

LEG REG REVIEW 2010, 21st Issue July 26

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.

TWO HEALTH HEARINGS HELD IN PITTSBURGH

The House Insurance Committee held two hearings in Pittsburgh last week in conjunction with the House Majority (Democrat) Policy Committee. The first focused on Highmark's decision to move its small group business to a for-profit subsidiary. The second received comments on implementation of the Patient Protection Affordable Care Act.

Of central interest was testimony presented by Insurance Commissioner Joel Ario. Ario used the hearing to urge General Assembly passage of HB 746 which among other things: eliminates medical underwriting, provides for a mandatory medical loss ratio (MLR -claims paid versus total premium income), and restores the Department's authority to regulate for-profit health insurer rate filings. Ario said the Insurance Department conducted a study and found that seven of the largest health insurers in PA will continue to use medical underwriting up until the federal effective date of 1/1/2014 when medical underwriting is prohibited. MLRs are supposed to take effect 1/1/2011. Regarding the Department drive to regulate pricing by for-profit carriers, this function had been deregulated under the Ridge Administration. The new federal law provides a grant opportunity from HHS to the state to strengthen its rate oversight even as it also gives HHS authority to also regulate health insurance company proposals for rate increases.

DEPARTMENT ISSUES ABORTION REASSURANCE

On July 15 the PA Insurance Department issued a statement regarding implementation of the PA Protection Affordable Care Act High Risk Pool as it relates to Pennsylvania's abortion statute:

Pennsylvania will – and has always intended to – comply with the federal ban on abortion funding in the coverage provided through our federally funded high risk pool. This program will provide much-needed assistance for the sickest of the sick. The likelihood that any of those covered will seek abortion services is remote, but if they do need such services, they will have to pay for them out their own pocket. Our pending contract with Health and Human Services (HHS) makes it crystal clear that we will "operate the Program in compliance with federal law and the forthcoming final federal regulations." This has always meant that the existing federal ban on abortion funding would be followed, with the restrictions that permit abortion services in the instance of rape, incest or endangering the mother.

Pennsylvania's position is not a statement about the broader abortion debate. It simply recognizes that health care reform, particularly extending health coverage to those with preexisting conditions, is too important a priority to be hijacked by those who seek to turn common-sense health reforms into a rancorous debate about whether the federal ban on abortion funding is too broad or too narrow. These efforts failed to derail health reform this spring and they will fail to stop much-needed coverage for thousands of Pennsylvanians now.

UPCOMING

- NAIFA-PA announced October 5 as the date for its 2010 Day on the Hill. (www.naifa-pa.org)
- Another October event is the Governor's Occupational Safety & Health Conference in Hershey October 18-19, 2010. Among presenters will be the US Department of Labor Assistant Secretary for OSHA. Details: 800/482-2383

SPARKS ANNOUNCES FALL LINEUP

SPARKS Club, an association of field marketing representatives serving Mutual Insurance Companies, announced its schedule for its annual September Clinics. Using the theme 'The Write Stuff', SPARKS' program includes sessions on Weird Claims, E&O, and Compliance. (Details: www.sparkclub.com.) Flyers began distribution through insurers last week. This is the 65th year for the SPARKS Clinics. The seminar is approved for four credits in PA and DE and is pending Maryland's OK. **Locations and dates follow:**

- **Monday September 13** **Dover, DE**
- **Tuesday September 14** **Lancaster**
- **Wednesday September 15** **Altoona**
- **Thursday September 16** **Warrendale/Cranberry Township**
- **Monday September 20** **Bethlehem**
- **Tuesday September 21** **Williamsport**
- **Wednesday September 22** **Pittston**
- **Thursday September 23** **Hagerstown, MD**
- **Friday September 24** **Kennett Square**

DEPARTMENT REMINDS INDUSTRY REGARDING FEDERAL PROHIBITION

Notice Number 2010-08 was issued by the Insurance Department to remind insurance producers that persons in the business of insurance must comply with sections 1033 and 1034 of the Violent Crime Control and Law enforcement Act of 1994 regarding past criminal or judicial activity. This is not new and the Department has been requiring fingerprint background checks for new licensees for almost a decade. The Notice also outlines how a request for a Waiver may be made if a person is prohibited per the federal statute. Details: 717/787-3840

REGULATORY UPDATE

- A data call has been issued by the Insurance Department to insurers selling auto insurance with a due date of October 15. Details: Bojan Zorkic 717/787-6968
- SURPLUS LINES ELIGIBLE INSURER LIST was posted by the Insurance Department in the July 17 issue of the PA bulletin (www.pabulletin.com). This supersedes an earlier list dated January 6, 2010. Details: Robert Brackbill 717/787-2735
- Domestic stock casualty insurer Homesite Insurance Company has filed an application with the PA Insurance Department to change its domicile location to Georgia.

HHS ISSUES GRANDFATHER GUIDANCE

HHS has issued guidance for employers regarding whether or not their grandfather status under the new federal health reform law will be lost. Grandfathered plans (those in effect as of March 23, 2010) are sheltered from some of the new benefit provisions that take effect September 23 such as no cost sharing for certain preventive care treatments. (Details: www.hhs.gov) Some of the items include:

- *No loss of grandfather if adding or removing a person from the plan; slight change in \$\$ amount of co-pay per a medical inflation index and an HHS formula; enriching benefits*
- *Grandfather status is lost if the employee's share of premium increases; plan changes from one company to another; benefits are decreased.*
- *Not voiding the grandfather at this time are changes in plan design such as changing to a HDHP/Health Savings Account or a drug formulary change.*
- *Grandfathered employers will have to provide notices to employees at plan renewal.*

The US Department of Labor issued guidance July 24 on one of the September 23 changes regarding insurers' requirement to have an appeal process for disputed claims. Regulation:

<http://www.dol.gov/federalregister/HtmlDisplay.aspx?DocId=24056&AgencyId=8&DocumentType=2>

Fact Sheet: <http://www.dol.gov/ebsa/newsroom/fsaffordablecareact.html>

Related Press Release: <http://www.dol.gov/ebsa/newsroom/2010/ebsa072210.html>