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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 Pennsylvania legislation and regulations impacting the Insurance and Business Communities. Subscriptions are \$100 per year and further information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/232-7005 or e-mail at xenobun@aol.com. Please email jtrout2792@aol.com supplying both your name and e-mail address if you wish to be removed from or added to this list. Whether you need help meeting your CE or have a particular problem/question, please go to our web site to explore how PHILLIPS ASSOCIATES may be of service to you, your employees, and your clients. www.vphillipsassoc.com

PA HAS A BUDGET (SORT OF)

On July 10, the FY 2017-18 State Budget became law without Governor Tom Wolf's signature. **House Bill 218 (Act 1A of 2017)** is a spending plan for Pennsylvania for the current fiscal year, which began July 1. The \$32 billion in spending authorized by the law is not the same as actually being able to spend the money. That takes a separate piece of legislation in the state's Fiscal Code which specifies from where the money will come. Although negotiations continue, the legislature was sent home last week because there was nothing State Budget Fiscal Code-wise on which legislators could vote.

Several other State Budget bills were passed and sent to Governor Wolf for his signature.

[Senate Bill 680](#) provides for expenses of the State Employees' Retirement Board for Fiscal Year 2017-18.
[Senate Bill 681](#) provides for expenses of the Public School Employees' Retirement Board for Fiscal Year 2017-18.

[Senate Bill 682](#) provides Fiscal Year 2017-18 funding to the Department of State for use by the Bureau of Professional and Occupational Affairs.

[Senate Bill 683](#) provides Fiscal Year 2017-18 funding to the Department of Labor & Industry and the Department of Community & Economic Development to cover the expenses of administering the Workers' Compensation Act.

[Senate Bill 684](#) provides Fiscal Year 2017-18 funding for the Public Utility Commission.

[Senate Bill 685](#) provides Fiscal Year 2017-18 funding for the Office of Consumer Advocate in the Office of Attorney General.

[Senate Bill 686](#) provides Fiscal Year 2017-18 funding for the Office of Small Business Advocate in the Department of Community & Economic Development.

[Senate Bill 687](#) makes appropriations from restricted revenue accounts within the State Gaming Fund and from the State Gaming Fund to the Attorney General, the Department of Revenue, the Pennsylvania State Police, and the Pennsylvania Gaming Control Board for Fiscal Year 2017-18.

[Senate Bill 688](#) makes appropriations from the Philadelphia Taxicab & Limousine Regulatory Fund and the Philadelphia Taxicab Medallion Fund to the Philadelphia Parking Authority for Fiscal Year 2017-18.

MANDARINO STEPS DOWN AT L&I

Labor & Industry (L&I) Department Secretary Kathy Mandarino has announced that she is leaving the Wolf Administration to join the state's Gaming Control Board August 1st. As L&I Secretary since 2015, Mandarino has had oversight over the Workers' Compensation system in PA as and the State Workers' Insurance Fund (SWIF), the state's Workers' Compensation insurer of last resort. Prior to that Mandarino served Philadelphia and Montgomery Counties as a state legislator for 18 years. Among other things, she sponsored single-payer legislation. Governor Wolf named current L&I Executive Deputy Secretary Robert O'Brien as Acting Secretary. He will need Senate confirmation.

LEGISLATIVE CALENDAR

There are a number of bills which will be on the active House calendar when it re-convenes:

- **BUDGET**

- **Senate Bill 181** (Mensch-R-Montgomery/Berks/Bucks) replaces present budgeting practices with **performance-based budgeting** which forces agencies to question and justify existing budgets for each budget cycle.
- **Senate Bill 651, the Capital Budget.** This is an authorization of various bricks and mortar projects the Commonwealth is considering. Although an important Budget, the projects do not become “real” unless the Governor decides to go ahead with them and resources are available.
- Several specific bills to authorize monies for Penn State, Temple University, University of Pittsburgh, and Lincoln University are also pending.

- **NON-BUDGET INSURANCE BILLS**

- On the House calendar is **House Bill 1142 (Briggs-D-Phila.) giving smaller municipal pension plans more flexibility in changing professional financial advisors.** It allows smaller systems to use pension assets to fund legal services needed to review proposals from advisor candidates, something prohibited now. In his sponsorship memo, Rep. Briggs explained that current law “*locks small municipal pension plans into their existing professional advisors even if they are unhappy with advice or service.*”
- Two other insurance bills are on the House calendar. First is **House Bill 1576** sponsored by majority and minority House Insurance Committee chairs Rep. Tina Pickett (R-Bradford) and Rep. Tony DeLuca (D-Allegheny). It would **allow sales of travel insurance policies by unlicensed individuals** as long as a licensed insurance producer is on site. The second bill is **House Bill 1286** (Mentzler-R-Lancaster) which directs MCARE (state Medical Malpractice Fund) to **study the amounts of MCARE punitive damage awards.**

ON THE SENATE CALENDAR, there is one insurance bill. **House Bill 409** (Evankovich-R-Westmoreland/Allegheny) changes the review process PA uses to decide if **changes in international building construction standards** should be made part of PA’s Uniform Construction Code (UCC). Among other things, it allows for a 120-day public comment period when the international changes are being examined by the UCC Review & Advisory Council. (*NOTE: The Review & Advisory Council was established after Pennsylvania’s ill-fated sprinkler mandate that went into effect because the international codes required it, and PA law at that time simply accepted the international code changes rather than allowing for state review.*) This bill is on third consideration by the Senate. This means that if the Senate votes it and does not amend it, it would go to the Governor for his signature.

DEPARTMENT SUPPORTS STATE MEDICAL TRANSPORT PRICE REGULATION

On July 13, Insurance Commissioner Teresa Miller thanked U.S. House of Representatives Transportation Committee Chair Bill Shuster (R-PA) for supporting an amendment to a Federal Aviation Administration re-authorization bill establishing an advisory committee to examine medical air transport charges. Those charges can be huge to the patient. The example used was a patient requiring air ambulance transport which was considered out of network by the insurer leaving the patient with a \$37,083 balance to pay. The issue for Pennsylvanians is greater than what an advisory body can do according to Miller. Calling it a positive step, the Commissioner said that **S. 471 is needed because it expressly allows states to regulate those charges,** something current FAA law prohibits. The PA House passed **House Resolution 337** (Pickett-R-Bradford) on June 7, 2017, asking the U.S. Congress to pass legislation doing what S. 471 does. HR 433 followed a House Insurance Committee hearing on the same subject.

LEVINE IS NOW ACTING HEALTH SECRETARY...PA Physician General Dr. Rachel Levine is now Acting Secretary of the PA Health Department following the departure of Karen Murphy who left the Wolf Administration to take a position with Geisinger Health.