley Bain 717/787-0873 or sbain@state.pa.us.

PERSONNEL UPDATES

- Labor & Industry Secretary Stephen Schmerin has announced his plans to leave the Rendell Administration.
- Appointed chief of the Insurance Department's Health & Accident Bureau is Shelley Bain, replacing Yen Lucas who left the Department in 2007. Among Bain's duties are implementing the new Long-Term Care Partnership insurance provisions of Act 40. She worked with Commissioner-designee Ario during his tenure in Oregon.

RENDELL, DEMS STEP UP CAP PRESSURE

Add to the fire a January 25 missive from the state Democratic Party accusing Republicans of engaging in a smear campaign against Gov. Rendell's Cover All Pennsylvanians (CAP) proposal. In tones reminiscent of 'vast right-wing conspiracy' accusations made at the height of the Clinton Administration's health care reform, the letter to PA Democrats says that the Governor has asked that information be sent to the Democratic Party "if you're aware of any GOP scare tactics" to help "us counter and respond to this smear campaign by Republican leaders and special interest groups."

REGULATORY UPDATE

- Acting Commissioner Joel Ario has been named to chair the Health Insurance & Managed Care Committee of the National Association of Insurance Commissioners (NAIC) reflecting his personal interest in health reform issues. He has held that position before.
- The Insurance Department issued Notice 2008-1 for commercial P/C insurers as a result of Federal passage of the reauthorization of TRIA, the Terrorism Risk Insurance Act.
- PA Health Care Cost Containment Council (PHC4) is soliciting nominations of panels of senior researchers to assess material relating to the proposed autism mandated benefit. The panel chosen will include a recognized expert in health research, one in biostatistics, one in economic research, one with experience in insurance or actuarial research and a physician with knowledge of the treatment of autism. Panel nominations should be received by PHC4's Cherie Elias 717/232-6787, celias@phc4.org by February 26, 2008, with an announcement of the award March 7.
- The Department of Labor & Industry has set the maximum payable average weekly wage at \$807.00 per week for injuries occurring on or after January 1, 2008, a 3.6 percent increase.
- Governor Ed Rendell filed an Executive Order that appeared in the 1/26/08 PA Bulletin outlining penalties on firms that say they will perform state-contracted services within the US. and then violate that agreement.