

## LEG REG REVIEW

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### AGENT FEE BILL INTRODUCED

On June 21, Rep. Mike Tobash (R-Schuylkill) introduced legislation designed to allow insurance agents' re-entry into the individual health insurance market. **House Bill 1605** states that insurance producers may charge a fee for helping consumers evaluate coverage options, networks and formulary issues, etc. and assist with the application itself when no commissions are paid. Currently, Act 147 says that no fees may be paid to an insurance producer for completing an application. The PA Insurance Department has interpreted the law to say that working with clients before reaching the actual application stage is part of "completing the application." The PA Association of Health Underwriters (PAHU) met with the Insurance Department repeatedly on this issue before finally resorting to legislation. PAHU had originally asked the Department to issue a Notice in the PA Bulletin spelling out when fees could and could not be paid. The Insurance Department rebuffed this approach, saying that Act 147 did not allow any fee for completing an application (*with their expanded definition of completing an application*) and that the law would have to be changed in the General Assembly.

**Background:** For the most part, carriers stopped paying commissions for individual health insurance policies in PA. Reasons vary but one issue seems universal -- Carriers maintain that they were deeply hurt financially when market stabilization monies promised by the Affordable Care Act were not forthcoming. PAHU's contention is that these decisions forced many insurance brokers out of the individual market altogether because they simply could not spend 2-3 hours helping an individual without receiving any compensation. HB 1605 would allow for the charging of a fee for these consultative services. There is language in the bill requiring that the consumer must know in advance and agree to a set fee, know what the fee amount is and what services are being rendered.

#### **ON THE SENATE SIDE...**

Senator Mario Scavello (R-Monroe) circulated a sponsorship memo June 19 for legislation similar to House Bill 1605. As of June 23, fellow Senators John Eichelberger (R-Blair), Mike Regan (R-Cumberland), and Tom Killion (R-Delaware) had joined Senator Scavello in sponsoring the legislation.

#### **TRAVEL INSURANCE BILL MOVES THROUGH COMMITTEE**

Legislation allowing unlicensed employees of travel agencies to discuss travel insurance options without a license was reported out by the House Insurance Committee June 21. **House Bill 1576** (Pickett-R-Bradford) does require that there must be one licensed insurance producer at each location to review policy applications. The Senate version, **Senate Bill 630** (Reschenthaler-R-Allegheny) does not have this safeguard but does make the limited lines licensee (owner of the travel agency, travel agent association, etc.) liable for any acts done by unlicensed staff at the retail level. SB 630 was reported out by the Senate Appropriations Committee June 5, paving the way for possible consideration by the Senate before the summer recess. It is on the Senate voting calendar.

## LEGISLATIVE UPDATES

- Reauthorization of the Children's Health Insurance Program (CHIP) until December 31, 2019 passed the House 194-0. **House Bill 1388** is sponsored by Rep. Rich Irvin (R-Centre/Mifflin/Huntington). Without legislation, CHIP would expire at the end of this year. There is a provision in the bill stating that PA CHIP authorization would expire 90 days after Federal funding ceases if that occurs.
- **House Bill 442** (*Christiana-R-Beaver/Washington*) which would establish a licensing oversight system for plumbers passed the House 105-91 on June 20. The bill contains a provision requiring master plumbers to carry liability insurance. On the Senate side, a comparable bill, **Senate Bill 183** (*McGarrigle-R-Chester/Delaware*) is being considered by the Senate Appropriations Committee this week.
- **House Resolution 337** (Pickett-R-Bradford) calling on Congress to allow states to regulate air ambulance billing and pricing practices, was adopted by the House 193-0.
- *Error notation: In last week's LEG REG Review, Senate 29-20 **vote action on Senate Bill 561** (DiSanto-R-Dauphin/Perry) requiring legislative approval for regulations with impact of more than a million dollars. Omitted from the article was mention of Republicans Tom McGarrigle (Delaware/Chester), Bob Mensch (Montgomery/Berks/Bucks), and Charles McIlhinney (Bucks) who voted no and Democrats Lisa Boscola (Northampton) and Jim Brewster (Allegheny/Westmoreland) who voted for SB 561.*

## USTIF BILLS UPDATE

Two bills being examined by the PA Senate regard the Underground Storage Tank Indemnification Fund (USTIF). First is **Senate Bill 649** (Yudichak-D-Luzerne) reported out by the Senate Environmental Resources & Energy Committee on June 13 and re-referred to the Senate Appropriations Committee. The second is **House Bill 290** (Metzger-R-Somerset/Bedford), slated for consideration by the Senate Appropriations

Committee this week. Both extend USTIF's authorization until 2022 and both increase funding for an obscure program allowing for payment to home owners who have an oil spill not covered by homeowner's insurance to \$750,000 (up from \$500,000). There is a \$1,000 deductible.

### **AND MORE LEGISLATION...**

- On June 12, **House Bill 882** (Godshall-R-Montgomery) was re-referred to the House Rules Committee, positioning it for potential House passage before the recess. HB 882 prohibits auto insurers from giving the name of or 'steering' consumers to a specific rental car company unless the consumer is notified either verbally or in written form that he/she may utilize whichever rental firm they want.
- **House Bill 18** (Mackenzie-R-Lehigh) continues to prompt votes and more votes. After the Labor & Industry Committee voted 14 – 12 on June 13 to report the bill out, it was re-referred to the Rules Committee which reported it out June 20 by a 17-13 vote. HB 18 was re-committed to the Human Services Committee by a 102-94 vote which reported it out by a 14-11 vote and a request to be re-referred to the House Rules Committee. On June 21, it was.

**BUDGET NOTE...** The next two weeks may mark the end of the gauntlet to pass a State Budget as leadership looks at various options to address the deficit without raising general taxes like the Sales Tax or Personal Income Tax. On June 15, the Independent Fiscal Office issued a report estimating money coming in next fiscal year at a growth rate larger than earlier estimated. It projects a 2.8% increase in the General Fund with total tax revenue growing by 3.5%. At the end of May, year-to-date collections for the current fiscal year were \$1.1 billion (or 3.8%) below estimate. June is the last month in this fiscal year and results will be known in early July on how far behind PA will have been behind.