

## Legislative Report

# Political Games – How Wars Are Won and Lost

by Eileen Anderson

*“People who respect laws and sausage should watch neither being made.”*

**Q. What is the emotion felt when a critical piece of legislation to reauthorize the PA Health Care Cost Containment Council (PHC4) is scuttled because our state leaders spend more time playing brinkmanship than working to get things done?**

**A. Outrage.** The Governor signed many bills into law, but this session will be remembered more for what it didn't pass: MCARE malpractice premium subsidies for physicians and hospitals and most important to SMC, Reauthorization of PHC4.

MCARE is a fund to keep physicians in Pennsylvania by subsidizing medical malpractice insurance premiums, which are excessive compared to other states, and was on track to expire March 31.

PHC4's enabling legislation was set to expire June 30 unless reauthorized by the General assembly and Governor. PHC4 is an important tool to control the spiraling growth of health care costs. Since 1986 PHC4 has been a national leader in collecting, analyzing, and publishing data about the cost and quality of health care. They have been issuing reports, comparing hospitals in terms of their profits, their infection rates, etc. and they have produced dramatic reports illustrating how widely payments vary among different hospitals for doing the same procedure, same outcome. This kind of information is critical for health care reform in Pennsylvania.

**Q. It is unthinkable that PHC4 reauthorization legislation that passed both Houses unanimously by votes of 50-0, 201-0, was stopped dead in its tracks. How did it happen?**

**A. Short Answer** - Governor Rendell and legislative leaders failed to reach a consensus on health care for the uninsured primarily because of a disagreement over the cost of the program and the source of the funding.

Unfortunately, MCARE medical malpractice subsidies and reauthorization of PHC4 were caught in the middle of the battle. The Governor and House refused to continue the MCARE subsidy without passage of his health insurance plan because they wanted surplus money from the MCARE fund used to cover the uninsured. The Senate refused to pass the health insurance legislation or to reauthorize PHC4 without an agreement from the administration to extend the MCARE subsidy for physicians.

**B. Long Answer** - In a senseless game of brinkmanship the agency critical to health care reform in Pennsylvania will be out of business as of November 30. Everyone lost except for the powerful hospital association, which has been trying to get rid of PHC4 for years.

Reauthorization of PHC4 has been a central component of SMC's health care agenda.

**March 2008** - Our push to reauthorize began last spring. Several health care reform bills were brought to the floor by House Democrats, including Governor Rendell's Cover All Pennsylvanians and PHC4 Reauthorization, whose enabling legislation at that time was set to expire June 30. SMC urged House lawmakers to reauthorize PHC4.

In December, the Governor said that if his major expansion of state subsidized health insurance was not passed he would not reauthorize MCARE subsidies. The stage was set. MCARE reauthorization became the Governor's bargaining chip and lever to force action by the legislature on his plan to cover the uninsured.

The House Democrats' revised and passed Governor Rendell's insurance plan and the bill went to the Senate and stalled. Governor Rendell made good on his December threat to stop paying malpractice insurance premiums for doctors on March 31. The PHC4 reauthorization bill did not come to a vote in March.

**May /June 2008** - SMC members visited the offices of more than 50 legislators in an effort to build support for the PHC4 Reauthorization since the June 30 deadline was quickly approaching. We urged the Senate to support PHC4 and encouraged members to contact their legislators. Prior to June 30, the House reauthorized PHC4 for another 10 years. The Senate reauthorized it for five years and added an MCARE subsidy amendment onto the bill to help the physicians and hospitals, unanimously approved the legislation, and sent it to the House.

When lawmakers have a problem getting a piece of legislation acted on, it is a common tactic to attach it as an amendment to a piece of legislation that is a sure bet and absolutely has to pass. This was the Senate's strategy to get MCARE separated from the Governor's insurance plan. Only this time it backfired. The Governor, who was not opposed to any of the three initiatives, threatened a veto because it jeopardized his insurance bill, and the House Democrats refused to bring the Senate bill to a vote. The Governor and House Democrats arrived at a classic stalemate with the Senate over legislation to reauthorize the agency.

In a roller coaster week, the Governor abruptly shuttered PHC4 offices on June 30. On July 9, after the legislation appeared to be dead, the Governor issued an Executive Order putting PHC4 back in business through November 30. Lawmakers broke for summer recess.

**September/October 2008** - SMC and members once again pushed for passage of the two PHC4 reauthorization bills in the House awaiting a final vote. Now lawmakers had to pass the Governor's health insurance plan in order to assure passage of the MCARE subsidy and Reauthorization of PHC4. Ultimately they were unable to agree on the revised health insurance plan.

In a terrible game of one upmanship and hostage-taking everyone ended up losing...the public, purchasers and consumers who lost their ability to make better and more informed health care decisions that restrain costs and save lives, SMC companies, physicians, and PHC4. The renowned state agency so critical to health care reform in Pennsylvania will close on November 30 absent any executive action by the Governor. ▼

**Editor's Note:** Eileen Anderson is vice president of Red Clay Tile Works, an SMC member-company, and SMC's Government Relations manager. She can be reached via e-mail [eileenanderson@smc.org](mailto:eileenanderson@smc.org) or by phone 412.342.1606.

## Special Meeting on Workforce Development with Representative Mike Turzai

Tuesday, November 25, 2008  
The Chadwick  
Richard Road, One Wexford Square  
Wexford, PA  
Time: 9:00 – 11:00 A.M.  
By reservation ONLY; No Walk-Ins  
R.S.V.P. [www.smc.org](http://www.smc.org)

Join us for breakfast and a roundtable discussion of manufacturers' workforce issues with Representative Turzai, members of the PA House of Representatives GOP Policy Committee, and experts in workforce development.