

## **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 (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](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.*

#### **HHS SEEKS INPUT ON EXCHANGE DESIGN**

In the August 3 Federal Register, the Department of Health and Human Services announced that it was seeking public input as to how the Exchanges and “Navigators” created by the Patient Protection Affordable Care Act would operate. Comments must be received by October 4 at <http://www.regulations.gov> referencing Docket ID-HHS-OS-2010-0021 Planning and Establishment of State-Level Exchanges Request for Comments in Title 1 of the Patient Protection Affordable Care Act. Hard copy submissions go to Honorable Kathleen Sibelius, Room 445-G, Hubert Humphrey Building, 200 Independence Avenue, SW, Washington, DC 20201.

#### **RISK POOL OPERATIONAL**

The PA Insurance Department announced that half the available slots for a PA High Risk Pool were applied for within the first 24 hours of a new program offering. Dubbed “Fair Care”, the plan uses federal money from the Patient Protection Affordable Care Act to fund 3,500 medically uninsurable adults until 2014. The plan is not without controversy with the PA Association of Health Underwriters (PAHU) charging that the Governor bypassed the General Assembly which has (or had) the authority to create programs. HB 2514 and SB 507 were ignored as the Rendell Administration decided that it had the authority to create a new program without the legislature being involved.

PAHU also accused the Administration of ignoring the law regarding producer licensing as the High Risk Pool plan uses direct consumer Internet applications. Another potential issue is what becomes of medically uninsurable individuals who apply but can't get in. They would be put on a waiting list similar to the adultBasic waiting list. This may spill over into the legislative arena as some legislators such as House Majority leader Todd Eachus (D-Luzerne) seek to force the Blues into another Community Reinvestment Agreement where they dedicate some of their reserves to fund state programs for the uninsured.

#### **INSURANCE BILL SIGNED INTO LAW**

An omnibus insurance bill was signed into law by Governor Rendell as Act 51 of 2010. House Bill 1251 (Costa-D-Allegheny) started out as a long-term care insurance bill but was amended during the legislative process to include a number of other areas. (Text available at [www.legis.state.pa.us](http://www.legis.state.pa.us)) The new law:

- Spells out how a person covered by a long-term care insurance policy or his/her representative may appeal an insurer's decision that a benefit trigger is not met. It says that the insurer must explain in plain language why it feels the benefit trigger was not met; an appeal must be filed in 180 days; an independent review process may come into play if the initial review sides with the insurer; the Insurance Department shall credential these independent review organizations
- Extends PA's mini-COBRA (groups 2-19 lives) to fifteen months if the Federal Government reinstitutes a COBRA subsidy such as that provided by ARRA (Stimulus Package)
- Provides life insurer rules on assets and investments into such things as derivatives

## LEGISLATIVE NOTES

- Former Representative Elinor (E.Z.) Taylor (R-Chester) passed away in Florida at the age of 89 on July 27. Elected in 1976, she was the former Caucus Secretary for the House GOP . *PERSONAL NOTE: She was a legislator of the old school, trying to broker a health insurance compromise in the contentious days of the Clinton health plan regarding what a minimum benefit package should be. She was also recognized for her work to enhance the quality of post-high school education in the Commonwealth.*
- Rep. Barbara McIlvane-Smith (D-Chester) had a change of heart in deciding to run for re-election after all. She had earlier opted not to, citing the inherent difficulties faced by reformers in Harrisburg.
- Up and coming Democratic Senator Sean Logan (Westmoreland/Allegheny) is vacating his Senate seat for a private sector job August 24. Rep. Marc Gergely (D-Allegheny) is expected to seek that seat.

## BUDGET BRINGS GOOD NEWS, BAD NEWS TO PENNSYLVANIA

The U.S. Senate vote last week providing additional Medicaid money to states is good news for PA since the FY 2010-11 Budget includes this \$850 million assumption. This is good news in that Governor Rendell said that thousands of state workers could be laid off if the money was not forthcoming. It's not without a bad side however. New Federal money to PA will only be \$600 million, leaving Rendell with the task of cutting \$250 million from the new state budget. Adding to this fiscal stress is the \$240 million-plus hole in transportation funding because tolling I-80 was rejected by the Federal Government, the \$801 million MCARE money used for last year's budget that the courts said was taken improperly and a looming pension crisis coupled with the fact that Stimulus Package money goes away after this FY.

## PHILLIPS ASSOCIATES CE UPDATE

PHILLIPS ASSOCIATES has announced what it calls its 'Summer Sizzler' round of continuing education in August and early September. (Details at 717/732-7255) These four-credit courses include:

- Health Insurance Public Policy Issues in Towanda August 31 and Lancaster September 2
- Insurance Privacy Compliance in Towanda August 31 and Lancaster September 2
- D&O in Warren September 1
- Workers' Compensation in Warren September 1
- Commercial Insurance Flash Points in Wilkes-Barre August 26
- E&O in Depth in Wilkes-Barre in Wilkes-Barre August 26

## INDUSTRY NOTES

- SPARKS Clinics are now approved in Pennsylvania, Maryland, and Delaware for four CE credits. Spanning nine locations from September 13-24, SPARKS attracts about 600 agents annually. The Clinics are sponsored by Mutual Insurance Companies seeking to remind agents that they are a viable choice in meeting consumer insurance needs. Details: [www.sparkclub.com](http://www.sparkclub.com) .
- Pennsylvania agency Johnson Kendall Johnson of Newtown, PA was featured in the August 2010 *Rough Notes* magazine.
- NAIC is looking at life insurance retained asset accounts (RAAs) according to a July 27 release from the regulators' organization ([www.naic.org](http://www.naic.org) ). While stating that RAAs have generated few complaints, NAIC wants to make sure that consumer disclosures are adequate. PA legislation may be introduced by Rep. Robert Matzie (D-Allegheny).

## FLOOD INSURANCE NEWS

The National Flood Insurance Program (NFIP) announced that October 1 Manual changes are now available (<http://www.nfipservice.com/stakeholder/pdf/bulletin/w-10079.txt> ).