

LEG REG REVIEW 2010, 9th Issue April 12

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 (MASCAPA). 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.

GENERAL ASSEMBLY SET TO RETURN

This week the Senate will be back in session and the House will return next week. Both House and Senate have a considerable backlog of business items to address. Some pressing issues:

- *Replacement of Senator Jane Orié (R-Allegheny) as Majority Whip. She stepped down from that position because of an indictment for allegedly using taxpayer-funded staff for political campaign purposes including her sister's successful campaign for a judicial race last fall. The decision to leave her Whip position does not affect her position as elected Senator.*
- Senate Budget consideration now that the House passed HB 2279, Governor Rendell's proposed FY 2010-2011 Budget.
- *HB 2279 and whatever budget Senate Republicans come up with are affected by the Federal Government's decision to not permit the tolling of I-80. This creates a \$450 million hole in the Budget because Governor Rendell assumed it as a given in crafting his transportation budget. The Governor's response to the disapproval was to say that roads, bridges etc. would not be maintained and he called for a special session of the General Assembly to focus on transportation revenues including taxes.*
- The Senate Public Health & Welfare Committee announced that it is taking up Governor Rendell's nomination of Harriet Dichter as Secretary of the PA Department of Public Welfare on April 20.

CREDIT INSURANCE LEGISLATION SIGNED INTO LAW

House Bill 526 (DeLuca-D-Allegheny) has been signed into law by Governor Rendell as Act 17 of 2010. It governs the reimbursement of credit life premiums (unearned premiums) if a consumer loan is paid off early. It was actively supported by the PA Financial Services Association.

HEALTH LAW IMPACT BEGINS TO BE FELT

The impact of the new federal health care legislation is beginning to be felt. Among other things:

- Businesses may qualify for a 2010 tax credit on health insurance premiums based on their size and average salary. IRS guidance has not been released. One resource would be a CPA. The other is the National Association of Health Underwriters (NAHU), which has produced implementation materials. www.nahu.org
- *In July PA will have a risk pool for those individuals now medically uninsurable although PA legislation has not been developed yet. HHS Secretary Sibelius sent a letter to Governors and Insurance Commissioners on April 2 spelling out some broad brush guidelines. Among other things, the letter said that eligible individuals must be a US citizen or lawfully in the US, not have been covered for the previous six months, and have a pre-existing condition. The benefits must have an actuarial value of at least 65 percent of total allowed costs, an out of pocket limit no greater than the amount allowable for high-deductible health plans (\$5,950.00 for an individual), and no pre-existing condition exclusions. Premiums may not exceed 100% of the standard group rate and not have age rating factor of greater than 4 to 1. Businesses or individuals within a group are not included in the risk pool*

- In July PA will have developed an insurance portal to help consumers know what their insurance options are.
- *Retroactive to January 1, larger employers that subsidize their retired employees' Medicare Part D 'Donut Hole' are no longer able to deduct that business expense. One Pennsylvania company, Lancaster-based Armstrong World Industries, said April 7 that they sustained a \$22 million first quarter charge as a result of the new health care law. This charge will pose financial strains on many large employers who provide this benefit to retirees since the law made it retroactive to January 1 instead of proactively where the businesses could have at least budgeted for the financial hit.*
- The PA Association of Health Underwriters (PAHU) has a Day on the Hill in Harrisburg April 20 to advocate that insurance agents be required in the sale, solicitation, and negotiation of insurance contracts in the new Exchange. There is no charge for participating and the Greater Philadelphia Association of Health Underwriters has even chartered a bus. Details: 717/232-0022

NOTE: PHILLIPS ASSOCIATES has maintained a busy schedule in explaining the new Federal health law for both formal Continuing Education for agents or as a presenter to agents and clients. If interested, please contact Vince Phillips at 717/728-1217, 717/346-1063 or 717/732-7255 or via xenobun@aol.com

HEALTH LAWSUITS PLOW UNCERTAIN GROUND

PA Attorney General Tom Corbett joined other state attorneys general in contesting the constitutional validity of the unfunded mandate to the states contained within the Federal health care law. His joining the lawsuit brought quick response by Democrats. Governor Rendell countered with a March 26 letter to United States Attorney General Eric Holder saying that "on behalf of the citizens" he and three other Governors opposed the lawsuit and favored the Patient Protection and Affordable Health Care Act as being "the most important reform of our health care system in decades." In the General Assembly, House Appropriations Committee Chairman Dwight Evans (D-Phila.) suggested that the AG's lawsuit was a waste of state dollars and implied that the Republican Attorney General might pay a budgetary price in FY 2010-2011 for his action. Republican Corbett is running for Governor. As of April 7, five additional states joined the 13 state Attorneys General lawsuits and GOP Governors in AZ, MN, and NV went around their Democratic Attorneys General to join the lawsuit.

FLOOD INSURANCE IS NOT REAUTHROIZED

Due to Congress' inaction, the National Flood Insurance Program (NFIP) was not re-authorized by the end of March, marking the second time in a month where Congress has prompted a de facto suspension of federal flood insurance programs. According to a statement issued March 28 by the National Association of Insurance commissioners (NAIC), NFIP may not issue new policies, change coverage or renew policies. This will fortunately not affect payment of flood claims for policyholders, especially important in spring floods season. Congress is set to return April 12.

UPCOMING SESSION DAYS

Session days for the House are:

April 19, 20, 21, 26, 27, 28

May 3, 4, 5, 24, 25, 26

June 7, 8, 9, 14, 15, 16, 21-30

Session days for the Senate are:

April 12, 13, 14, 19, 20, 21

May 3, 4, 5, 24, 25, 26

June 7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30