

Remarks of Rep. Tangretti

Rotary Club, Dec. 29, 1992

(Usual Greetings and Acknowledgements)

Traditionally, this is a time for taking stock of the past and looking ahead to the coming year.

Many of us do this in our personal life, certainly in our business life. And so this might be the time to look back at the past legislative session and ahead to the one that begins officially next Tuesday.

As Rotarians, I know you are interested and concerned about the well-being of your communities and particularly about their most

pressing needs.

By your occupational interests and backgrounds, I know also that many of you are interested in the legislature's actions as they affect the business community.

I'll try to relate my remarks to those two concerns -- our business interests and the interests of our neighbors in the broader community.

The past legislative year has already been characterized as "the year of the child," and that is surely its most significant achievement.

That's because of the new program that

was created to give all children in the state a basic measure of health insurance coverage, particularly targeting those children from families that can't afford insurance and don't qualify for medical assistance through welfare.

*- make to little*

*because they make too much*

The program will be funded by an already existing two cent per pack tax on cigarettes -- a revenue stream that has already amassed \$20 million to be used for this purpose.

The program will cover young children's doctor visits as well as limited coverage for hospital treatment, vision, dental and hearing problems and prescription drugs.

*Kukovics*  
This pioneering legislation was coupled with another bill that was passed to require insurance programs to cover immunization against serious childhood diseases.

Senior citizens were also helped with legislation to lessen the impact of rising drug prices on the lottery funded PACE prescription program and keep prescription prices within reach of our older neighbors living on limited retirement incomes.

*- senior citizens  
and  
discovery for  
drug money  
compromise*

Health care issues will continue to occupy the General Assembly in the year ahead with legislation aimed at:

*Travel and my  
purchase -*

-- reducing the amount of paperwork and

administrative costs involved in processing insurance claims.

(1500 tr single form)

-- establishing a consumer advocate to represent consumers' interests in health insurance matters.

Such as  
(pub utility com)

-- controlling hospital rates and the mounting costs for prescription drugs.

(Rate setting  
~~price~~ setting  
(my Bill) Pharmaceutical  
~~prescription~~ com -  
Toot Refor

And a variety of other health care cost containment proposals.

(Fed parameters)

No summary of the last session would be complete or accurate without mentioning the dread word "gridlock." And nowhere was it more in evidence than on the workmen's compensation issue.

Those of you who've followed this issue  
can believe me when I tell you that I share  
your frustration with the existing system as well  
as your disappointment with the legislature's  
inability to improve it.

*However - I want to point out that  
the House passed 3 versions -  
Senate passed Mellow-Medlyn =*

I can only promise you that it will be a  
top priority of the new legislature and one of  
the first issues to be addressed when the  
session starts next month.

You are probably aware, if you followed  
the issue, that the House and Senate took  
widely different approaches to workmen's  
comp reform.

*Bill passed in Nov - was reintroduced  
To cite some examples, our bill...the  
on Dec. 16 - by Rep. Lloyd and goes  
a long way in reaching out toward  
a compromise For example.*

**HOUSE OF REPRESENTATIVES**  
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**FOR IMMEDIATE RELEASE**

**CONTACT: Tom Boyle (717) 787-7895**

HARRISBURG, Dec. 16 -- State Rep. Bill Lloyd, D-Somerset, has proposed legislation to overhaul the workers' compensation system and roll back the average rate increase of 24 percent which went into effect on Dec. 1.

The bill, to be formally introduced when the legislature reconvenes in early January, is substantially the same as the version which the state House of Representatives approved by a 110-81 vote on Nov. 25. The Senate did not vote on that proposal before the end of the legislative session Nov. 30.

The Somerset County lawmaker said the bill includes tentative compromises on a ceiling on payments to doctors and hospitals, incentives to improve workplace safety, a stepped-up effort to stop fraud, authorization of group self-insurance, and some benefit issues.

These tentative compromises are products of numerous negotiating sessions which Lloyd and House Labor Relations Committee Chairman Frank Pistella, D-Allegheny, held in November with state Sens. Robert Mellow, D-Lackawanna, and Roger Madigan, R-Bradford, who sponsored the Senate version of workers' compensation legislation, and with state Rep. Joseph Gladeck, R-Montgomery, the minority chairman of the House Labor Relations Committee.

"On those issues on which no tentative compromises were reached, the bill includes the language which Rep. Pistella and I advocated during the negotiations," Lloyd said.

"I hope that including the tentative compromises reached in November will limit the number of issues in dispute between the House and the Senate and make it easier to reach a final compromise early next year. My bill offers an opportunity to roll back the recent rate increase and impose meaningful controls on long-term costs," the Somerset County lawmaker commented. "My bill also addresses numerous procedural and benefit issues raised by business in a balanced way, without sacrificing the basic rights of injured workers."

Under the bill, the Insurance commissioner would have 60 days to issue a decision rolling back the rate increase to reflect the savings the bill would generate. The rollback would be retroactive to Dec. 1.

The major savings would come by limiting payments to doctors and hospitals for treating injured workers to 117 percent of what Medicare pays for primary care and to 120 percent of what Medicare pays for specialized care. Increases in the ceilings in future years would be limited to the percentage by which the statewide average weekly wage increases.

-more-

The bill also would establish a procedure for insurance companies and employers to challenge the appropriateness or necessity of any medical treatment through a utilization review process.

Insurance companies would be required to help employees identify and reduce dangerous working conditions. Employers also would receive a one-time 5 percent premium reduction as an incentive to establish a voluntary labor-management committee to improve workplace safety.

The bill would make clear that workers' compensation fraud by an employee, employer, insurer, health care provider or attorney constitutes criminal misconduct punishable by fines and imprisonment. The insurance Department, employers and insurance companies would be required to provide records to, and cooperate with, law enforcement agencies.

Insurance companies also would be required to establish anti-fraud plans.

Employers in a similar line of work could self-insure on a group or "pooled" basis.

With limited exceptions, the insurance industry would not be allowed to raise workers' compensation rates without the prior approval of the state Insurance commissioner. The governor would appoint a "consumer advocate" to present expert witnesses and cross-examine insurance industry witnesses in future workers' compensation rate cases.

To speed up decisions on workers' compensation claims and on petitions to terminate benefits, the bill would increase the number of referees from 76 to 120 and authorize the use of informal conferences to attempt to settle disputed cases.

For the first six weeks of disability, a part-time worker whose pre-injury wage was less than one-half of the statewide average wage for all part-time and full-time workers would receive 90 percent of his pre-injury wage. Under current law, such a worker is entitled to a benefit at least equal to one-third of the statewide average wage even when that benefit is more than he was making when he was injured.

A worker receiving both unemployment compensation and workers' compensation would have his unemployment compensation benefit reduced by the dollar amount of his workers' compensation benefit.

An injured worker would not be entitled to workers' compensation benefits for any period of incarceration after a conviction or if his injury resulted from his illegal use of drugs or his intoxication.

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r:wcomp12.069

**EDITORS PLEASE NOTE: Bill summary attached.**



session ended on November 30.

Why do I believe the prospects for a resolution are better next year?

First because most of the groundwork has already been covered and the negotiating process is already well advanced.

I believe the political will is there to reach a successful conclusion. And, it will be aided by the new political alignment in the Senate -- a development that should bring about a more unified approach to legislative issues between the two chambers and the Governor's office.

Finally, looking ahead to next year, economic development will be a major theme

*- Because of the pressure of the ~~the~~ 24<sup>th</sup> interest*

and goal of the legislature's agenda.

The results of November's election have made clear the number one priority for policymaking at the national and state levels.

Clinton's adviser James Carville was right: "It's the economy," and we'd be stupid not to remind ourselves of that. The existing workmen's compensation system is plainly a drag on business and a drag on the state's economy.

Workmen's compensation reform, tax reductions and incentives for business investment, new forms of aid for small business, fewer regulations, and other similar

measures are all likely to surface next term.

It all may add up to a very promising session for Pennsylvania business ... because real economic improvement and lasting job growth can only come about through vigorous expansion of the private sector.

That about sums up my sense of the legislative outlook, and it's a fairly optimistic one.

At least to this extent: If it isn't an unqualified Happy New Year, I think it will be a much improved one.

Thank you, and I welcome any questions you might have.

*See for yourself how the Lloyd Compromise mandates and guarantees savings for Pennsylvania businesses.*

| <b>LLOYD<br/>COMPROMISE</b>  | <b>MELLOW-MADIGAN<br/>PLAN</b>  |
|--|---|
| Prohibits retroactive rate hikes.  | Allows retroactive rate hikes.  |
| Requires a 10% cut in future premiums through health care cost containment provisions.   | No requirement for cuts in insurance rates.   |
| Requires prior approval of rate hikes.   | Allows unapproved rate hikes to go into effect.                                       |
| Requires insurance companies to pass savings along to their business customers.  | Allows insurance companies to keep any windfall profits.                              |
| Mandates lower insurance rates for businesses that improve their safety record.  | No rate reductions for improved safety.   |
| Mandates lower insurance rates for businesses that already have good safety records.   | No rate reductions for safe businesses.   |
| Gives business and labor a voice in decisions about future rate hikes with a Business/Labor Advocate — like the Consumer Advocate for the PUC. | Gives business and labor no voice in future rate decisions.                           |
| Encourages anti-fraud vigilance by giving prosecutors a share of recovered funds.  | Limits anti-fraud provisions to selected classes.                                     |
| Changes the employer classification system to make businesses better-informed insurance buyers.  | Contains no changes to the classification system.                                     |
| Requires insurers to help businesses with workplace safety efforts.  | No requirement for insurers to help their policy holders.                             |
| Sets the medical fee schedule at 117% of Medicare, which is consistent with Blue Cross-Blue Shield rates.                                      | Sets the fee schedule at 120% of Medicare — higher than Blue Cross-Blue Shield rates. |

House bill...would have prohibited retroactive rate hikes...required a ten percent cut in future premiums through health care cost containment measures...required prior approval of rate hikes...mandated insurance companies to pass savings along to their business customers...mandated lower insurance rates for businesses with good safety records...and set the medical fee schedule at 117 percent of Medicare, not 120 percent as in the Senate bill.

Those are among the major differences in the House and Senate measures, and that's where the matter was left when the

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HOUSE OF REPRESENTATIVES  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

December 21, 1992

Subject: Workers' Compensation  
To: House Democrats  
From: Timothy Potts  
Press Secretary to the Speaker-Designate

A handwritten signature in black ink, appearing to read "T. Potts", written over the typed name and title.

On Wednesday the 16th, Rep. Bill Lloyd unveiled the comprehensive Workers' Compensation proposal that he will introduce at the beginning of the next session. I have enclosed a copy of the news release that was issued along with a summary of the legislation.

While this news received a good amount of radio coverage, it went largely unreported in the print media. This can only work to our disadvantage in trying to repeal the 24 percent increase forced upon businesses.

Our purpose in sending you this information, therefore, is to ask you to generate local newspaper coverage on this urgent issue. There are four things you may want to do:

1. Call your writer and have him or her prepare a news release similar to Rep. Lloyd's for your local media, concentrating on whatever aspect of this issue is most important in your district.
2. Meet with local reporters and editors and give them a copy of the summary. Our opponents continue to characterize Rep. Lloyd's efforts as a "Band-aid" approach. Broad distribution of the enclosed summary should dispel that myth.
3. Call your local radios, or work with Bob Kline, to get Rep. Lloyd's proposal more broadly understood among the public.
4. Send copies of the summary to local business leaders and business publications.

Thank you for your attention to this issue. We believe that a concerted effort now will improve our chances for legislative success when we convene the new session.

cc: Michael Edmiston  
Elaine Smith