

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. Subscriptions are \$100 and information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 or e-mail to xenobun@aol.com.

PA HAS A STATE BUDGET

On Friday, July 8, the General Assembly wrapped up its work on the Fiscal Year 2022-23 State Budget of \$45.2 billion. It comes a week after the start of the new FY on July 1. **Senate Bill 1100** (Browne-R-Lehigh) was signed into law as Act 1A of 2022 by Governor Wolf on July 8. (Some media reports said it was signed July 9 versus the formal bill history which says July 8.) It also projects \$31.6 million in the Insurance Regulation & Oversight Fund. This Fund supplies the general government operations budget of the PA Insurance Department That money comes from insurance producer licensing fees.

Some budget-related things to note:

- A companion to SB 1100 is a Fiscal Code bill. **House Bill 1421** (Thomas-R-Bucks) is legislation that describes the financial steps necessary to complete policy decisions. Relevant to the Insurance Community is a repayment of \$350 million to the Workers Compensation Security Fund. The money had been “borrowed” to help balance the State Budget in preceding fiscal years. Status: To the Governor for his signature.
- Another companion to the State Budget legislation is the Capital Budget. **Senate Bill 915** (Browne-R-Lehigh) was signed into law as Act 27 of 2022 by Governor Tom Wolf on June 27. The Capital Budget lists authorizations for agency buildings/restorations/updating, etc., state-supported universities bricks and mortar projects, economic development projects, brick and mortar improvements to state properties and a host of local projects from counties and townships. NOTE that this does not necessarily mean that work on the projects will occur as authorization is not appropriations. In many cases, funding will come from bond issues (state borrowing). In Senate Bill 915, authorized debt is \$21.46 billion.
- \$45.2 billion is the number everyone looks as the State Budget. Not always recognized is \$34.96 billion coming from the Federal Government. This brings the full State Budget to about \$80 billion.
- PA ended the 2021-22 Fiscal Year with a healthy surplus as shown by June 30 figures. Revenue exceeded expectations in every major tax category.

Tax Category	Revenue as of June 30	Over/Under Estimate	Percent
Sales Tax	\$13.9 billion	\$1.1 billion over	+8.7%
Corporate Tax	\$7.3 billion	\$1.7 billion over	+29.2%
Personal Income Tax	\$18.1 billion	\$2.4 billion over	+14.9%
Inheritance Tax	\$1.6 billion	\$173.0 million over	+12.6%
Realty Transfer Tax	\$847.1 million	\$164.2 million over	+24.0%
‘Sin’ Taxes	\$1.7 billion	\$21.1 million over	+1.2%
Motor Vehicle Tax	\$2.9 billion	\$37.4 million over	+1.3%

NEW LAWS

Governor Tom Wolf signed several pieces of legislation into law.

- Storage Tank Cleanup and Underground Storage Tank Indemnification Fund (USTIF) sunset date extended from June 30, 2022 to December 31, 2027 via **House Bill 1780** (Armanini-R-Clearfield). USTIF is managed by the PA Insurance Department. HB 1780 is now Act 34 of 2022, signed into law on July 7.
- Upgrading safety for in-home child care centers is the goal of **Senate Bill 563** (Laughlin-R-Erie) which would now require smoke alarms to be interconnected, be audible, and be approved by an OSHA-recognized national testing laboratory. SB 563 was signed into law as Act 42 of 2022 on July 7.

ON THE GOVERNOR'S DESK

- **House Bill 1598** (Boback-R-Luzern/Wyoming/Lackawanna) reassigning floodplain management from the Department of Community and Economic Development (DCED) to the PA Emergency Management Agency (PEMA). This means that PEMA will be the state's liaison with FEMA and the National Flood Insurance Program.
- **House Bill 1665** (Quinn-R-Delaware) concerns indemnification agreements relating to commercial snow removal or ice control services. On July 1, the House concurred with Senate amendments 200-0.
- **Senate Bill 1235** (DiSanto-R-Dauphin/Perry) went to Governor Wolf for his signature July 7 after a 199-1 House vote. SB 1235 prohibits the PA Department of Human Services (DHS) from using service zones that conflict with Capital Blue Cross legal restrictions on where it can market in PA. Capital Blue Cross may only market in 27 PA counties and the DHS service zones overlap into other counties. As a result, unless legislation passes, per DHS rules, Capital Blue Cross could not market CHIP at all.
- **House Bill 2419** (Pickett-R-Bradford) was sent to the Governor July 7. It authorizes psychiatrists to use telemedicine in providing mental health care. **NOTE:** This is not a mandated benefit bill.
- **House Bill 2644** (Causer-R-Cameron/McKean/Potter) HB 2644 addresses bonding requirements for currently producing gas and oil wells and takes the authority to set bond requirements away from the Environmental Quality Board and assigns it to the General Assembly. It was vigorously opposed by Democrats and environmentalists throughout its legislative journey. Status: HB 2644 passed the House with a vote of 115-85. It went to the Governor's desk on July 8.

NAIC MODEL LAW AWAITS GOVERNOR'S SIGNATURE

The House passed **Senate Bill 1222** (DiSanto-R-Dauphin/Perry) on July 7 by 104-96. Senate concurred with the amended version July 8 by a vote of 29-21 and sent it to the Governor. This legislation adds a liquidity stress test requirement for insurers within an insurance holding company system operating in the Commonwealth. It is consistent with Model legislation put forth by the National Association of Insurance Commissioners (NAIC). SB 1222 seeks to safeguard the state's regulatory authority over insurance. The Insurance Commission may require a bond from insurers defined to be in "*hazardous financial condition or a condition that would be grounds for supervision, conservation, or a delinquency proceeding.*"

NOTE: On July 7, the House Appropriations Committee grafted **Senate Bill 548** (Stefano-R-Fayette) into SB 1222. This amendment addressed Peer-to-Peer Car Sharing (P2P), the newest types of rental car delivery services. It specifies that consumers using P2P would have the same insurance and consumer protections they have with renting a car using a more traditional mode.

SENATE PASSES AUTO INSURANCE BILL

Senate Bill 676 (Pittman-R-Indiana) makes several auto insurance changes. It originally was amended and reported out of committee in October 2021. On June 30, the Senate voted 28-22 to revert to a prior printer's number. That means that last year's amendments were voided. Sound confusing? At any rate, the Senate passed the bill with the prior printer's number 50-0 on it was re-referred to the House Insurance Committee on July 7. Following is a link to the current language of SB 676:

<https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=S&billTyp=B&billNbr=0676&pn=1851>.

CANNABIS ACCESS TO FINANCIAL & INSURANCE SERVICES TO GOVERNOR

On July 1, the House concurred with Senate amendments to **House Bill 331** (Brown-R-Monroe) 173-27. HB 331 originally authorized banks to offer incentive-based savings programs. On the way, it was amended to include the substance of Senate Bill 1167 (DiSanto-R-Dauphin/Perry) which provided a short cut in the process given the limited time the General Assembly had to work on it this summer. All 27 no votes were cast by Republican Representatives. Status: Sent to the Governor for his signature on July 7.

HB 331 provisions include:

- Financial institutions may provide services to “legitimate cannabis-related businesses” subject to laws and regulations applicable to other customers of the financial institution.
- Insurance companies and their agents may provide insurance to “legitimate cannabis-related businesses” subject to insurance laws and regulations applicable to other insurance customers of those insurers and applicable consumer protection laws.
- Additional requirements to the insurer may be imposed by the PA Insurance Department.
- No agency or political subdivision may prohibit, penalize, or discourage a financial institution or insurer from providing services to “legitimate cannabis-related businesses.”
- No financial institution or insurer providing services (and their boards, officers, agents, owners, shareholders, and members) shall be subject to criminal prosecution or claim for damages solely because the financial institutions and insurers are providing financial or insurance services to the “legitimate cannabis-related business.”
- This law would not apply to anything related to the recreational use of marijuana.

MANDATED BENEFIT BILLS CONTINUE THEIR MOVE

Senate Bill 1188 (Brooks-R-Erie/Crawford/Mercer/Warren) mandating health insurance coverage for long-term Lyme Disease prescriptions passed the Senate 49-0 on June 22 and is now before the House Health Committee. Then, if amended, SB 1188 would eventually return to the Senate for a concurrence vote. Health insurers are concerned that this bill would allow for extended prescriptions past recognized medical limits and open the door to potentially harmful treatment of the disease. Its House counterpart, **House Bill 1033** (Rapp-R-Crawford), remains in the Senate Banking & Insurance Committee.

The Senate approved **Senate Bill 1201** (Pittman-R-Indiana) by a 50-0 vote on July 7. This bill provides for coverage for early refills of prescription eye drops. Status: House Insurance Committee. On July 8.

PRIOR AUTHORIZATION BILL MOVES TO HOUSE

Senate Bill 225 (Phillips-Hill-R-York) passed the Senate 50-0 on June 29 and was referred to the House Insurance Committee. Some provisions:

- Prior authorization is not needed for emergency care
- At least one FDA-approved prescription drug described as medication assisted treatment
- Clinical review criteria shall be based on nationally recognized standards
- Within 18 months after enactment, insurers. Managed care organizations and contractors shall establish a provider portal for electronic submission of prior authorizations, access to applicable medical policies and information necessary to request peer-to-peer review.

Following is a link to the legislation:

<https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=S&billTyp=B&billNbr=0225&pn=1837>.

COMMITTEE WORK

- Giving and continuing pharmacists’ authority to administer injectable medications and immunizations is the purpose of **Senate Bill 511 (J. Ward-R-Blair)**. It was reported out by the Senate Consumer Protection & Professional Licensure Committee 13-0 on June 22 and was re-referred to the Senate Appropriations Committee June 18.
- **Senate Bill 1243** (Gebhard-R-Lebanon) adds an individual economics and personal financial finance course as a requirement for graduation from high school. SB 1243 was reported out of the Senate Education Committee June 21 by a 7-4 vote. It was re-referred to the Senate Appropriations Committee on June 22.

PEOPLE...Rep. Matt Dowling (R-Fayette/Somerset) has decided to retire from the House instead of running for re-election. ... Former Rep. Paul Angstadt (R-Berks) passed away on June 20.