

LEG REG REVIEW

2010, 10th Issue April 19

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.

HEALTH UNDERWRITERS DAY ON HILL AGENDA

The April 20 PAHU Day on the Hill will involve almost 100 brokers from across the state focusing on:

- Agents must be the ones legally allowed to market the new Exchanges created by Federal law. The new law requires that the states create their own Exchanges instead of having a Federal Exchange. PAHU makes the case that Act 147, the Producer Licensing Law, applies to the Exchanges.
- *Risk Pool legislation must be in place in PA by July 2010. Again, PAHU believes this risk pool to be an insurance product and thus marketed by agents.*
- PAHU disagrees with the rationale for establishing a Consumer Advocate for Health Insurance, preferring instead that the Insurance Department be given more resources to carry out its mission of protecting consumers instead of having a new entity created.
- *The Governor's proposal to impose a state sales tax on "all other professional services" is seen by agents as a threat to their competitiveness as well as imposing additional costs re employee benefits at a time when consumers and businesses are most vulnerable to cost issues*

The PAHU Day on the Hill also includes two Briefings on the new Federal law and what it means to Pennsylvania. These are open to House members and House staff. A Senate Briefing will be scheduled later.

RISK POOL BILL MOVES

On April 14 the Senate Banking & Insurance Committee unanimously moved Senate Bill 507 (Folmer-R-Lebanon). Although the legislation was crafted before the new Federal health law was enacted, it is felt to be the Senate Republicans' attempt to comply with a federal requirement that PA have a risk pool by July 2010 as 35 other states do. The Risk Pool is designed to handle insurance for those individuals who are medically uninsurable (no one from within a group can qualify) between 2010 and 2014 when medical underwriting may no longer take place. SB 507 establishes a Risk Pool Board which will award a state-wide contract to one insurer instead of the regional approach used by adultBasic and CHIP. Agents may receive a referral fee but the system is not entirely clear as to agent compensation will work.

Text is available at www.legis.state.pa.us.

STATE BUDGET SETBACK

On April 15 the Commonwealth Court dealt the Rendell Administration a serious budgetary blow when it ruled that use of MCARE monies for the 2009-2010 State Budget was illegal. As part of the Budget deal from 2009 for the fiscal year ending June 30, 2010, the General Assembly depleted the MCARE abatement fund (provider retention account) which had never been reauthorized to help doctors with their medical malpractice assessments. As a result, the abatement fund could not disburse any aid to doctors but was still collecting revenues. The total which the Court directed to be returned to MCARE from the General Fund exceeded \$800 million dollars. Governor Rendell said that the state will appeal. The Court ruling was in response to a petition filed by PA Medical Society and the PA Hospital and Healthsystem Association.

COMMITTEE MEETINGS THIS WEEK

- On April 20 the House Insurance Committee is meeting to consider two bills:
 - HB 2392 to extend mini-COBRA benefits from nine to 15 months and make them retroactive
 - HB 1865 regarding oncology benefits
- Also on April 20, the Senate Banking & Insurance Committee plans to discuss the issue of pay day lending
- A third April 20 meeting will be held by the Senate Public Health & Welfare Committee on SB 291 (HIV testing consent and confidentiality), SB 620 (stillborn birth certificates) and HB 1641 (requiring RNs to be in the operating room). It will also decide on the nomination of Harriet Dichter as Governor Rendell's new Secretary of DPW.

FEDS OPEN COMMENT PERIOD FOR MLRs

The US Department of Health & Human Services (HHS) has opened up a comment period on the new Federal Medical Loss Ratio (MLR) which says that large groups must have 85% of premium dollars spent on claims while smaller groups of fewer than 100 employees must have an 80% MLR. HHS is working with the NAIC to develop criteria to determine what should be in the 80/85 percent and what should be considered overhead. While the purpose is to ensure that medical claims receive the focus (versus profits or expenses), insurance groups have expressed concern that too restrictive of a MLR means that smaller insurers will be squeezed out of the marketplace and that anti-fraud efforts will take a hit if classified as administrative versus claims-related.

Comments must be received by HHS by May 14, 2010 via:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>
- *Mail to Department of Health & human Services, DHHS-2010-MLR, Hubert H. Humphrey Building, Room 445-G, 200 Independence Avenue, SW, Washington, DC 20201*

Questions: HHS Sharon Arnold 202/690-5480 or Dept. of Labor Amy Turner 202/693-8335

FEDERAL UPDATE

- The President signed another stop-gap piece of legislation which gave the National Flood Insurance Program (NFIP) a short lifeline.
- The PA House Congressional Democratic delegation has awarded Pennsylvania Rep. Patrick Murphy from Bucks County the seat on the Appropriations Committee that was held by the late John Murtha. Murphy beat out Rep. Chris Carney for that spot.

POLITICS....

Democratic House candidates had sought a federal investigation of nominating petitions for Republicans running for state legislative seats from Delaware County but were rebuffed by the US District Attorney's Office in Philadelphia which said that petition challenges were a state concern.

ARE YOU CONFUSED ABOUT THE NEW FEDERAL HEALTH REFORM LAW? Vince Phillips has made dozens of presentations to business and insurance groups on the new law and its implementation timetable as it relates to Pennsylvania. If interested in such a program please contact Vince Phillips via Joan Troutman at 717/732-7255 jtrout2792@aol.com.