

## LEG REG REVIEW 2017, 11<sup>th</sup> Issue \*\*\* March 13, 2017

*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. It is a free member benefit for those who are members of the Pennsylvania Association of Health Underwriters (PAHU). 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 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 or added to this list. Whether it means meeting your CE need or helping with a particular problem/question, please visit our web site to explore how PHILLIPS ASSOCIATES may be of service to you, your employees and your clients. [www.vphillipsassoc.com](http://www.vphillipsassoc.com)*

### APPROPRIATIONS HEARINGS DONE

The gauntlet of hearings on the State Budget for FY 2017-18 has been completed. On the House side, the last to testify on behalf of the Administration was Budget Secretary Randy Albright March 9. Some items of note:

- *PA's Rainy Day Fund only has \$245,000 and is in the worst position of all the 50 states. The Rainy Day Fund is designed to make up for shortages at the end of the fiscal year. By the end of this fiscal year June 30, 2017, the deficit is projected to be \$603 million.*
- *Regarding the Governor's proposal to impose the premium tax on non-profit hospital and health service plans (which would tax the Blues, HMOs and others), Sec. Albright said that is was a matter of tax fairness and that specific language on who would be taxed is forthcoming.*
- *Regarding the proposal to increase the minimum wage to \$12 per hour, Sec. Albright said that the Commonwealth would benefit financially on two counts: First, \$95 million would come from increased revenues from the Personal Income Tax and second, 145,000 people would be off Medicaid because of their increased income resulting in a \$50 million savings for the Department of Human Services. This view was countered by Rep. Brad Roae (R-Erie/Crawford) who cited a Congressional Budget Office study saying that 500,000 jobs would be lost nationally if the minimum wage increased to \$10.10 and an Independent Fiscal Office analysis suggesting that 29,800 PA jobs would be lost with the Governor's plan. Sec. Albright said that there were no net job losses in neighboring states which increased their minimum wage.*

The PA House will be in session this week with the Senate returning the following week.

### INSURANCE COMMITTEE TO CONSIDER INTERSTATE HIGH DEDUCTIBLE PLAN BILL

The House Insurance Committee plans to consider House Bill 133 (Baker-R-Tioga). It appears to be an attempt to bring PA in line with some tenets of the ACA Replacement Plan advanced by Republicans in the US House of Representatives. The Insurance Department would be required to "develop flexible guidelines" for coverage and approval of health savings account eligible high deductible plans and "encourage and promote the marketing" of health savings account eligible high deductible plans by insurers (but not to "be construed to authorize the sale of insurance in violation of requirements relating to the transaction of insurance or prohibiting the interstate sale of insurance.") The Department would also be required to study high deductible plans in other states as to whether they should be available to PA citizens and develop a fast-track or automatic approval process for health savings account high deductible plans approved in other states. **NOTE:** PA Association of Health Underwriters do not support interstate marketing of insurance, preferring the state-regulated system as it exists today. A link to the bill language follows:

<http://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=HTM&sessYr=2017&sessInd=0&billBody=H&billTyp=B&billNbr=0131&pn=0096>

## SENATE SCHOOL BENEFITS CONSOLIDATION INTRODUCED

A perennial issue has again surfaced, this time in the form of Senate Bill 420 (Argall-R-Schuylkill) introduced February 28. It would consolidate school district health benefit programs into one state-run benefit system. PAHU has rigorously opposed this concept since 2003 and most recently testified against a similar House proposal in 2016. Proponents say that having a state administrative structure will eliminate duplication and result in cost savings. Further, they suggest that passage would eliminate school benefits as a cause of friction between teachers' unions and school boards. PAHU's arguments are:

- One size does not fit all school districts in terms of makeup (rural v. urban and available benefits budget)
- School districts have had success in reducing their health benefit costs in the form of Consortia where several school districts coordinate benefits. Since these regional approaches are working, why go to a top-down state system?
- School districts should be able to work with local brokers to tailor a benefits plan appropriate to them and to their employees.
- Consortia can reduce labor-management differences by having a collaborative process.

The bill was referred to the Senate Education Committee.

## AUTISM PACKAGE INTRODUCED

Rep. Tom Murt (R-Montgomery) introduced a number of bills dealing with insurance coverage for autism. **House Resolution 119** directs the Legislative Budget & Finance Committee to study how well PA statutory provisions regarding autism as a mandated benefit are being implemented. **House Bill 709** mandates autism spectrum disorder assessment coverage for those under 21 with an insurer payments capped at \$36,000. **House Bill 625** would increase the PA Insurance Premium Tax rate by 0.5 percent. These monies would be dedicated to fund Department of Human Services' efforts to reduce the number of adults on waiting lists to receive autism services provided by the Commonwealth.

## FLOOD INSURANCE BILLS INTRODUCED

### Several Flood Insurance bills were introduced:

- **House Bill 767** (Murt-R-Montgomery) seeks to establish a Flood Insurance Premium Assistance Fund that would subsidize up to 15 percent of NFIP premiums. Monies would have to be appropriated yearly by the General Assembly.
- **House Bill 530** (Warren-D-Bucks) would establish a Flood Insurance Premium Assistance Task Force. It would conduct a study to: identify potential programs that provide premium discounts; identify potential programs that create incentives for local governments to undertake or continue flood mitigation efforts; and examine implementation of necessary changes in state statutes and practices, policies and procedures relating to the administration of Flood Insurance.
- **House Bill 780** (Mackenzie-R-Lehigh/Berks) concerns notice to home buyers regarding flood zones.
- **House Bill 571** (Davis-D-Bucks) requires municipalities to notify property owners of changes to special flood hazard areas

## PHC4 ISSUES ANNUAL RESEARCH STUDIES REPORT

The PA Health Care Costs Containment Council (PHC4) published a list of reports requested in 2016 on various health care quality measures. There were 92 requests ranging from the White House National Drug Policy Office to the Allegheny County Health Department. Of these, 21 came from government agencies, 26 came from hospital systems, 14 came from private sector businesses, and 21 came from universities including Harvard and Yale. Surprisingly, there was only one media request, the Philadelphia Inquirer. The complete list is available in the PA Bulletin for March 11, [www.pabulletin.com](http://www.pabulletin.com).