

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.

WELCOME TO BUDGET MONTH

June will be one of the busiest months of the year. In addition to passage of the State Budget and the Fiscal Code bill (an implementation bill that provides specifications as to how some monies are to be spend), there is also pressure to take care of unfinished business before the summer recess. Session days in June are:

SENATE: June 3, 4, 5, 10, 11, 12, 24, 25, 26, 27, 28, 29, 30

HOUSE: Same days except that the House schedule does not list June 29 and 30.

AMONG THE MAJOR ISSUES

- Spending for education – not if but how much additional
- Legalizing adult recreational marijuana use with an estimated \$250 million in annual revenue
- Scholarship school voucher program at \$100 million
- Health insurance \$50 million additional subsidy for Pennie, the state health insurance exchange
- How and if the Rainy-Day Fund should be spent
- Increasing the minimum wage to \$15.00 per hour
- PA Climate Emissions Reduction Act, Governor Shapiro’s alternative to the Regional Greenhouse Gas Initiative (RGGI) advanced by former Governor Wolf but tied up in the courts
- Abortion access in Pennsylvania
- Taxing use of electric cars to make up for lost Motor License Fund (gas) taxes
- Perennial issue of pharmacy benefit managers versus pharmacies
- Prevailing Wage construction issues
- Additional \$250 million in funding for Mental Health at county level

STATE REVENUES YTD

A key element in State Budget talks is how much money the Commonwealth is taking in now versus projections. It is an indicator of PA’s fiscal health and provides working numbers to pay for future state spending. June 30 is the end of Pennsylvania’s fiscal year. May figures have not been released but year to date (YTD) revenues through April 2024 were reported by the PA Revenue Department. They show:

Revenue Source	YTD	Projection
Sales & Use Tax	\$11.8 billion	\$82.6 million more than anticipated (0.7% plus)
<i>Personal Income Tax</i>	<i>\$15.0 billion</i>	<i>\$157.5 million below expected (minus 1.0%)</i>
Corporate Tax	\$7.2 billion	\$332.2 million more than anticipated (4.9% plus)
Inheritance Tax	\$1.4 billion	\$137.4 million more than anticipated (11.2% plus)
Realty Transfer Tax	\$427.4 million	\$13.5 million more than anticipated (3.3% plus)
<i>So-called ‘Sin’ Taxes</i>	<i>\$1.2 billion</i>	<i>\$66.2 million below expected (minus 5.2%)</i>
Non-Tax Revenue	\$1.5 billion	\$397.3 million more than anticipated (37.7% plus)
Motor License Fund	\$2.5 billion	\$8.1 million more than anticipated (0.3% plus)

HOUSE INSURANCE COMMITTEE TO MEET

On June 3, the House Insurance Committee has scheduled a voting meeting to consider:

- **Senate Bill 739** (Vogel-R-Beaver) would mandate health insurer coverage for in-network Telemedicine (remote health care) services/treatments. 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.
- **Senate Bill 1092** (DiSanto-R-Dauphin) authorizes insurance companies and producers to offer rebates and inducements of up to \$125 providing that the rebate/inducement is NOT contingent on a sale and is NOT unfairly discriminatory per the text of the bill: *“(v) The availability of the product or service is based on documented objective criteria and offered in a manner that is not unfairly discriminatory. The insurer or insurance producer shall maintain the criteria and produce the criteria upon request by the Department.”*
- **House Bill 1754** (Mullins-D-Lackawanna and Cutler-R-Lancaster) is a mandated benefit that expands the use of precision medicine using biomarkers. Biomarkers and Biomarker testing are defined in the legislation as:

"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."

INSURANCE DEPT. & THE BUDGET for Fiscal Year 24-25

The PA Insurance Department receives its general government operations (\$39.65 million) from a dedicated Fund, the Insurance Regulation & Oversight Fund. Nonetheless, there are specific Funds related to insurance, several of which appear below:

Fund	Est. Funding Source/amount	Est. Disbursements
USTIF	Industry Fees/ \$54.6 million	\$59.99 million
NOTE: <i>Underground Storage Tank Indemnification Fund responds to underground and above ground tank leaks and ruptures as well as providing limited homeowner coverage for in-home oil heat tank leaks.</i>		
Mine Subsidence Ins. Fund	Premiums & Interest/ \$11.7 million	\$6.8 million
SWIF	Premiums & Interest/ \$218.0 million	\$213.0 million
NOTE: <i>State Workers Ins. Fund is the Workers Compensation insurer of last resort. It is one of PA's largest WC insurers and pays \$2.0 million-plus in annual premium taxes.</i>		
Pennie	Health Insurer User Fees/ \$79.86 million	\$56.3 million
NOTE: <i>PA Health Insurance Exchange Fund (aka 'Pennie') is PA's version of the Insurance Marketplace required by the Affordable Care Act. It is funded by participating health insurers based on premium. It has the Reinsurance component funded in FY 24-25 funded with Federal passthroughs of \$115.4 million with est. payments to insurers of \$159.4 million.</i>		
MCARE	Assessments/ \$305.3 million	\$230.0 million
NOTE: <i>Medicare Care Availability & Reduction of Error Fund is a state-required tier of Medical Malpractice Liability Insurance funded by health care provider assessments. Part of MCARE is the Patient Safety Trust Fund with receipts & interest at \$8.4 million and disbursements of \$9.4 million for FY 24-25.</i>		

RIP Rep. James Roebuck passed away on May 16 at the age of 79. He served in the PA House representing the 188th district in Philadelphia from 1985 until 2000. Rep. Roebuck was the Democratic Chair of the House Education Committee.