

LEG REG REVIEW

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LEG REG REVIEW is a periodic newsletter produced by Vince Phillips who retired from active lobbying after 31 years of advocacy in Harrisburg. It contains news on the legislative and regulatory scene in Pennsylvania that may be of interest to the Insurance and Business Communities. Annual subscriptions are \$100 and information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 or e-mail to xenobun@aol.com.

TWO HOUSE MEMBERS RESIGN

Last week, two Democratic House members resigned from the PA House. They are Donna Bullock on July 15 and Stephen Kinsey on July 16. Both are from Philadelphia. Technically, Republicans now have a majority. However, they will be stymied because both districts are solidly Democratic and House Speaker Joanna McClinton (D-Phila.) announced that special elections will be held on September 17. In addition, the House will return to Harrisburg September 23 so there is no likely opportunity for the House GOP to take control since Speaker McClinton will doubtless make the swearing in of the two new Representatives first on the agenda. Former Rep. Bullock was elected in 2015. Former Rep. Kinsey was elected in 2013.

Some voters in those two districts may be confused since the September 17 election winners will only hold office until November 30, 2024 as they would be filling out the remainder of former Representatives Bullock and Kinsey's terms. The General Election in November will decide who holds those offices in the 2025-26 session of the General Assembly.

NEW LAWS IN PENNSYLVANIA

Governor Josh Shapiro signed 38 bills into law on or after July 11, several of which impact the Insurance Industry.

- **Additional Health Insurance Subsidy:** Governor Shapiro got half a loaf with regards to increasing the subsidy for Pennie (PA health insurance exchange) by \$50 million. In the Fiscal Code bill, **House Bill 2310**, now **Act 54 of 2024**, the Pennie Board is authorized to implement an 'affordability assistance program'. However, there is no money budgeted to fund it. **NOTE:** The original proposal is found in **House Bill 2234 (Kim-D-Dauphin)** which passed the House on June 7 and is now in the Senate Banking & Insurance Committee.
- **Health Claim Payments:** **House Bill 1664** (Scott-D-Montgomery) now **Act 58 of 2024**, prevents health insurance companies from mandating payment via virtual credit card for dentists' claims and voids those electronic fund transfer fees. HB 1664 was amended to expand the scope of the bill to include other health care providers and to allow for agreed to electronic notices from health insurers.
- **Pharmacy Benefit Managers (PBMs):** Prescription Benefit Manager (PBM) oversight legislation is now **Act 77 of 2024**. **House Bill 1993** (Benham-D-Allegheny) seeks to address concerns on PBMs by strengthening Insurance Department oversight, forcing transparency on manufacturer rebates and payments to PBMs, and whether or not those savings are passed on to consumers.
- **Rebates:** **Senate Bill 1092** (DiSanto-R-Dauphin) increases allowable insurance rebates and inducements from the current \$100 to \$125. It is **Act 62 of 2024**.
- **Surplus Lines:** **House Bill 2096** (Warren-D-Bucks) or **Act 45 of 2024** reached the finish line July 3 with a transmittal by the General Assembly to the Governor. This bill addresses a PA Supreme Court decision that resulted in Surplus Lines licensees not being able to charge service fees over and above commissions for individual E&S products. HB 2096 allows service fees of 4-percent of premium or \$150, whichever is greater. Licensees would be required to report service fees on their required monthly status reports to the Insurance Department.

- **Tort Reform:** Protecting free speech on public sector issues or public reactions to governmental decisions or proposals is the goal of **House Bill 1466** (Bizzarro-D-Erie), **now Act 72 of 2024**. It addresses SLAPP (Strategic Lawsuits Against Public Participation) by allowing for quick dismissal of lawsuits tagged as frivolous because they were brought to discourage criticism because of the threat of a SLAPP lawsuit.
- **Transportation:**
 - **Senate Bill 298** (Robinson-R-Allegheny) is **Act 61 of 2024**. It permits vehicles with removed manufacturer doors (Jeep, etc.) to be driven on highways.
 - The Governor signed **House Bill 2233** (Curry-D-Delaware) into law as **Act 46 of 2024**. This bill protects towing operators if directed by law enforcement to take an act otherwise prohibited by state law such as an illegal U-turn.
- **Workers Compensation:**
 - Also contained in the Fiscal Code's **House Bill 2310 (Act 54 of 2024)** is a requirement that the PA Insurance Department refund 2009 assessments to insurance companies from the Workers Compensation Security Fund. The Fund must have a \$500 million balance in order to be considered capitalized. If the balance falls below that, Workers Compensation insurers are assessed. Currently, the Fund's balance is \$1.2 billion

Previously, Governor Shapiro signed Telemedicine **Senate Bill 739** (Vogel-R-Beaver) into law as **Act 42 of 2024**. This requires health insurance companies to pay claims when the health services are provided remotely consistent with how other claims are paid. Mandated Biomarker testing coverage is the substance of **House Bill 1754** (Mullins-D-Lackawanna) which is now **Act 39 of 2024**. A third bill recently signed into law was **Senate Bill 824** (Pennycuick-R-Bucks), now **Act 33 of 2024**. It requires credit monitoring to be provided to individuals where there is a data breach affecting more than 500 people.

INSURANCE DEPARTMENT TOUTS P/C PREMIUM SAVINGS

On July 18, the PA Insurance Department announced that \$98.3 million had been saved for property/casualty consumers because of the PID's rate review process. Of this, \$77.2 million was in personal lines auto insurance premiums "where PID required reductions in proposed rate changes." The period was the first half of 2024.

IRRC COMMENTS ON DEPARTMENT PRODUCER LICENSING RULE

Published in the July 20 PA Bulletin were comments posted by the Independent Regulatory Review Commission (IRRC) on PA Insurance Department Regulation 11-262, Insurance Producers. The 8-page document mostly did not dispute the content but sought clarifications on such matters as administration of licensing exams, license renewals, business lines of authority, appointments and termination of appointments, etc. Following is a link to the IRRC comments:

<https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol54/54-29/1031.html>.

DEPARTMENT ISSUES PER DIEM RATES FOR MARKET & FINANCIAL EXAMS

Effective July 1, 2024 are per diem rates for market conduct examinations and financial examinations conducted by the PA Insurance Department.

Financial Examinations (Notice 2024-08)		Market Conduct Examinations (Notice 2024-09)	
Examiner Trainee	\$652	Examiner Trainee	\$700
Examiner 1/Actuarial Associate 1	\$825	Administrative Officer 2	\$918
Examiner 2/Actuarial Associate 2/ IT Examiner	\$970	Examiner 1	\$823
Examiner 3/Actuary1/ IT Administrator	\$1,251	Examiner 2	\$972
Examination Manager/Actuary 2	\$1,320	Division Chief	\$1,064
Chief Actuary	\$1,650		