

LEG REG REVIEW

2010, 4th Issue February 8

LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm located near the State Capitol. It contains news on the legislative and regulatory scene in Pennsylvania that may be of interest to the Insurance and Business Communities. It is a free member benefit for those who are members of the Pennsylvania Association of Health Underwriters (PAHU) or Manufacturers Association of South Central PA (MASCOPA). Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail to xenobun@aol.com. Please email jtrout2792@aol.com supplying both your name and e-mail address if you wish to be removed from this list.

STAGE SET FOR FINAL RENDELL BUDGET

On February 9, Governor Ed Rendell will present his eighth and final Budget to the General Assembly where he is expected to call for austerity and for an increase in education spending. Whatever his message, the General Assembly may be inclined to push for a Budget enactment closer to the constitutional deadline of June 30. The FY 2009-10 Budget only became finalized in December 2009 on the assumption that table games will earn \$250 million in new money to the Commonwealth.

Add to the mix a number of variables that complicate the picture:

- Republicans may be in the minority but they are up to full strength because of the two returnee GOP legislators who had served in Iraq. This strengthens the pivotal power of fiscally conservative Democrats who may be courted to support a Republican Budget versus the Governor's.
- It's an election year!
- The state's fiscal situation has continued to deteriorate with January revenues coming in \$120.2 million less than expected, leading to revenue about one-third billion short so far for the Fiscal Year ending June 30, 2010.
- Add to all of this the fact that ARRA (Stimulus) monies are only good for one more year, the pension crisis mounts, and economic growth is slow in coming (boosting tax revenues). One is left with the sense that this Budget year will be worse than the last...The Rainy Day Fund was all used up this year.

REPUBLICANS SELECT NEW APPROPRIATIONS CHAIR

House Republicans voted to select veteran lawmaker Bill Adolf (R-Delaware) as the new Appropriations Committee Minority Chairman. He succeeds Mario Civera, also from Delaware County, who relinquished his chairmanship because of his election to the Delaware County Council last November. Civera said that he will give up his House seat later but not before the May primary.

NEW COBRA SUBSIDY DEADLINE APPROACHES

Legislation signed by President Obama in December 2009 extends the federal 65% COBRA health insurance premium subsidy to eligible workers who lose their jobs during January and February. In addition, these newly eligible individuals, along with those already receiving the subsidy, are now eligible to receive benefits for up to 15 months. The IRS has released new information and forms regarding the subsidy, which can be accessed [here](#). In addition, the Department of Labor has issued a new [toolkit](#) on the subsidy, and has made a [PowerPoint presentation](#) on the topic available.

REPUBLICANS SAY NO TO FEDERAL 'INTRUSION'

House Republicans held a January 27 press conference to reaffirm the 10th Amendment by allowing Pennsylvanians to opt out of Federal health plan requirements. It showcased two bills, HB 2053 (Baker-R-Bradford) and HB 2179 (Schroder-R-Chester) and said that the fight will continue against "a government-run health care monopoly and promote a free market system."

MORE RETIREMENTS, ONE REVERSAL

- Rep. Bob Belfanti (D-Northumberland) has decided to end his legislative career after this year. He has held that House seat since 1980 and is the Democratic (Majority) Chairman of the House Labor Relations Committee.
- Long-time legislator Senator Barry Stout (D-Washington) is also ending his Senate career which began in 1977. He had previously served three terms in the House. He is Democratic (Minority) Chairman of the Senate Transportation Committee.
- Another Senate icon is also retiring. Senator Raphael Musto, Democrat from Luzerne County, is leaving after Senate service since 1982. He serves as Democratic (Minority) Chairman of the Senate Environmental Resources & Energy Committee.
- Cumberland County Republican Rep. Will Gabig will not run in 2010.
- House Republican (Minority) Chairman of the House Education Committee Paul Clymer (Bucks) had earlier announced his retirement but has decided to run after all.

AGENT RUNS IN GOP PRIMARY

Steven Cappelli is seeking to return to the House of Representatives from Lycoming County. Cappelli, who served as Representative from 2001-2009, was Mayor of Williamsport and is now a licensed insurance agent. If successful in the primary, he will face Democratic incumbent Rick Mirabito in the fall. **NOTE:** *If you know of other agents running for office, please let Leg Reg Review know. (xenobun@aol.com)*

REGULATORY UPDATE

- The February 6 PA Bulletin listed the pending regulation list from the various Cabinet Departments and agencies. (www.pabulletin.com) The Insurance Department listed only four: Continuing Education for Insurance Producers (Spring 2010 as final); Company Solvency standards to comply with NAIC (spring 2010 as proposed); Viatical regulation (waiting for the NAIC Model to be finalized); and Insurer Examinations (proposed spring 2010). *Details: Peter Salvatore 717/787-4429*
- The Bureau of Workers' Compensation has two pending regulations: Self Insurance employees (submit final rule in spring 2010) and Medical Care & Costs under the WC Act (revised rule submitted summer 2010). *Details: George Knehr 717/783-4476 and John Kupchinsky 717/783-5421*
- The PA Council on Aging has a meeting scheduled for February 24 in Harrisburg.
- The Insurance Department has issued the list of Qualified Unlicensed Reinsurers.
- By April 15, 2010, insurers writing Workers' compensation are required to submit to the Insurance Department the premiums written, claims paid, etc. *Details: Bojan Zorkic 717/787-1311*

BUDGET HEARING SCHEDULE (partial)

Refer to www.legis.state.pa.us and go to each chamber tab (House, Senate) for full committee schedule.

	<u>House</u>	<u>Senate</u>
Aging	2/24	2/25
Agriculture	2/22	2/17
Community & Economic Development	2/16	2/22
Education	2/23	3/2
Environmental Protection	2/22	3/1
Insurance Department	2/24	2/17
Public Welfare	2/24	3/3
Labor & Industry	2/16	2/18
Transportation	2/17	2/25
Governor's Office	2/25	2/22