Governor Wolf’s priority of helping businesses create jobs that pay is a message I took to a high tech manufacturer in Berks County, joining Labor and Industry Secretary Kathy Manderino in announcing a significant cut in workers' compensation insurance rates. This cut will save Pennsylvania businesses $150 million in the coming year, and is on top of a national report showing that Pennsylvania has improved nine spots in terms of the cost of workers’ compensation insurance since Governor Wolf took office. Importantly, this reduction in business costs comes with no cut to the benefits provided to injured workers and their families.

I am accepting public comments on a request by Highmark Health to loosen the requirements now in place for when Highmark transfers funds to the Allegheny Health Network, a group of hospitals and other medical facilities in western Pennsylvania that the insurer affiliated with in 2013. Maintaining a viable Allegheny Health Network is key to ensuring competition in health care in the western part of the state, which provides consumers a choice of where to get their care. The public’s input is important as I consider this request and is also part of Governor Wolf’s commitment to transparency.

Protecting health care consumers in some of their most vulnerable moments from potentially crippling bills is the impetus for a bipartisan effort to permit state regulation of air ambulance services.
I testified at a House Insurance Committee hearing held by committee chair Representative Tina Pickett, who joins me in supporting federal legislation that would allow state regulation of these services. In my continuing work to better inform consumers about how to get the most from their insurance dollars and be protected against scams, our department has announced a flier offering tips on what information is needed to file homeowners insurance claims after storm damage and ways you can spot a scam if someone offers to do repairs to your home. I want to get this information out now as we enter the time of year Pennsylvania is most likely to experience severe storms.

Thank you,

Teresa Miller
Insurance Commissioner

Helping businesses in Pennsylvania create jobs that pay is a priority of the Wolf Administration. Commissioner Miller and Labor and Industry Secretary Kathy Manderino announced a major cut in workers’ compensation insurance rates, effective April 1, that should help businesses have more money to create jobs.

Speaking at Global Advanced Metals, a high tech manufacturer near Boyertown, Berks County, Commissioner Miller announced that the Insurance Department had approved a 6.21 percent cut in workers’ compensation premiums for this year, a move that will save Pennsylvania businesses a total of $150 million in the coming year. This cut comes on top of a study released in November by the state of Oregon that shows Pennsylvania has improved nine slots in a comparison of all states’ workers compensation rates since Governor Wolf took office. Over the past six years, rate cuts have now saved Pennsylvania businesses $720 million.

Commissioner Miller said her department works hard to maintain a competitive climate in the insurance industry that usually translates into better options for consumers, which, in the case of workers’ compensation coverage, are Pennsylvania businesses. She said about 325 companies now compete to write workers’ compensation insurance in the state.

Secretary Manderino said the Wolf Administration also puts a priority on worker safety, and noted that this rate cut comes while maintaining benefits for injured workers and their families. Workplace safety committees earn companies an added five percent reduction in their workers’ compensation insurance rates. Global Advanced Metals has a safety committee and earned the Governor’s Award for Safety Excellence in 2016, and certification as an Occupational Safety and Health Administration (OSHA) VPP Star site since 2008.

The biggest reason cited for the reduction in workers’ compensation insurance rates is a drop in the frequency of claims.

Commissioner Miller and Secretary Manderino speak to workers about the workers’ compensation rate reduction at Global Advanced Metals in Boyertown, Berks County.
Keeping with the Wolf Administration priority of transparency and valuing public input, Commissioner Miller is accepting public comments on a request by Highmark to reduce the approval and notification requirements now in place for transfers of funds from Highmark Inc. to the Allegheny Health Network (AHN), a group of hospitals and other medical facilities with which the insurer affiliated in 2013.

The department approved this affiliation with an order issued in 2013, as the relationship between Highmark and UPMC was about to end, potentially leaving many in southwestern Pennsylvania with fewer providers and facilities in their insurer’s network. Consent decrees entered into in 2014 by Highmark and UPMC have provided Highmark customers continued use of UPMC facilities and providers as in-network in certain circumstances, but these consent decrees are set to end in June of 2019.

Highmark says it needs greater flexibility to move funds from Highmark to AHN without waiting for department approval to continue facility and service upgrades to these facilities and maintain a competitive provider network.

The 2013 Order approving Highmark’s purchase of the West Penn-Allegheny Health System, the request for modification of that order, and AHN’s Strategic and Financial Plan, 2017-2020, are available on PID’s homepage at www.insurance.pa.gov.

Instructions for where to submit comments are also available on PID’s website. Comments should pertain to Highmark’s request to modify the 2013 Order and will be accepted through May 8.

A decision on the request is expected by mid-summer.

Commissioner Miller Urges State Regulation of Air Ambulances

Following complaints from consumers of balance bills from air ambulance services that ranged as high as $40,000, Commissioner Miller wrote letters to Pennsylvania’s two U.S. Senators, asking them to support a bill that would allow her department to work with the state legislature to regulate air ambulance services.

State regulation of these services currently is preempted by the federal Airline Deregulation Act of 1978, which prohibits state regulation of air services. A bill introduced by Senator Jon Tester of Montana would give states regulatory power over air ambulance service but would not extend this authority to any other sector of air service.

Gary Karwaski, a consumer from Luzerne County, spoke at a news conference held at the Capitol with Commissioner Miller and House Insurance Committee Majority Chair Tina Pickett, in support of giving states authority to protect consumers from these huge balance bills. House Insurance Committee Minority Chair Tony DeLuca also gave his support to this proposal.

Mr. Karwaski told reporters he suffered severe injuries, including a broken back, after a fall from his cabin roof in rural Pennsylvania. He was flown by air ambulance to a hospital, where he underwent successful surgery. A few weeks later, he received a bill of more than $42,000 from the air ambulance company. Mr. Karwaski’s insurance paid about $12,000, which he thought took care of the bill. Shortly after, the air ambulance sent Mr. Karwaski a balance bill of more than $30,000.

He eventually hired an attorney and negotiated the remaining bill down to about $7,500.

Commissioner Miller said this episode points out the need for the state to have authority to protect consumers from these huge balance bills. The first step that is needed is for the federal legislation to pass, giving states this authority. Should this happen, Commissioner Miller pledged to work with the legislature, air ambulance providers, and insurers to come up with a solution to prevent consumers from facing these devastating balance bills.

Commissioner Miller, House Insurance Committee Chair Representative Tina Pickett, and consumer Gary Karwaski discuss air ambulance regulation at a press conference in Harrisburg.
Commissioner Miller Announces After The Storm Brochure to Help Storm Damage Victims

Continuing the Wolf Administration’s consumer protection and education initiative, Commissioner Miller announced the release of a new brochure to help equip homeowners with information they need to file claims if their homes are damaged by storms and how to avoid potential scams by unscrupulous home repair outfits. Spring is usually the season when most severe storms strike Pennsylvania.

Titled “After the Storm”, the guide offers tips on what information is needed to file a homeowners insurance claim. The brochure includes tips such as saving all receipts, taking photographs or video of damage before making repairs, making only temporary repairs until your insurance company inspects the damage and approves the repairs, and being prepared to negotiate with your insurer if their damage estimate differs from yours.

The brochure also cautions homeowners to ask for identification from anyone claiming to be a public adjuster. Public adjusters are professional claims handlers, licensed and regulated by the Insurance Department, who can assist policyholders with the claims process. You can verify someone is licensed as a public adjuster by visiting www.insurance.pa.gov, clicking the Find an Insurance Professional link under Key Services.

You should also ask for and check references before hiring a contractor to do repair work on your home. Any home improvement contractor who does more than $5,000 of business per year in Pennsylvania must register with the Attorney General’s Bureau of Consumer Protection. Ask the contractor for his Home Improvement Contractor (HIC) number and verify registration by calling the Attorney General’s Home Improvement Registration toll-free line at 1-888-520-6680.

Commissioner Miller also advised consumers not to pay in full until all repairs are completed.

Insurance Department on the Road

For Consumer Groups & the Public

• 5/8/17, 2 p.m. - Keystone Konnection 17 - Central Hotel and Conference Center, 800 East Park Drive, Harrisburg.
• 5/17/17, 7-8:30 p.m. - Flood Insurance Information Session with Rep. Tina Davis - Keystone Elementary School, 1800 Keystone Street, Croydon.
• 5/18/17, 9 a.m.-2 p.m. - Department of Military and Veterans’ Affairs 24th Annual Health, Wellness, and Safety Fair - Fort Indiantown Gap, Annville.
• 5/19/17, 9 a.m.-12 p.m. - Rep. Mike Schlossberg & Rep. Peter Schweyer’s Senior Fair - East Side Youth Center, 1140 E. Clair Street, Allentown.

Facebook Live

• 5/11/17, 2 p.m. - Motorcycle Safety with the Pa. State Police
• 5/16/17, 2:30 p.m. - Property & Casualty Rate Review

Join us at www.facebook.com/PaInsuranceDept!
Pennsylvania Ranked in Top Ten Nationally on Protection for Consumers Filing Homeowners Claims

Seeing it as a validation of Governor Wolf’s emphasis on consumer protection as a top priority for the Insurance Department, Commissioner Miller said a national study of how well states protect homeowners against being penalized for using their insurance shows Pennsylvania’s laws, and the department’s enforcement of those laws, are working well.

The report by the Rutgers Center for Risk and Responsibility at Rutgers Law School found Pennsylvania better protects homeowners when they file a claim than do 40 other states. Pennsylvania was one of only ten states to receive a rating of four stars or better in the study.

The study evaluated a practice called “use it or lose it.” The criteria considered whether homeowners could have their policies canceled or non-renewed, or have surcharges placed on them, when a claim is filed. The study additionally considered whether homeowners could be penalized for filing a claim even if the insurer paid no money, or for merely calling to inquire whether a loss would be covered.

“Pennsylvania’s Unfair Insurance Practices Act prohibits insurers from canceling or non-renewing a homeowner’s insurance policy simply for submitting a claim,” Commissioner Miller said. “Also, our department permits surcharges to be applied only when a claim results in the insurer paying for the loss, so a zero dollar claim or an inquiry as to whether a loss is covered cannot be used to place a surcharge on the homeowner’s policy.”

Commissioner Miller noted claim surcharge policies and procedures must apply to all policyholders or all policyholders of the same class, and must be submitted to and approved by the Insurance Department prior to taking effect. The department reviews these plans to make sure any surcharges do not result in rates that are excessive, inadequate or unfairly discriminatory. Additionally, an insurer must notify homeowners that submitting claims can result in surcharges before the company begins applying these surcharges.

Overall, these protections permit insurers to make a fair profit in their business, but don’t penalize homeowners for using the coverage they need to keep their families financially sound.

Recent Press Releases

May 2, 2017 - Commissioner Urges Congress to Help Homeowners by Promoting Private Flood Coverage in NFIP Reauthorization
May 1, 2017 - Insurance Commissioner Launches Partnership with PA Library Association to Provide Consumer Information
April 26, 2017 - Wolf Administration, Health Insurers Urge HHS Secretary Price to Protect Health Insurance for Pennsylvanians
April 18, 2017 - Commissioner, House Committee Chairs Back Proposal Allowing States to Regulate Air Ambulance Services
April 14, 2017 - Wolf Administration Introduces New Brochure to Help Homeowners File Storm Damage Claims, Avoid Scams
April 11, 2017 - Pennsylvania Garners Top-Ten Ranking in National Study on Protection for Consumers Filing Homeowners Claims
April 6, 2017 - PID Seeks Public Comment on Highmark Request to Reduce Department Notification of Funds Transfers
April 3, 2017 - Wolf Administration Joins National Effort to Promote Retirement Planning, Helps Protect Against Scams
March 30, 2017 - Wolf Administration Announces Workers’ Comp Insurance Rate Cut
March 23, 2017 - Wolf Administration and Others Discuss Implications of ACA Repeal for Pennsylvania Consumers
March 20, 2017 - Wolf Administration Provides Information on Flood Insurance to Residents of Centre County Hit by Flooding
March 15, 2017 - Insurance Commissioner Offers Tips on Dealing with Winter Weather Damage to Homes and Automobiles
March 8, 2017 - Administration Strengthening Mental Health & Substance Use Disorder Protection Through Compliance Training