

# LEG REG REVIEW

## 2022, 2<sup>nd</sup> Issue February 6, 2022

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](mailto:xenobun@aol.com).

**NOTE: This Tuesday, Governor Tom Wolf will present his proposed State Budget for the fiscal year beginning July 1, 2022.**

### BUDGET PREVIEW

This is will be a highly unusual State Budget because PA appears to have lots of cash. This year's Budget sequestered billions of Federal dollars. Some has already been allocated. **House Bill 253** (Owlett-R-Tioga/Potter/Bradford) was signed into law by Governor Wolf as **Act 2 of 2022**. It takes \$225 million from the COVID-19 Response Restricted Account to provide \$210 million for hospitals and \$15 million to fund a student loan relief program for nurses. The remaining unallocated money will be disputed with Democrats wanting to see it spent and Republicans being hesitant to do so. On February 2, Governor Wolf announced his goal of taking \$1.7 billion in unspent Federal relief dollars and allocating it for specific COVID relief areas. The Governor and House and Senate Democrats said this expenditure would not tap PA revenues. It includes:

- \$500 million in subsidies for childcare and household expenses and support for more professional training or college.
- \$225 million in grants to approx. 11,000 small businesses with priority given to women and minority-owned business and rural firms.
- \$204 million to the Property Tax Rent Rebate Program.
- \$325 million for healthcare workers including recruitment and retention incentives, expansion of county mental health programs, and an expansion of student loan forgiveness for critical healthcare workers.
- \$450 million to address climate change and increase funding for agriculture conservation programs.

Another factor is that the state has taken in far more revenue this fiscal year than expected. On February 1, the Independent Fiscal Office (IFO) reported that tax collections exceeded projections by \$2.2 billion in almost every category except for cigarette and beer taxes. The question now is how to spend that presumed surplus. Governor Wolf is expected to again press for increased spending for education and environmental programs as well as likely re-asserting his desire to tax natural gas extraction. One unknown is the impact on spending on state worker salaries. On January 25, Governor Wolf's amended Executive Order 2016-02 to move the timetable of increasing state salaries to at least \$15 per hour effective January 31, 2022 instead of a gradual multi-year phase-in as originally stated.

After Tuesday's presentation, the House and Senate Appropriations Committees will hold hearings on various aspects of the proposed State Budget. Here are selected hearings of possible interest;

<b><u>Agency</u></b>	<b><u>Senate Appropriations Hearing</u></b>	<b><u>House Appropriations Hearing</u></b>
Agriculture	3/3	3/2
Community & Econ. Dev.	3/1	2/17
Education	3/10	3/7
Environmental Protection	3/2	2/28
Governor's Office/ Budget Office	3/17	3/10
Health	3/9	3/3
Human Services	3/8	3/9
Labor & Industry	3/15	3/2
Transportation	2/24	2/8

The Senate is holding hearings on the Department of Conservation & Natural Resources (3/2), Auditor General (2/23), Historical & Museum Commission (3/17), and Attorney General (3/1). The House is holding hearings on State Police (3/1), Community Colleges (3/7), and State-Related Universities (3/8).

## UPCOMING LEGISLATIVE/COMMITTEE ACTIVITY

Although the proposed State Budget takes center stage, there is also a great deal of other legislative and committee activity. For example, this week there will be 26 House and Senate committee meetings to consider 35 bills. Few meetings relate to insurance:

- February 7: House Health Committee will consider **House Bill 1741** (Keefer-R-York) to allow FDA-approved drugs to treat COVID infections causing respiratory-syndrome-related illnesses. This may be an ideological hot button and would put insurers at risk in covering claims from controversial drugs that the CDC does not want to be used for COVID-19.
- February 7: Senate Law & Justice Committee will discuss adult use of marijuana.
- February 10: House Labor & Industry Committee will discuss finances and investment authority of the State Workers Insurance Fund (SWIF), insurer of last resort for Workers' Compensation.

On the voting calendar, there are eight insurance-related measures on the February 7 House and Senate calendars on either second or third consideration. Note that being on the calendar does not necessarily mean that a vote will be taken. Some bills are still negotiated, some need to be referred to the Appropriations Committee for fiscal analysis. Still other bills are on second consideration which means they need another day legally before a vote can be taken. These Calendar bills relate to banning driver use of cell phones, Workers' Compensation, auto insurance minimums, health insurer pre-authorization, informed patient consent for pelvic, rectal, and prostate procedures, and suspension and restoration of driving privileges.

## ELECTIONS

- February 15 is the first day candidates may circulate petitions to be placed on the ballot. Questions about running for office? The PA Department of State suggests [ra-elections@pa.gov](mailto:ra-elections@pa.gov), 717-783-5280.
- Announced Retirement: Rep. Tommy Sankey (R-Clearfield/Cambria)
- Rep. Penny Pennycuik (R-Montgomery) is seeking the Republican nomination to succeed retiring Senator Bob Mensch (R-Berks/Bucks/Montgomery).
- Rep. Carrie Lewis DelRosso (R-Allegheny) who was elected in 2020 in an upset over former House Democratic Leader Frank Dermody, is seeking the GOP nomination for Lt. Governor.

## US LABOR DEPARTMENT ISSUES HEALTH COVERAGE FAQs

On February 4, the U.S. Department of Labor, HHS and the Treasury Department issued Frequently Asked Questions (FAQs) on health insurance governed by 2020 laws, Families First Coronavirus Response Act (FFCRA) and Coronavirus Aid, Relief and Economic Security Act (CARES Act). Guidance specifically references insurer coverage for Over-the-Counter COVID-19 tests and direct-to-consumer shipping programs. Details: <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/aca-part-52>.

## REGULATORY UPDATES

- On February 5, the PA Bulletin published the text of the PA Insurance Department's proposed Rule on Term and Universal Life Insurance Reserve Financing Standards. The regulation clarifies questions relating to reinsurance arrangements. It would match PA standards with the National Association of Insurance Commissioners' Model Regulation #787. Adoption of this proposed Rule is part of NAIC's accreditation of PA's Department. Details: <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol52/52-6/195.html>.
- Montour Mutual Insurance Company is seeking Insurance Department approval to merge with Community Insurance Company.
- **On January 22, the Department released the list of Eligible Surplus Lines Insurers:** <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol52/52-4/140.html>.