

LEG REG REVIEW

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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.

BUDGET TIME IN HARRISBURG

Last week the Governor and leaders of the General Assembly met for the first time to formally begin the negotiations process which will result in the Budget for the fiscal year beginning July 1, 2010. The outlook for completion of the process by the constitutional requirement of June 30 is unlikely given that:

- The budget has not been on time for the last seven years.
- *The Governor vowed again to fight for an increase in government spending for education. Education spending increases have been the theme of Governor Rendell's tenure in office.*
- Although the PA House passed Gov. Rendell's Budget proposal on a party-line vote, Senate Republicans pronounced it as dead on arrival, preferring to hold the line of spending at \$27.5 billion instead of the \$29 billion-plus sought by the Governor.
- *Worse yet, budgetary assumptions included in Rendell's Budget are flawed given:*
 - *The \$450 million-plus assumed for highways from tolling I-80 was knocked out by the Federal Government denial of the request*
 - *\$850 million in welfare monies must be approved by the US Congress, something not happening yet*
 - *\$801 million in this fiscal year budget struck down by the courts because of a ruling that MCARE and the MCARE Provider Retention Account money was illegally diverted to the General Fund.*
- Money has to be found for THIS fiscal year. The budget shortfall (revenues coming in lower than expected) means that at least \$1.2 billion must be found between now and June 30 to close the books on this year. In April, collections were \$390 million lower than expected, dismaying because April is supposed to be one of the most productive tax months. As of April 30, collections to date were \$22.8 billion with only two months left to go in this budget cycle.
- The state must reimburse \$15 million to the Federal Government that was overpaid to the PA Department of Public Welfare. Another \$6.5 million claim is pending.

Another budgetary development of interest to insurance producers, accountants, realtors and other professional groups is that Governor Rendell backed off from his proposal to impose the state sales tax on additional professional services.

DEPARTMENT SUBMITS RISK POOL PROPOSAL TO HHS

On June 1, the PA Insurance Department submitted a proposal to HHS to run the state's Risk Pool for uninsured and medically uninsurable adults. It envisions \$160 million spent on just over 5,000 individuals between now and 2014. It does not reference any role for agents pro or con in the marketing and outreach component except for lumping agents, insurers and legislators as one outreach category. It does not specify that marketing shall be compliant with Act 147, the Producer Licensing Law. The Pennsylvania Association of Health Underwriters (PAHU) is considering the filing of a complaint to the Attorney General and is reminding the General Assembly that authorizing legislation (SB 507 and HB 2514) appears to be side-stepped by the Rendell Administration.

CONKLIN IS LT. GOVERNOR NOMINEE

Rep. Scott Conklin (D-Centre) is the official running mate for Democratic Governor candidate Dan Onorato. He had led in the primary by just a few thousand votes but his opponent waived off a recount because the numbers, although close, were insurmountable.

FEDERAL DATES AND DEADLINES

- The National Flood Insurance Program (NFIP) has for the fourth time since October failed to be re-authorized by the US Congress. This means that no more flood insurance policies may be issued but claims for existing policies will continue to be paid. According to NFIP's May 28 Memorandum, "*New policies for which the application was completed on or before May 31 and application and premium were received within ten days of the application date, will be issued for coverage and will become effective on the requested effective date, in accordance with applicable waiting period rules.*"
- May 31 was the deadline for applying for the 65% Federal COBRA subsidy (applying to PA mini-COBRA as well). Congress did not authorize an extension of the subsidy past that date although doing so was on the congressional agenda. The House passed HR 4213 without the COBRA extension for fear of losing votes on the larger bill.
- On June 10, some seniors will begin receiving tax-exempt checks for \$250.00 from the Federal Government as part of the Patient Protection and Affordable Care Act's effort to close the so-called 'Donut Hole'. According to the Centers for Medicare and Medicaid Services (CMS) June 2, just seniors entering the Donut Hole will receive the checks, not all seniors. No paperwork or application forms are required but HHS cautioned seniors to beware of suspected fraud or scams and to call 1(800)633-4227 if such is suspected.

UPCOMING INSURANCE MEETINGS

Both House and Senate plan insurance meetings this coming week.

The House Insurance Committee will hold a June 8 informational hearing on self-referrals (HB 2521 and HB 2522) featuring presenters from the PA Ambulatory Surgery Association, the PA Medical Society, Thomas Jefferson University Hospital and others. The committee also meets on June 8 to consider:

- **HB 2522** (DeLuca-D-Allegheny) *re improper referrals by health providers where there is a financial conflict of interest*
- **HB 2521** (DeLuca) *provides for more billing transparency and defines unprofessional conduct for health care providers that order but do not supervise or perform a component of anatomic pathology who fail to disclose certain information on its bills*
- **HB 2106** (Taylor-D-Montgomery) *creates the PA Health Information Exchange (not to be confused with the Exchanges coming in 2014 as part of the new health care law) to promote electronic data exchanges between health care providers.*

The Senate Banking & Insurance Committee also meets June 8 on five bills: **SB 1181** regarding immunity from liability; **SB 1222** prohibiting insurers from charging fees for non-covered insurance services (amendment limiting to dental services); **SB 1334** provides for service contracts as being distinct from the business of insurance; **HB 838** regarding PA's dependents to age 30 law; and **HB 1251** providing for appealing an insurer's determination when the benefit trigger is not met, for prompt payment of clean claims (amendment extending mini-COBRA to 15 months from the current nine).