

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 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.

BUDGET SIGNED BY GOVERNOR WOLF

On June 28, 2019, Governor Tom Wolf signed **House Bill 790** into law as Act 1A of 2019. PA's State Budget for Fiscal Year begins today. It envisions spending \$ 34 billion over the next 12 months and has marked increases for agricultural programs, \$256 million more for pre-K – 12 education, libraries and human services such as Medicaid, and others. Not included were several priorities of the Wolf Administration such as charging a per capita fee for rural communities relying on the State Police for law enforcement, a \$4.5 billion loan which would have been paid back by taxing Marcellus Shale natural gas extraction, and an increase in the minimum wage. (*Note: Minimum wage is not part of the State Budget but was pushed by the Governor and his Democratic allies as part of the negotiating process.*)

The issue striking the most sparks was the discontinuation of a specific public assistance program that provided about \$200 cash assistance per month to destitute and deemed temporarily unable to work recipients. Democrats said that this was vital for victims of spousal abuse. Republicans countered that elsewhere, funds to help victims had been increased and as such, the program was no longer necessary.

Insurance did not take any hits. The Insurance Department saw a transfusion of \$ 29.975 million from the Insurance Regulation & Oversight Fund for its general government operations. There were no changes to the rate of the Insurance Premium Tax. Workers' Compensation under the Department of Labor & Industry received \$70.364 million (**Senate Bill 236**). PA Health Care Cost Containment Council (PHC4) received \$3.3 million. Medical Assistance (Medicaid) for long-term care totaled \$1.093 billion from the Federal Government and \$2.6 billion of state money. (*Note: Page 261 of House Bill 790 (Act 1A):* <https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2019&sessInId=0&billBody=H&billTyp=B&billNbr=0790&pn=2215>)

Following is a link to a shorter summary of the enacted State Budget.

<https://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Documents/2019-20%20Enacted%20Budget/2019-20%20Web%20Track%20-%20ENACTED.pdf>

The 2019-20 State Budget did not contain taking of Joint Underwriting Association (JUA) reserves since attempts to do in past years were stymied by the courts. Rather, a separate bill, **House Bill 1461** (Fee-R-Lancaster) was amended to include language from **Senate Bill 720** to increase legislative oversight of the JUA. It was signed by Governor Wolf as Act 15 of 2019. Among other things, JUA:

- *Has to conduct business in state-owned buildings*
- *Is Subject to the Right To Know law*
- *Will be funded (by the General Assembly) through the appropriations process*
- *Would be required to testify before the Senate Banking & Insurance Committee, the House Insurance Committee, and the House and Senate Appropriations Committees on its actuarial estimates and be required to hold quarterly public meetings for review the solvency of the JUA.*

Joint Underwriting Association is the Medical Malpractice insurer of last resort. House Bill 1461 was signed into law by Governor Wolf on June 28 as Act 15 of 2019.

INSURANCE LEGISLATION UPDATES

- On June 26, the Senate voted 50-0 for final passage of **House Bill 195** (Nelson-R-Westmoreland) providing for health insurance coverage of partial prescriptions designed to make the refills come at one time rather than spread out through the month. This is known as ‘medical synchronization’. It went to the Governor for his approval which he is expected to give.
- Passed by the House June 27 with a 196-3 vote was **House Bill 427** (Benninghoff-R-Centre), legislation requiring that insurers cover prescribed FDA-approved drugs for patients with Stage IV Metastatic Cancer, bypassing insurer requirements that patients go through a series of try/fail prescriptions first. The bill was amended in the House to clarify that the “*drug must fall within the best clinical practices for treatment of Stage IV or a severe adverse health condition experienced as a result of Stage IV Metastatic Cancer.*” A companion bill is **Senate Bill 66** (Ward-R-Blair) which was reported out by the Senate Banking & Insurance Committee on June 10 and is now in the Senate Appropriations Committee.

STATE-BASED EXCHANGE TO BE SIGNED JULY 2

Gov. Wolf announced that he plans to sign **House Bill 3** (Cutler-R-Lancaster) at a public ceremony in the Main Rotunda of the State Capitol. HB 3 authorizes PA to request a waiver via Affordable Care Act Section 1332 transiting from the federally-facilitated marketplace (exchange) to a state-based exchange. With broad bipartisan support, HB 3 cleared the final legislative hurdle with a 197-0 vote by the House June 28.

COMMITTEE WORK

- Re-referred to the House Rules Committee was **House Bill 1457** (Schroeder-R-Bucks). It is a mandated benefit bill requiring insurer coverage for custom breast prostheses.
- Reported out by the House Insurance Committee June 27, **House Bill 564** (Saylor-R-York) was re-referred to the House Rules Committee, positioning it for the House calendar when the General Assembly reconvenes in September. HB 564 originally said that dentists could be paid directly by insurers and then balance bill the patient for remaining monies owed. It was amended to expand the assigned benefit to other health care providers. The vote was 14-10 for the amendment and for reporting out of the bill by the House Insurance Committee. Republicans voted for. Democrats voted against both the amendment and the final committee vote.
- On June 24, the Senate Banking & Insurance Committee reported out **House Bill 1016** (DeLuca-D-Allegheny) to strengthen solvency oversight of PA fraternal benefit societies. The vote was unanimous.
- On June 25, the Senate Appropriations Committee reported out **House Bill 1170** (Mackenzie-R-Berks/Lehigh) 22-2 with two Democrats voting no. The day before, the Senate Labor & Industry Committee reported HB 1170 9-2 with two Republicans voting no. The legislation requires contractors to obtain the Social Security numbers of its subcontractor employees. It was amended to include staffing agencies who supply workers.

UPMC V. HIGHMARK DISPUTE SETTLED

UPMC and Highmark reached a ten-year Agreement per Attorney General Josh Shapiro June 24. At his press conference, he said that the negotiations were tough and productive and praised the CEOs of UPMC and Highmark for reaching this Agreement. In response to a reporter's question, the Attorney General stressed that this Agreement is not a 'plea bargain' and that it is a "global" Agreement covering all hospitals honoring both plans. The Agreement affects UPMC and Highmark enrollees in western and northwestern PA.