

Legislative Report

Year-End Pennsylvania Legislative Report

by Eileen Anderson

December is a time to be thankful, a time to look back and see where we've been, otherwise we will lose our way.

At my core I am a small businesswoman. I like to build businesses, to plan, organize and get things done. At the end of every year, inventory, income, expenses are counted. Success or failure is relatively easy to measure in terms of both dollars and accomplishments. I also look back over the year and do a hand written list of things I am thankful for and a wish list for the New Year. It's a simple activity that keeps me on track.

The world of small business advocacy is a lot different than my own business. Very little is clear-cut. How does one measure progress in health care reform, business tax reform, or tort reform, when progress is so excruciatingly slow and hard to come by?

Watching contentious legislation being made is like watching a head on collision. At the end of this two-year session in Harrisburg, I deemed it necessary to compile my list of "Positive Developments" and "What Didn't Pass." With the economy in a state of upheaval, consumer and business owner angst at record levels, and while the media pummels us daily with tales of economic gloom, politicians' wrongdoing and financial misdeeds, the tally helps me maintain perspective.

Positive Developments in the Pennsylvania Legislature

We began to address our nation's energy crisis and move one step closer to energy independence at a time when rising gas and energy prices threaten economic growth. Legislation was

passed creating a \$650 million fund for the Alternative Energy Investment Act, which includes support for business and consumer energy efficiency and conservation. New requirements have been placed on electric utilities to reduce energy consumption and demand. Laws were passed providing incentives for the production of biodiesel and cellulosic ethanol. A Climate Change Advisory Committee was created to assess state actions related to global warming.

A 2008-2009 budget with no new business taxes was passed.

The Capital Stock and Franchise Tax phase-out continued in fiscal year 2008 – 2009 at a rate of 2.89 mils and on track to totally phase out in 2011. In 1991 the tax was 13 mils.

Progress was made in government reform. Our new "Right-to-Know" law provides us with access to public information with the presumption that most government records are public. The previous law, widely regarded as one of the worst in the country, placed the onus on the people who asked for information. Internal rules were also changed in the House and Senate to promote openness and fairness in the legislative process, and to increase transparency and public understanding of operations. The Speaker's Reform Commission developed House Rules changes that have made passing major legislation much more difficult.

We joined 32 other states with smoking bans. Our "Clean Indoor Air Act" effectively bans smoking in all public places and most work sites throughout Pennsylvania. Second hand smoke is responsible for the deaths of as many as 3,000 Pennsylvania non-smokers each year. Passage of a smoking ban demonstrates our willingness as a community to fight cancer and other smoking related conditions.

Perhaps most important of all to small businesses, Pennsylvania has made some progress in health care reform. Fighting high health care costs and pushing for affordable health insurance for small businesses has been at the top of SMC's legislative agenda. According to the Kaiser Family Foundation, since 2000 the cost of health insurance has increased 87 percent. While lawmakers can't by themselves solve the problem of escalating health care costs, they passed some incremental reform measures that increase access, improve quality, and decrease costs.

Act 52 passed, which will reduce costs and increase quality by requiring hospitals and nursing homes to monitor and report hospital acquired infections. Most hospital-acquired infections are avoidable – yet in 2006 in Pennsylvania they led to nearly 2,500 deaths and more than \$3.5 billion in hospital charges.

"Scope of Practice" legislation passed for physician assistants, dental hygienists, nurse midwives, clinical nurse specialists, and certified registered nurse practitioners, which will increase access to health care and reduce costs. They eliminate the barriers in existing laws and regulations that limit the ability of health care providers to practice to the fullest extent allowed by their education and training.

The implementation of Non-Payment for "Never Events" in our state's Medicaid program will increase quality and reduce costs. "Never Events" are medical errors deemed preventable. The Pennsylvania Health Care Cost Containment Council said these unnecessary errors cost state businesses, consumers, and taxpayers over \$960 million annually. When making payments to acute care general hospitals, the state will consider whether the event was preventable, within control of the hospital, occurred during an inpatient admission and/or resulted in significant harm.

We will increase quality and reduce costs with the establishment of a Chronic Care Commission, formed by Executive Order. The chronic care initiative in southeastern Pennsylvania is studying evidence-based, best-practice models for better management of chronic diseases. Approximately 78 percent of all health care costs in the state can be traced to 20 percent of all patients. In 2007, this amounted to nearly \$4 billion in avoidable hospitalization charges attributable to just four chronic diseases: asthma, diabetes, heart disease, and lung disease.

The Pennsylvania General Assembly reconvenes in January.

What Didn't Pass the Pennsylvania Legislature

- Small group insurance market reform legislation.
- Reauthorization of the Pennsylvania Health Care Cost Containment Council.
- MCARE abatement legislation to subsidize physicians' medical malpractice premiums.
- Legislation to increase access to health care and affordable health insurance for the uninsured.
- Legislation to phase in the removal of rate caps on electricity. ▼

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