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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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MEMORANDUM

TO: All Members of the House of Representatives
FROM: Representative Thomas A. Tangretti
DATE: February 9, 2005
SUBJECT: Funding of adultBasic program from surpluses accumulated by the “Blues”

In the near future I will be reintroducing legislation designed to address the underfunding of the adultBasic program and the excess “Blues” surplus.

As you may know, the Rendell Administration recently entered into an agreement with the Blues to better target funds for community reinvestment. Under this settlement, the Blues have agreed to pay an assessment on the premiums they collect from their individual, commercial and government health-care policies. The money collected from that assessment – estimated at about \$150 million per year – will be used by the state and the Blues themselves to invest in adultbasic, the state-sponsored health-care program for low-income adults who are working or transitioning between jobs, as well as other community health-care efforts. The terms of this agreement will expire after six years.

Clearly, I consider this is a positive step toward eliminating the waiting list of individuals seeking adultBasic coverage. Nevertheless, I realize that Pennsylvania still faces a dilemma in adequately providing for working families who need health care coverage. More importantly, I believe we need to establish a more permanent source of funding that will not end after the expiration of the current agreement or future negotiated agreements. As such, I plan to reintroduce legislation aimed solving this challenge by providing additional funding for the adultBasic program. Specifically, my proposal will require tax-exempt hospital plan corporations and professional health service plan corporations (the “Blues”) to fund the adultBasic waiting list using a portion of their excess surpluses as determined by the Pennsylvania Insurance Department.

Again, while I am extremely pleased with the terms of agreement between the Rendell Administration and the Blues, I believe we need to also consider the future stability of the adultBasic program. Accordingly, my proposal will enhance and continue the adultBasic program while at the same time resolving the issue of the excess surpluses and the charitable obligations of these tax-exempt corporations (“Blues”).

If you are interested in co-sponsoring this legislation, please contact Cynthia Clory at cclory@pahouse.net or 3-5963.