

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.

DOWN PAST THE WIRE

The June 30 deadline for passing the State Budget has come and gone. How close to resolution are we? The answer remains the same: It depends on whom you ask. Although final numbers will not be known, the FY 2024-25 State Budget is expected to be at least \$44.167 billion dollars per **Senate Bill 1001** (Martin-R-Lancaster).

However, there are numbers of Budget-related bills seeing a number of appropriations clicking together. Examples:

- \$72.8 million to fund the PA Department of State's Bureau of Professional & Occupational Affairs. In addition, there are funds from restricted accounts: State Board of Medicine \$11.0 million; State Board of Osteopathic Medicine \$3.2 million; State Board of Podiatry \$454,000; and Athletic Commission \$997,000.
- \$87.3 million from the Workmen's Compensation Administration Fund to the Department of Labor & Industry's administration of the WC Act and the PA Occupational Disease Act.
- \$550,000 also from the WC Administration Fund and \$2.26 million from another restricted account to the Office of Small Business Advocate in the Department of Community & Economic Development.
- \$88.4 million to the Public Utility Commission (PUC) and \$6.75 million to fund the Office of Consumer Advocate's representation of PA utility customers before the PUC.
- \$62.7 million for the Public-School Employees' Retirement Board and \$45.78 million for the State Employees' Retirement Board.
- \$2.3 million for the Philadelphia Parking Authority from the Phila. Taxicab and Limo Regulatory Fund.
- \$105.85 million in gambling revenues is divided proportionally between the Attorney General, PA State Police, Department of Revenue, and the PA Gaming Control Board.

NOTE: The PA Insurance Department budget is sheltered from the State Budget per se because of creation of the Insurance Regulation & Oversight Fund by the General Assembly (\$36.1 million).

MANDATED BENEFIT BILL SIGNED INTO LAW

On July 1, Governor Josh Shapiro signed **House Bill 1754** (Mullins-D-Lackawanna) into law as **Act 39 of 2024**. This law mandates coverage for the use of precision medicine using Biomarkers and Biomarker testing defined as follows: "Biomarker. A characteristic that is objectively measured and evaluated as an indicator of normal biological processes, pathogenic processes or pharmacologic responses to a specific therapeutic intervention, including known gene-drug interactions for medications being considered for use or already being administered. The term includes gene mutations, characteristics of genes or protein expression. Biomarker testing. The analysis of a patient's tissue, blood or other biospecimen for the presence of a biomarker. The term includes single-analyte tests, multi-plex panel tests, protein expression and whole exome, whole genome and whole transcriptome sequencing."

TELEMEDICINE BILL TO GOVERNOR

Senate Bill 739 (Vogel-R-Beaver) finished its legislative gauntlet and was signed into law by Governor Shapiro on July as **Act 42 of 2024**. This bill regulates the use of Telemedicine (remote health care) and require insurers to pay those claims within certain parameters. Insurers could not exclude coverage solely because the service is

provided through Telemedicine. In addition, reimbursement for a claim may not be predicated on the use of an exclusive proprietary technology or vendor.

MANDATED BENEFIT BILLS ADVANCE

House Bill 1140 (Krueger-D-Delaware) passed the House on June 25 by a vote of 133-69. This is a mandated benefit bill requiring health insurers to cover all FDA-approved oral contraceptives. Its span includes commercial insurance and public sector programs. In addition, voluntary sterilization surgery, required patient screening and counseling regarding insertion and removal of contraceptive devices are covered. The bill specifies that this coverage is to be without cost. In addition, the Insurance Department must include data on the number and disposition of complaints and appeals of coverage denials for these contraceptive services in an annual report. Its Senate committee referral was not available as of COB 7/2/24.

Another mandated benefit requires health insurance coverage of speech therapy for children's stuttering. **House Bill 2268** (Markosek-D-Westmoreland), passed the House on June 26 by a 133-69 vote. Its Senate committee referral was not available as of COB 7/3/24.

House Bill 2127 (Fiedler-D-Phila.) would require that postpartum information be provided to the mother and her family. Originally, the bill required screening which had the potential of increasing health insurance reimbursements but the language was softened in committee. The House vote was 201-0. Status: Senate Health & Human Services Committee.

SENATE PASSES PRE-LICENSE EXAM BILL

Senate Bill 1241 (Gebhard-R-Lebanon) passed the Senate 50-0 on June 25. SB 1241 would eliminate the 24 hours of pre-licensing instruction required before a person can take the insurance licensing exam. It was referred to the House Insurance Committee the following day.

LANDSLIDE INSURANCE BILL MOVES THROUGH COMMITTEE

The House Environmental Resources & Energy Committee voted 20-5 on June 25 to report out **House Bill 589** (Kinkaid-D-Allegheny). This bill establishes the Landslide Insurance Program and a restricted Fund. The rationale for this state-governed insurance program is that there is no private sector market for what is considered to be an uninsurable risk. The start-up capital would be \$10.0 million to get the program running. Premiums are expected to handle claims and administration. **NOTES:**

- The Landslide Insurance Program is not overseen by the PA Insurance Department, unlike USTIF and MCARE.
- There is no language in HB 589 referencing the use of licensed insurance producers to market or sell Landslide Insurance. That means that marketing costs would be borne by the program, leading to a question of whether there would be enough money to aggressively market so that property owners know about it and pay landslide claims should such occur.

Status: House Rules Committee.

SURPLUS LINES BILL ON FINISH LINE

House Bill 2096 (Warren-D-Bucks) 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.

DATA BREACH BILL SIGNED INTO LAW

On June 28, Governor Shapiro signed **Senate Bill 824** (Pennycuick-R-Bucks) into law as **Act 33 of 2024**. It requires credit monitoring to be provided to individuals where there is a data breach affecting more than 500 people.

TRANSPORTATION BILL UPDATES

- **House Bill 2428** (Neilson-D-Phila.) would allow for drivers to hold their drivers' licenses and proof of financial responsibility electronically via smart phone, computer, laptop, and other electronic personal devices with some exceptions. Status: Reported out by the House Transportation Committee and recommitted to the House Rules Committee on June 24.
- **Two Motorcycle bills: Senate Bill 1147** (Bartolotta -R-Beaver/Washington/Greene) permits motorcycle safety inspections year-round instead of the current March-October period. Status: Senate passage on June 26 by a 50-0 vote and a referral to the House Transportation Committee. **House Bill 2364** (Siegel-D-Lehigh) provides for refundable motorcycle PennDOT courses. On July 1, the House passed it 202-0.
- Adopted by the Senate 31-19 on June 24 was **Senate Resolution 258** (Rothman-R-Cumberland). It urges the U.S. Congress to address the shortage in commercial licensees by allowing individuals under the age of 21 to participate in interstate commerce. Status: Transmitted to Congress on July 1.
- On its way to the Governor is **House Bill 2233** (Curry-D-Delaware) after Senate 50-0 approval on July 2, 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.
- **Senate Bill 298** (Robinson-R-Allegheny) passed the House 201-1 on July 3. It permits vehicles with removed manufacturer doors (Jeep, etc.) to be driven on highways.
- **House Bill 127** (Bizzarro-D-Erie) passed the House 122-79 on July 2. It establishes procedures for homeless youths to obtain drivers' licenses.

PBM ACTION CONTINUES

Prescription Benefit Manager (PBM) oversight legislation passed the House on June 28 by a vote of 198-4. **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. Status: Senate Health & Human Services Committee.

OTHER LEGISLATIVE ACTIONS

- The Senate voted 50-0 on July 3 to pass **House Bill 1664** (Scott-D-Montgomery). It would prevent health insurance companies from mandating payment via virtual credit card for dentists' claims and void 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.
- Referred to the Senate Agriculture & Rural Affairs Committee after a 201-0 House passage, **House Bill 2309** (Kinkead-D-Allegheny) is a Crop Insurance bill providing state assistance to dairy farmers in applying for USDA's Risk Management Agency's Dairy Margin Coverage Program. This insurance program offsets dairy farmer losses occurring if there is a sudden drop in commodity prices.
- Referred to the Senate Banking & Insurance Committee after a unanimous House vote was **House Bill 1021** (Sanchez-D-Montgomery). It prohibits insurers from denying, canceling, or choosing not to renew an application for life insurance based solely on the fact that the applicant or policy holder has a prescription for a reversal agent for an opioid overdose such as Naloxone. HB 1021 is an amendment to the Unfair Insurance Practices Act (Act 205).
- **House Bill 2360** (Donahue-D-Lackawanna) was reported out by the House Labor & Industry Committee by a 14-11 vote on June 25. It addresses verification of construction contractors. Status: House Rules Committee.
- On July 3, the House passed **Senate Bill 1092** (DiSanto-R-Dauphin) 202-0, making it ready to go to Governor Shapiro for his signature. It increases allowable insurance rebates and inducements from the current \$100 to \$125.