

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.

A PRODUCTIVE FINAL WEEK

The General Assembly finished up the year with a deluge of legislative activity. It notably completed work on the FY 2023-24 State Budget which began on July first. Unresolved until last week was enabling legislation that made spending of up to \$1.1 billion possible.

What happens next?

Both House and Senate will return for a non-voting session on January 2 per the State Constitution. The next major event is the Governor's Budget Address in February. However (and there always seems to always be a however), the PA House will not begin tangible legislative activity until March. The stated reason is that there are roof water leaks that must be addressed in the House Chamber. Repairs will delay the House resuming session in the chamber until March 2024.

Others are skeptical about the timing. The resignation of Rep. John Galloway (D-Bucks) who was elected Magistrate in the November election means that once again, the party ratio is tied with 101 Republicans and 101 Democrats. Democratic Speaker Joanna McClinton (Phila.) set the date for a special election on February 13. One Republican, Rep David Rowe (R-Snyder/Union/Juniata), said in his December 15 constituent newsletter, *"Allegedly, there is a leak above the House chamber that must be repaired ASAP. Is it coincidental the construction timeline also coincides with the resignation of Rep. John Galloway (D-Bucks), who is leaving the House to take a judicial office? There will be a special election to fill the empty seat and the new representative will not be able to take office until early March, exactly when the House is now scheduled to come back to work for 2024. Without that seat, the House is split 101-101, taking the one-seat majority away from House Democrats. I think this is the true reason for why we aren't being called into session in January and February."*

Add to the mix is the several months long deployment to East Africa in early 2024 of Rep. Joe Kerwin (R-Dauphin) who is a Captain in the PA Army National Guard. (Thanks to Rep. John Schlegel (R-Lebanon) for sharing.)

SIGNED INTO LAW

On December 13, Governor Josh Shapiro signed Fiscal Code bill, **House Bill 1300** (Mehaffie-R-Dauphin), into law as **Act 34 of 2023**. This omnibus bill contains at least 150 separate directives as to how money can or cannot be spent. It does not contain some of the contentious issues surrounding education funding which stalled legislative action for seven months into the current fiscal year. These were two School Code bills. In addition, there are several other non-budget bills being readied for enactment. HB 1300 (Act 34) contains several items with some relevance to health insurance but none directly affecting the property/casualty side of the industry. Following is a link to a 15-page summary of what the law does:

<https://www.legis.state.pa.us/WU01/LI/BI/FN/2023/0/HB1300P2441.pdf>.

Some of the health-related items include:

- Adding a member to the PA Long-Term Care Council (Article XVI-V).

- Nine allocations from the Tobacco Settlement Fund (Article AVII, Section 1712-A.1.)
- \$1.4 million loan forgiveness for the Rural Health Redesign Center Authority, a program seeking to expand use of Telemedicine for rural hospitals. **NOTE:** Legislation has not yet passed mandating insurer coverage of Telemedicine claims. (Section 1725-E)

On December 14, the Governor signed 31 bills into law. Those having an impact on insurance include:

- **House Bill 1284** (Neilson-D-Phila.), **Act 38 of 2023**, expands and establishes automated enforcement (camera) for failure to stop for school buses, designated Philadelphia corridors, active highway work zones, and designated school zones.
- **House Bill 1096** (Malagari-D-Montgomery), **Act 49 of 2023**, expands liquor licenses to amusement parks and garden clubs.
- **House Bill 1160** (N. Nelson-D-Montgomery), **Act 51 of 2023**, provides for expansion of off-premises catering permits for hotels and restaurants.
- **Senate Bill 429** (Regan-R-York/Cumberland), **Act 60 of 2023**, increases Workers Compensation benefits from 2/3 salary to full salary for ten additional categories of law enforcement and investigators under the Heart and Lung Act. **NOTE:** The Fiscal Note for Act 60 states “Given the large number of unknown factors, the fiscal impact of this legislation is indeterminate at this time.”
- **Senate Bill 773** (Gebhard-R-Lebanon), **Act 63 of 2023**, amends the Medical Marijuana Act to allow independent growers/processors to obtain a dispensary license.

OTHER LEGISLATIVE DEVELOPMENTS

- As previously reported by LEG REG Review, , the PA House passed **House Bill 1751** (Donahue-D-Lackawanna) 121-82 on December 11 to allow Department of Labor & Industry disbarment of a construction contractor found to be misclassifying employees as independent contractors to evade Workers Compensation premiums and health benefits guaranteed by the Affordable Care Act: <https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2023&sessInd=0&billBody=H&billTyp=B&billNbr=1751&pn=2324>. Now, a separate misclassification bill, **Senate Bill 577** (Kane-D-Chester/Delaware) was taken off the Senate table, readying it for probable passage when the General Assembly reconvenes in 2024.
- Clarifying regulation of the sale of Travel Insurance via a Limited Lines License passed the Senate December 12 by 50-0. **Senate Bill 943** (Phillips-Hill-R-York) was referred to the House Insurance Committee. It reflects NAIC Model language.
- On December 12, the House passed **House Bill 1585** (Frankel-D-Allegheny) to regulate Tele-dentistry and mandate insurance coverage.
- Recommitted to the House Appropriations Committee December 13 was privacy protection bill **House Bill 1201** (Neilson-D-Phila.). Current wording includes an exemption for those entities including insurance companies that are governed by the Federal Gramm-Leach-Bliley Act and those governed by HIPAA such as Business Associates, a term that includes insurance agents and brokers.

Di SANTO NOT SEEKING RE-ELECTION

Senator John DiSanto (R-Dauphin) is not seeking re-election in 2024 after completing two full terms by the end of next year. He is the current Majority Chair of the Senate Banking & Insurance Committee.

Following is a list of legislators who may not be seeking re-election.

<u>Legislator/Party/Counties</u>	<u>Reason for not running again</u>
• Rep. Ryan Bizzarro (D-Erie)	Running for nomination for State Treasurer
• Senator John DiSanto (R-Dauphin)	Retiring
• Rep. George Dunbar (R-Westmoreland)	Retiring

- Rep. Barry Jozwiak (R-Berks) Retiring
- Rep. Patty Kim (D-Dauphin/Cumberland) Running for State Senate
- Rep. Malcolm Kenyatta (D-Phila.) Running for nomination for Auditor General
- Rep. Ryan Mackenzie (R-Lehigh) Running for Congress
- Rep. Jim Marshall (R-Beaver) Retiring
- Rep. Rob Mecuri (R-Allegheny) Running for Congress
- Rep. Mark Rozzi (D-Berks) Running for nomination for Auditor General
- Rep. Paul Schemel (R-Franklin) Retiring

NOTE: This is a preliminary and uncertain list. PA law allows a legislator to file for re-election for his or her legislative seat even when also seeking the nomination for another office. That means that the above legislators have the option of running for both offices if they choose to. They could also be convinced to change their minds if there is pressure to keep the seat ‘safe’ for the incumbent party in a swing district. **NOTE:** If LEG REG Review was misinformed, we apologize and will be happy to make the correction in the next issue.

POLITICS... On December 17, PA Democrats announced primary nomination endorsements for 2024. Two state representatives were endorsed: Rep. Ryan Bizzarro (D-Erie) for Auditor General and Malcolm Kenyatta (D-Phila.) for State Treasurer. Rep. Jared Soloman (D-Phila.) was not successful in getting his party’s nod for Attorney General. Former legislator and Auditor General Eugene DePasquale led in the endorsement voting for Attorney General but it was not enough to secure a formal party endorsement.

REGULATORY UPDATES

- 2023 Orders by the PA Insurance Department Company Licensing Division (<https://www.insurance.pa.gov/Companies/IndustryActivity/Pages/2023-orders.aspx>) showed:
 - Four re-domestications from PA: AmGuard; EastGUARD; NorGUARD; and WestGUARD.
 - One Mutual to Stock conversion, Protection Mutual Ins. Co. of Littlestown into Community Insurance Company.
 - An acquisition of Rockwood Casualty Insurance Co. and Somerset Casualty Co. by Brookstone Reinsurance.
- In addition, a request was submitted to PID by JM Hudson Investments et al to acquire PA-domiciled stock casualty Synergy Comp Insurance Company.
- On December 16, the PA Bulletin published an updated organization chart for the PA Insurance Department: <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol53/53-50/1723.html#>.