

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.

LEGISLATIVE ACTIONS

SENATE: On October 4, the PA Senate voted 50-0 for **Senate Bill 824** (Pennycuick-R-Bucks), the Breach of Personal Information Notification Act. This requires notification to the Office of the Attorney General of a breach of personal information from more than 500 people and providing free credit reports and monitoring in event of a breach. **NOTE:** The bill was amended to exempt insurance entities subject to the requirements of the PA Insurance Data Security Act (House Bill 739 or Act 2 of 2023) signed into law on June 14, 2023.

Following is a link to Act 2:

<https://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?year=2023&ind=0&body=H&type=B&bn=0739>.

HOUSE: On October 2, the PA House passed **House Bill 540** (McNeill-D-Northampton) by the vote of 146-57. It would prevent early termination fees for leased vehicles when the leases are cancelled due to a medical suspension of driving privileges.

HOUSE INSURANCE COMMITTEE TO MEET

On October 17, the House Insurance Committee plans to take up two bills, **House Bill 1595** (Boyle-D-Phila. and Pickett-R-Bradford), to address a PA Supreme Court ruling that says that surplus lines licensees may not charge fees for non-commercial private insurance products. The second bill is **House Bill 1664** (Scott-D-Montgomery). This mandates dental insurers to allow options for payment of claims rather than specifying acceptance of only credit or debit card payments to dentists.

Both House and Senate will be in Harrisburg this week. Most activity will be in committees. On committee agendas are:

<u>Bill/Sponsor</u>	<u>Committee/Meeting Date</u>	<u>What the bill would do</u>
HB 1243 (Benninghoff-R-Centre)	H. Transp. 10/16	Ease Real ID application documents
HB 1632 (O'Mara-D-Delaware)	H. Vet Affairs & Em. 10/17	WC PTSI coverage for 1 st responders
HB 1585 (Frankel-D-Allegheny)	H. Health 10/18	Insurer coverage for dental Telemedicine
HB 1580 (Salisbury-D-Allegheny)	H. Commerce 10/18	Allowing working remotely for state-regulated bank employees

WC MISCLASSIFICATION BILLS SEE PROGRESS

Three bills dealing with employer misclassification of employees as independent contractors (Workers Compensation) are seeing some attention in both House and Senate.

- **House Bill 1751** (Donahue-D-Lackawanna) is on the voting agenda for the House Labor & Industry Committee October 18.
- **Senate Bill 577** (Kane-D-Chester/Delaware) was reported out by the Senate Labor & Industry Committee by a 10-1 vote on October 4 and is on the Senate calendar for second consideration, needing one more session day before a vote can be taken.
- **Senate Bill 365** (Bartolotta-R-Beaver/Greene/Washington) also has language debarring contractor repeat offenders. It is also on the Senate agenda for second consideration.

IRRC TO CONSIDER FINAL HEALTH INEQUITY REGULATION

On November 16, 2023, the Independent Regulatory Review Commission (IRRC) will consider PA Insurance Department Final Form Regulation 11-261 entitled ‘Insurance Department Preparation of Forms’. This title establishes a framework for the voluntary collection by life, accident and health insurers of ethnic and racial data at time of application because: *“This regulation is necessary because insurers need effective tools to identify and address inequities in insurance coverage. The Department will allow life, accident, and health insurers to ask applicants for demographic data related to their race or ethnicity. Allowing this collection will help insurers responsibly adapt their coverage strategies to ensure that all Pennsylvanians have access to quality coverage.”*

If adopted, this regulation will be voluntary. However, the Department states that *“as set forth in the 2023 Notice of Benefit and Payment Parameters issued by the federal Department of Health & Human Services, starting with the 2025 benefit year, health insurers will be required to collect race and ethnicity data. The details of this federal proposal have not been completely finalized but this final-form (regulation) will allow the Commonwealth’s health insurers to comply with federal requirements without any state law inconsistencies.”*

On October 11, 2022, the Department circulated an exposure draft of Annex A (specifying requirements for preparation of forms seeking this data) to representatives of insurance carriers who currently issue, or may potentially issue life, accident, and health insurance policies, including Insurance Federation of PA, PA Association of Mutual Insurance Companies and the health insurers offering major medical coverage. The Department received support for the proposed regulation from Insurance Federation of PA, IBC and Oscar.

The regulation document includes the requirement to identify the financial, economic, and social impact of the regulation. *“Although it is not possible to quantify the exact cost that would be incurred by an insurer choosing to collect racial and ethnic demographic data on their applications, the final-form rulemaking may have some adverse impact on life, accident, and health insurance companies as they develop tools to collate, store, and report the data. Costs of compliance will vary by insurer...It is likewise difficult to quantify the economic and social impact of the final-form rulemaking. However, the final-form rulemaking will offer insurers the opportunity to voluntarily collect information that helps directly address coverage inequities across the Commonwealth. This will both positively impact the Commonwealth’s continued efforts to promote equity across society and help strengthen the insurance market through expanding the number of people actively participating in it.”*

A link follows: <https://irrc.state.pa.us/docs/3367/AGENCY/3367FF.pdf> .

HOUSE INSURANCE COMMITTEE REVIEWS PET INSURANCE

On October 3, the House Insurance Committee held a hearing to discuss Pet Insurance and **House Bill 660** (Schlossberg-D-Lehigh). Insurance industry and veterinarian interests supported the legislation as did the PA Insurance Department. HB 660 would establish a uniform set of compliance requirements for those insurers marketing Pet Insurance and respond to the prime sponsor’s concerns about misleading policy language regarding exclusions, fees, etc. In answer to a question from Minority Chair Tina Pickett (R-Bradford), PID Chief of Staff Jodi Frantz said that in 2022, PID received 23 Pet Insurance complaints.

DEPARTMENT ISSUES HEALTH INSURER CLAIMS COMPARISONS

On October, the PA Insurance Department issued 2023 Transparency in Coverage Report mandated by the Affordable Care Act which, among other things such as appeals, lists the numbers of claims denied by insurers. Aggregate Numbers:

Year	Number of Claims for 14 Major Carriers	Number of Denied Claims
2020	10,250,288	1,292,236
2021	11,609,540	1,685,634
2022	14,902,685	2,020,402

A link follows which also includes data for specific health insurers:

<https://www.insurance.pa.gov/Coverage/Documents/ACA-Plan-Transparency-Reports/TransparencyCoverageReport-ACAHealthPlans2023.pdf>.