



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 841

PRINTERS NO. 1623

PRIME SPONSOR: Martin

### COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
General Fund	See fiscal impact	See fiscal impact
Political Subdivision Funds	See fiscal impact	See fiscal impact

**SUMMARY:** Senate Bill 841, Printer's Number 1623, amends Title 35 (Health and Safety) and Title 42 (Judiciary and Judicial Procedure). This legislation is effective immediately.

**ANALYSIS:** SB 841 amends Chapter 33 (Health Care Cost Containment) of Title 35 to statutorily reauthorize and modernize the Pennsylvania Health Care Cost Containment Council (PHC4). PHC4 was created through Act 89 of 1986 to collect and disseminate hospital and ambulatory surgery center data. PHC4 was reauthorized by Act 3 of 2009, but Act 3 expired June 30, 2014. PHC4 has continued to operate under Executive Order 2014-04.

The bill amends Title 35 (Health and Safety) by adding Part II, Regulated Entities, Chapter 33, to be known and cited as the Health Care Cost Containment Act. The chapter provides for the powers and duties of the PHC4, for health care cost containment through collection and dissemination of data, for public accountability of health care costs, and to conduct studies on alternative health care delivery models and the use of experimental and nonexperimental transplant surgery and highly technical procedures.

The PHC4 is established as an independent council and shall consist of 30 members, including six representatives of the business community, six representatives of organized labor, two representatives of hospitals, two representatives of physicians, one representative of nurses, one representative of the Blue Cross and Blue Shield plans in Pennsylvania, one representative of commercial insurance carriers, two representatives with expertise in health economics and outcomes research, and four representatives from the General Assembly. Council members are permitted to attend meetings by electronic means, such as teleconferencing so long as each council member attending via electronic means can communicate in real time with the other members of the council and the public.

Many of the powers and duties of the PHC4 are unchanged; however, the Council will need to add regional trends in the cost of health care and health insurance premiums to the annual report to the General Assembly. The Council must annually report on its financial expenditures to the Appropriations Committee and Health and Human Services Committee of the Senate and the Appropriations Committee, the Health Committee and the Human Services Committee of the House of Representatives.

PHC4 must prepare a report to provide a Pennsylvania-perspective on the effect of the COVID-19 disaster emergency on hospitals and health care facilities by aggregating data related to COVID-19 expenses and lost revenue reported by these entities in order to qualify for federal and state assistance. The initial report shall be issued no later than January 15, 2021, and then updated quarterly for one year following the termination or expiration of the COVID-19 disaster emergency.

Chapter 33 expires ten years after the effective date, and the following apply: actions taken by the Council from June 30, 2014, to the effective date are validated; new positions on the Council shall be filled no later than 60 days after the effective date and organizations required to submit lists of recommended persons shall do so within 30 days of the effective date. There shall be no lapse in employment for current employees of PHC4.

In addition, SB 841 amends Title 35 adding Chapter 57 (COVID-19 Disaster Emergency) which includes subchapters for Property Tax Relief, Educational Tax Credit, School Contractors, Notarial Acts and Local Government Meetings.

#### Subchapter B - Property Tax Relief

This subchapter provides temporary authority to a taxing district to address the taxation of all real property during the COVID-19 disaster emergency for a tax on real property that would otherwise be due by December 31, 2020. Specifically, a taxing district may, by majority vote, collect the tax on real property at the discount rate no later than August 31, 2020, and waive any fee or penalty otherwise associated with the late payment of the tax on real property if paid in full by December 31, 2020. A taxing district electing to exercise such power shall do so by delivering the resolution of the governing body to the tax collector within 30 days of the effective date of this subsection. A "taxing district" is defined as: (1) a city of any class; (2) a county of any class; (3) a borough, town or township of any class; and (4) an incorporated town.

#### Subchapter C - Educational Tax Credit

This subchapter provides that the requirement in the Public School Code that business firms make a contribution to a scholarship organization, prekindergarten scholarship organization, opportunity scholarship organization or educational improvement organization no later than 60 days following the approval of an application for an educational tax credit is extended until the end of the business firm's applicable tax year. Proof of the contribution shall be provided to DCED within 30 days of the date the contribution was made. Business firms fulfilling year two of a two-year commitment shall be permitted to receive a tax credit of up to 90% of the amount contributed in year two. The department is prohibited from reducing the credit authorized in year one of the two-year commitment, if the year two contribution is less than the year one contribution.

These provisions are applicable only to the tax years affected by the COVID-19 disaster emergency.

#### Subchapter C.1 - School Contractors

This subchapter provides that each school entity may renegotiate a contract to ensure contracted personnel and fixed costs, including administrative and equipment, are maintained during the period of school closure. The contract service providers must submit weekly documentation to the school entity that its complement levels remain at or above the level on March 13, 2020, in order to continue being paid.

#### Subchapter D - Notarial Acts

Section 5731 (Remotely Located Individual) of Subchapter D mandates the Department of State (DOS) to immediately authorize a notary public to conduct notarial acts remotely, if the notary gives notice to the DOS as required under subsection (G) (1), uses a communication and identity proofing technology designated by DOS and complies with the provisions of Subchapter D. This Section expires 60 days after the termination or expiration of the COVID-19 disaster emergency.

Subchapter E – Local Government Meetings

Section 5741 (Response to COVID-19 Disaster Emergency) of Subchapter E authorizes an agency, department, authority, commission, board, council, governing body or other entity of a political subdivision included in a declaration of disaster emergency as specified under Section 7501 (D) to conduct hearings, meetings or other business through the use of an authorized telecommunications device until the expiration or termination of the COVID-19 disaster emergency. Subchapter E is applicable to the COVID-19 disaster emergency and includes requirements for quorum, advance notice, minutes, unrelated issues, public participation and actions. This Section shall expire when the COVID-19 disaster emergency terminates or expires.

Finally, SB 841 amends Chapter 62 (renamed Uniform Unsworn Declarations Act) of Title 42 by further amending the Judicial Code to allow for “unsworn declarations” to be made within or outside the boundaries of the United States, whether or not the location is subject to the jurisdiction of the United States. An “unsworn declaration” is a declaration in a signed record not given under oath but is given under penalty of perjury.

**FISCAL IMPACT:** Act 1A of 2019, the General Appropriation Act of 2019, appropriated \$3,355,000 for the operation of the PHC4. PHC4 sells data sets and customized data reports and is authorized to utilize the revenue gained from the sale of data for the operation of the Council. For the year ended June 30, 2019, PHC4 realized \$695,128.59 from the sale of data and reports, and for fiscal year 2019-20 PHC4 estimates it will collect \$850,000. These additional revenues support costs of PHC4 staff and operations. Current staff of PHC4 includes 21 full-time equivalent positions at an annual estimated cost of \$3,088,000 for salary and benefits. Reauthorizing PHC4 will have no additional fiscal impact on Commonwealth funds beyond what has been appropriated through Act 1A.

Provisions within Subchapter B (Property Tax Relief) are at the discretion of the local taxing district. To the extent a local taxing jurisdiction exercises any of these provisions, the receipt of real estate tax revenues may be delayed if deadlines are extended or reduced if fees or penalties are waived.

The remaining provisions of this legislation will have no adverse fiscal impact on Commonwealth funds.

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*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*