

R. TED HARHAI, MEMBER

32 EAST WING
P. O. BOX 202058
HARRISBURG, PENNSYLVANIA 17120-2058
PHONE: (717) 772-2820
FAX: (717) 772-0745

MONESSEN OFFICE:
1200 MARONDA WAY
SUITE 401

MONESSEN, PENNSYLVANIA 15062
PHONE: (724) 684-2939
FAX: (724) 684-6613

HERMINIE OFFICE:

308 SEWICKLEY AVENUE
HERMINIE, PENNSYLVANIA 15637
PHONE: (724) 446-4288
FAX: (724) 446-4289



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

TRANSPORTATION
ENVIRONMENTAL RESOURCES AND ENERGY –
MAJORITY SUBCOMMITTEE CHAIR ON MINING
LIQUOR CONTROL
LOCAL GOVERNMENT – MAJORITY
SUBCOMMITTEE ON BOROUGHES
HOUSE MAJORITY POLICY COMMITTEE

CAUCUSES

ALZHEIMER'S
ALTERNATIVE ENERGY
AUTISM
BIPARTISAN REFORM
COAL
COMMUNITY COLLEGE
FIREFIGHTER AND EMERGENCY SERVICES
HISTORY
ITALIAN
LUPUS
PENNSYLVANIA HISTORICAL PRESERVATION
PRO-LIFE
SOUTHWEST
SPORTSMEN'S
STEEL
VETERANS
WINERY

MEMORANDUM

Date: December 16, 2010
To: All House Members
From: Representative Ted Harhai
Subject: Co-sponsorship of Legislation: Health Insurance Trend Test

This session I will be reintroducing the former House Bill 2368 – legislation that was unanimously approved by the full House and the Senate banking and Insurance Committee. Unfortunately time ran out before the full Senate could consider this important legislation.

My legislation deals with the solvency of the accident and health insurance industry. Specifically, the legislation will add the National Association of Insurance Commissioner's (NAIC) "trend test" analysis to Pennsylvania's arsenal for monitoring the fiscal health of the industry.

The importance of this bill as a consumer protection legislative piece cannot be understated. The initiative will promote the financial solvency and stability of health organizations licensed to offer health insurance products in Pennsylvania, and thereby ensure that consumer claims are satisfied. Indeed, health care providers rely on adequate company capitalization to make certain they are properly and timely compensated for services rendered to their patients.

Because other types of health insurers (stock or mutual accident and health insurance companies) are already subject to a trend test component in RBC standards, enactment of this initiative would create more consistent capital requirements for all types of insurers in the health insurance marketplace. Thirty-two states (including Pennsylvania) have enacted legislation substantially similar to the NAIC Risk-Based Capital for Health Organizations Model Act (Model Act 315) and the Department believes these states will also move to enact the NAIC's new trend test component. Therefore, this initiative would not have a detrimental impact on competition among health insurers in Pennsylvania and would benefit health care consumers by improving upon the financial stability of Pennsylvania's health insurance marketplace.

If you would like to co-sponsor this important legislation, please contact Elisa Klee at (717) 772-2820 or eklee@pahouse.net.

DEC 17 2010