



November 2007

Dear Friend,

*In this edition of "Inside the Senate," I would like to update you on the passage of legislation that would encourage the merger of volunteer fire companies and another bill that would extend a critical program that helps keep doctors in Pennsylvania.*

*I would also like to inform you of the efforts being made to monitor the proposed merger of the two largest health care insurance companies in Pennsylvania.*

*As always, if you have questions about any state issue, call my Indiana Office at 724-357-0151/toll free 866-357-0151, my Kittanning Office at 724-543-3026/toll-free 866-366-9448 (1-866-DON-WHITE), or my Murrysville Office at 724-327-2422/toll-free 866-736-9448 (1-866-SEN-WHITE), or visit my website [senatordonwhite.com](http://senatordonwhite.com).*

Sincerely,

  
Don White

## Senate Approves Bill Extending MCARE

Where would you go in an emergency if your local hospital were closed? Who would deliver your child if all of the OB-GYNs were gone? What would you do if a loved one needed emergency brain surgery and there were no neurosurgeons left in Pennsylvania?

Those were questions that the Commonwealth was facing not so many years ago as medical malpractice insurance premiums were skyrocketing and increased costs were taking a dramatic toll on the number of health care providers in Pennsylvania – especially those in critical specialties that inherently carry higher patient risk levels.

Not only were experienced physicians closing their offices or moving out of state, but the high cost of medical malpractice insurance coverage was also pushing out new medical practitioners. From 2002 to 2004, the percentage of resident physicians who trained in Pennsylvania and remained in the state to practice fell from 24 percent to 8 percent.

In response to those needs, the Legislature created the Medical Care Availability and Reduction of Error, or MCARE, program to assist physicians with paying their medical malpractice

premiums. MCARE assistance is financed primarily by a 25-cent tax on cigarettes and a surcharge on traffic citations.

As it currently stands, authorization for this important program will sunset on December 31, 2007, however, we are taking steps to protect this critical safety net for Pennsylvania's health care providers. The Senate recently approved Senate Bill 1137, a bill I introduced, which will reauthorize the MCARE program until December 31, 2008.

SB 1137 also provides significant reforms to the program. Thanks to the improving medical liability market and stabilizing of premiums, due in large measure to the reforms contained in the MCARE Act signed into law by Governor Mark Schweiker in 2002, premium costs have been reduced to a level approximately \$115 million below its \$220 million annual allocation.

With these and other new reforms in place, we can begin looking toward a future where the MCARE program may no longer be needed. However, until then, it is essential that we act to reauthorize this important program and protect the quality and accessibility of health care in Pennsylvania.

# Bill Would Encourage Regional Fire Company Partnerships

I am pleased to report that the Senate recently approved Senate Bill 96, a measure I introduced to encourage regionalization and partnership efforts among volunteer fire departments.

Senate Bill 96 takes advantage of money already in place as part of a \$100 million bond issue approved in 2002 to encourage volunteer departments to work together in a cooperative and regional way.

I want to make it clear that Senate Bill 96 does not mandate cooperation. We are not forcing anything on our dedicated volunteer corps, but rather this bill provides financial incentives for departments to be forward thinking – to look for ways to improve their response to emergencies and their capabilities once they get there.

My legislation outlines a new program

to provide private, non-profit volunteer fire companies/departments or EMS organizations funds for the following activities:

- The creation or formation of new or expanded organizations through merger, consolidation, regionalization, or other recognized partnerships.
- Education and/or informational programs designed for recruitment and/or retention of existing members.
- Other innovative approaches to partnerships that would be considered on a case-by-case basis and evaluated by the Department of Community and Economic Development.

We have a patchwork of coverage across the state. Some areas are fortunate

to have a number of fire departments, while in others the coverage is sparse. Looking closer, one area may be served by several pumper trucks, but lacks the service of a ladder truck. Several neighboring departments may each have the equipment and resources to address hazardous materials emergencies, while in other areas that capability is far more limited.

Through partnerships, those departments may be able to forgo the replacement of a worn out pumper truck in one station in favor of purchasing a ladder truck that could be much more essential to the region. Through cooperation, stations would work together to develop a coordinated response team for hazardous materials emergencies that would eliminate the need for redundant equipment, freeing up essential funding for other purposes.

## “Blues” Merger Oversight Must Be Enacted

Following on the heels of a very strident clash over the state budget this year, Governor Ed Rendell laid out a rather extensive agenda of issues he wanted the General Assembly to consider this fall. Many of the Governor’s proposals deal with health care and I am heartened he has expressed an interest in ensuring that Pennsylvanians have access to affordable health insurance coverage.

However, it is distressing he did not include the passage of legislation requiring state oversight of the pending merger of Highmark and Independence Blue Cross (IBC) as part of his agenda. Based on 2005 statistics from the National Association of Insurance Commissioners, the four Blues (Highmark, IBC, Capital and Northeast) account for more than 62 percent of Pennsylvania’s health insurance market. By comparison, the two top private health insurers in Pennsylvania (Coventry Corp. and Aetna), each have only about 6 percent of the market.

I don’t think we are being alarmists when we raise concerns that this merger would create a single, multi-billion dollar, mega-entity which could crush what little competition remains in Pennsylvania’s

health care insurance market by creating a near monopoly environment. If there is only one option for consumers to consider, and only one entity to reimburse doctors and hospitals for services, increased costs and decreased quality are real possibilities.

Most importantly, we must ensure those savings do not come at the cost of consumers’ accessibility to essential health care – and to the doctors, hospitals, pharmacists and others who provide that care. If such assurances cannot be made, then I do not believe there is any reason to approve such a merger. Unfortunately, under current law, the Commonwealth is limited in making sure such assurances stick. This proposed merger is currently outside the purview of the state Department of Insurance and General Assembly.

Currently, the Insurance Department can only review proposed mergers of for-profit health insurance providers. The Highmark-IBC deal, because it involves two non-profit organizations, is not subject to the same scrutiny, however, we are working to change



*Senator Don White, Chairman of the Senate Banking and Insurance Committee, questions Acting State Insurance Commissioner Joel Ario (left) about the potential impact on the Commonwealth of the proposed merger of Independence Blue Cross and Highmark Inc.*

that. In fact, the Senate has approved oversight legislation on three separate occasions – and as recently as June 30 – only to see the bills sit idle in the House of Representatives because the Governor has threatened a veto if it reaches his desk.

The Senate Banking and Insurance Committee, which I chair, held a series of public hearings regarding the merger proposal. We have heard from the public, industry experts and officials from both Highmark and IBC. I expect to convene additional meetings on the issue and will continue to push for state regulation over this important merger.