

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 12/7/11

PRIME SPONSOR: D. White

BILL NO: SB1358

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PRINTER'S NO: 1845

A. Synopsis:

Senate Bill 1358 will amend provisions of Act 94 to provide the Insurance Commissioner with greater authority to extend the terms of the existing contract between Highmark and UPMC. The purpose of the bill is to provide additional time for the health care marketplace in western Pennsylvania to adjust to the many changes occurring.

B. Summary:

SB1358 will specifically:

- Ensure physician services provided at a hospital are subject to Act 94. This change will ensure that subscribers will be able to receive services at UPMC hospitals for a period beyond June 30, 2012, if the Commissioner chooses to invoke Act 94.
- Clarify Act 94 as it pertains to contract expirations as well as terminations.
- Define Hospital Service Areas and provide the Commissioner with the authority to invoke Act 94 in instances where a hospital has 5 percent or greater share of the available beds in defined areas.
- Extend the timeframe the Commissioner may invoke Act 94 from 6 months to 36 months.

Under current law, the Pennsylvania Insurance Department can suspend for up to six months the termination of a hospital contract. Act 94 was enacted in 1975 to stabilize contractual relationships between Blues Plans and hospitals to ensure services remain available to subscribers while attempting to resolve impasses such as the one now occurring between Highmark and UPMC.