

## **LEG REG REVIEW 2010, 12th Issue May 3**

*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](mailto:xenobun@aol.com). Please email [jtrout2792@aol.com](mailto:jtrout2792@aol.com) supplying both your name and e-mail address if you wish to be removed from this list.*

### **INSURANCE HEARING ON BLUES May 4**

The House Insurance Committee plans a hearing May 4 on the renewal of the Community Reinvestment Agreement (CRA) that the Rendell Administration negotiated with the Blues several years ago to tap their resources to explicit support public sector programs such as the adultBasic program. CRA expires this year and House Bill 2455 (Eachus-D-Luzerne) would renew it and ensure more funding going to adultBasic. Only one of the bill's 45 sponsors is Republican. HB 2455 would expire in 2014 when Exchanges begin per Federal law.

### **MINI-COBRA SENT TO SENATE**

On April 27, HB 2392 (Shapiro-D-Montgomery) extending mini-COBRA benefits from nine to 15 months was sent to the Senate where it was referred to the Senate Banking & Insurance Committee. The bill is designed to enable unemployed Pennsylvanians from businesses 2-19 in size to qualify for the extension of the Federal 65% health premium subsidy. It also reverts back to the original nine months after the Federal subsidy expires.

### **WHISTLEBLOWER BILL ADVANCES**

The House voted 187-0 for House Bill 2108 on April 26 to protect employees from reprisals if they report a violation of a local, state, or Federal law. Sponsored by Rep. Brian Ellis (R-Butler), the bill has 101 sponsors from both parties and represents an ideological span across the political spectrum. It was amended to specifically include whistleblower protection for employees of the General Assembly itself. It joins House Bill 2365 (Drucker-D-Montgomery) which also protects whistleblowers. HB 2365 passed the House April 20.

### **PEO LEGISLATION SURFACES**

Legislation regulating the functioning of Professional Employer Organizations (PEOs) is the subject of a House Labor Relations Committee hearing May 5. PEOs are business entities that transfer small businesses' employees in to a large group while still allowing control and direction to the original business owner. Proponents say that PEOs create an economy of scale with a large group re Workers' Compensation and employee benefits. Detractors suggest that PEOs also invite Workers' Compensation job classification issues and impedes a local insurance agency from adequately servicing the needs of his/her small business client since the employees will technically be employed by a large national concern in another state. The specific legislation is HB 2450 (Brennan-D-Lehigh) introduced April 29. There may also be questions regarding how jurisdictional authority may work regarding health insurance across state lines.

### **FEDERAL FLOOD SEES SOME PROGRESS**

Last week the US House Financial Services Committee reported out HR 5114 to reauthorize the National Flood Insurance Program for five years. In addition, it would delay higher rates for homeowners who are newly included in flood zones because of the new rate maps. It must still pass the House and Senate before being enacted.

## **DEPARTMENT TAKES 'GREEN' ACTION**

On April 29, the Insurance Department issued a press release announcing its approval of a homeowner's five-percent insurance premium discount if the structure is LEED certified. LEED stands for the Leadership in Energy and Environmental Design, a building standard that incorporates 'Green' building materials and construction techniques ([www.usgbc.org](http://www.usgbc.org)). Although the discount was specifically approved for Traveler's, other such approvals may not be too far behind. The decision also recognizes additional costs associated with LEED compliant construction. The press release was silent on other similar 'Green' construction standards such as the National Green Building Program offered by the National Association of Home Builders ([www.nahb.org](http://www.nahb.org)). Discounts take effect June 20 for new policies and August 26 for renewed policies. In a related area, the Department previously approved discounts for homeowners using solar or geothermal energy but this is the first 'Green' construction insurance premium discount in PA.

## **ACTIONS BY THE GOVERNOR**

- Governor Rendell signed five bills into law April 29. One, House Bill 602 (Pashinski-D-Luzerne), expands duties of dental assistants with the goal of reducing health care costs.
- The Governor has nominated Tom Gluck to be his next Secretary of Education. Gluck has been serving in an acting capacity and served former state Senator (now congresswoman) Allyson Schwartz (D-Montgomery) in the General Assembly.
- May has been proclaimed as 'Older Pennsylvanians Month'.

## **PENNSYLVANIA SAYS YES TO RISK POOL**

Pennsylvania has joined 28 states that have notified the US Department of Health & Human Services that they intend to have state Risk Pools for those individuals who are medically uninsurable. (15 states have said that they will have HHS implement a risk pool for their residents.) Legislation must still be enacted by July to make a Risk Pool operational in Pennsylvania. Currently, the PA Senate is considering Senate Bill 507 (Folmer-R-Lebanon). Comparable House legislation has not yet been introduced.

## **UPCOMING**

- The Independent Regulatory Review Commission (IRRC) will meet May 13 in Harrisburg
- The PA Office of Financial Education (Banking Department) hosts the Common Wealth Symposium in Grantville May 11-12. It focuses on providing educators with tools to better educate their students on financial literacy. Details: 717/783-2498

## **HITECH UPDATE**

In February 2010 the new Business Associates compliance rules went into effect to strengthen privacy protections within HIPAA and to expand the liability of Business Associates (thanks to the ARRA legislation.) The HIPAA Survival Guide has just issued its May newsletter which focuses on the Business Associate issue. <http://www.hipaasurvivalguide.com/>

## **TAX AMNESTY BEGINS**

The new PA Tax Amnesty Program which waives penalties and half of the interest has opened in PA for those wishing to settle delinquent tax accounts. The Commonwealth hopes to raise \$100 million from this one-time program, especially important given the glum news last week that tax collections for the fiscal year ending June 30, 2010 will be at least \$1 billion short of expectations. Details: [www.PATaxPayUp.com](http://www.PATaxPayUp.com)

**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](mailto:jtrout2792@aol.com).**