

A Unique View Inside State Government

By Holston & Crisci, Harrisburg, Pennsylvania

August 1, 2005

Short Summer Break – Next Issue August 15

PA Capital Digest will be on a short, summer break next week.

Our next issue will be August 15. But don't worry, if something earth shattering happens, we'll let you know!

Political Notes

Interesting week in Harrisburg -- the Lt. Governor's attendance at a Marine's funeral ends in calls for her resignation and apologies all around; the biting comments continue from the public, editorial writers and columnists over the pay raises; the courting rituals of GOP gubernatorial hopefuls were observed; and a new candidate for Governor the enters race.

Courting the GOP: Lynn Swann made it clear he is running for Governor, no longer just exploring the possibility, at a meeting of Republican county chairman.

Former Lt. Gov. Scranton received the biggest applause at the same event saying he narrowly lost the 1986 election by 79,000 votes out of 3.4 million cast.

In an alternative approach, Sen. Jeff Piccola (R-Dauphin) yielded the bulk of his time to let a national political consultant (John Morgan) speak. One chairman was quoted as saying Piccola's approach, "was just a fiasco."

Meanwhile a <u>poll by the Ramussen Reports</u> this week had Scranton running only four points behind Rendell and Swann just six points behind. (The survey did not include Piccola.)

NewsClips: Gubernatorial Hopefuls Make Pitch to GOP GOP Hopefuls Court County Leaders

Piccola Has Votes?: Sen. Piccola was quoted later in the week as saying he had 100 of the 188 votes needed on the Republican State Committee for an endorsement for Governor. However, he would not identify his supporters.

Spokespeople for Scranton and Swann immediately dismissed Piccola's claim.

New Runner in Gov. Race: Jim Panyard, the 62-year old former head of the Pennsylvania Manufacturers Association, said he's running for Governor on the Constitutional Party ticket.

He said he wanted to mount a "revolution" against big government, higher taxes and liberalism and post the 10 Commandments on the wall of the Governor's Office.

Santorum/Casey Race: In the Santorum/Casey race for U.S. Senate, the <u>Rasmussen</u> Reports poll showed Santorum trails Democrat Bob Casey by eleven percentage points – 52 to 41 percent. Rasmussen called Santorum "the most vulnerable incumbent" in the 2006 U.S. Senate election cycle.

Passing Out Checks: Gov. Rendell was in Allegheny, Fayette, Greene and Westmoreland counties this week passing out checks for economic development projects.

NewsClip: Governor Distributes \$50 Million in Region

Passing Out Dogs: Gov. Rendell declared July 26 hot dog day and served over 1,500 free hot dogs to Harrisburgers to raise money for the Boys and Girls Clubs of Central Pennsylvania.

Political NewsClips

Gubernatorial Hopefuls Make Pitch to GOP

GOP Hopefuls Court County Leaders

Steigerwald: Scranton Appetite for change

Editorial: Asides, Scranton, et al

Editorial: The Meakem Factor

Santorum Leaves Open Possibility of Presidential Run in 08

Sen. Santorum's New Chapter of Political Risk

Editorial: Dr. Specter's Rx on Stem Cells

PA Judge Preparing for Tough Election

Sherwood Admits Affairs, Denies Abuse

Cheney Raising Funds for Con. Murphy

Montco DA Ponders Race for Congress

Hafer Gears Up for Congressional Race

Lt. Governor Crashes Funeral

Lt. Governor Crashed Marine's Funeral Kin Say

Heyl: Soldier's Funeral Not a Function

Rendell to Send Apology to Soldier's Family

Knoll Apologizes to Marine's Family

Knoll Apologizes to Marine's Widow

Knoll Apologizes to Family of Marine

Rendell, Knoll Apologize to Soldier's Family

Editorial: Knoll & Rendell Disgraceful Remarks

Rendell Sticking With Knoll

Rendell Backs Knoll In Spite of Calls for Resignation

Editorial: Mrs. Knoll's Problem Isn't Gate Crashing

Pay Raise Storm Continues, Members Stripped of Some Committee Posts

The Philadelphia Inquirer reported this week that House Democrats who all voted against the pay raise, were stripped of their positions as subcommittee chairmen and secretaries by House Minority Leader Rep. Bill DeWeese (D-Greene).

Among those affected were Representatives Vitali, DeLuca, Hanna, Freeman, Mann, Samuelson, Melio, Myers, Petrarca, Sainato, Shaner, Tangretti, Yewcic and Haluska.

PayClips

Pay Raise Opponents Stripped of Posts

DeWeese Demotes Pay Foes

Renedell Balks at Political Shuffle

Editorial: The Bullies of Harrisburg

Bill Drafted to Put Off Pay Raises

Editorial: A Smaller Legislature?

Backlash May Boost Workers' Pay

Lawmakers Line Up for Pay Raises Monday

How Long Will Voter's Stew About Pay Raises?

Rendell Cabinet Secretary Upset Over Pay Raise, Medicaid Cuts

Welfare Secretary Upset Over Lawmakers' Raises

John Baer: Pay Raise Still Drawing Public Ire

Some Legislators Won't Accept Pay Raises

Bumsted: Cappy's Indefensible Defense

Editorial: Cappy's Defense of Pay Raise Below Dignity of Court

Pay Raise Complaints Fill Airwayes, Email

Lawmakers Already Generous Pensions to Get Boost

Editorial: Pay-Jackers, Cappy's Willful Ignorance

Editorial: If Pay Raises Make You Angry, Comparisons to Other State Won't Help

Editorial: Pay Raises – Public Anger Needs to Focus

Editorial: PA Legislators' Pay Raise

Session Schedule

The Senate returns to session on September 19 and the House September 26.

Contents – On the Hill

- House Hearing on Liability Insurance for Health Care Providers
- House Vote Promised on Joint and Several Liability Issue
- Evans Launches Inquiry Into Concerns About Utility Cutoffs
- Eachus, Goodman Bill Would Dramatically Expand PACE/PACENET
- Stack Bills Address Prescription Drug Abuse

Other News

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- Aging Releases Report on Long-Term Care Workforce

- PUCs in 14 States Form Organization of PJM States
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- Three New DGS Deputy Secretaries Named
- Pennsylvania Unemployment Rate Increased in June
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 - o Nursing Home Preadmission Requirements
 - o Alternative Energy Portfolio Standards
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On the Hill

House Hearing on Liability Insurance for Health Care Providers

The House Insurance Committee held a hearing this week on <u>House Bill 501</u> (Gannon-R-Delaware) and the issue of medical professional liability insurance. The bill would allow providers to carry less than \$1 million liability insurance with notice to their professional board.

The PA Medical Society testified that the \$1 million worth of liability insurance the state requires physicians to carry may be excessive and each physician should be allowed to carry the amount of insurance they believe is necessary. Having the insurance should not be a condition of a physician's license.

Blue Cross testified that they did not believe a "buyer beware" model for medical care was appropriate. Setting a minimum level of insurance, they felt, was not detrimental.

This testimony was followed by the Physicians' Cincinnatus Society and an individual doctor who testified in support of the legislation and the Hospital and Health System Association which opposes the legislation. (A more detailed summary is available.)

House Vote Promised on Joint and Several Liability Issue

House Majority Leader Rep. Sam Smith (R-Jefferson) said this week that legislation to hold defendants responsible for only a share of an award equal to their proportion of responsibility for damage or harm will be considered in the state House this fall.

Smith was responding to the Commonwealth Court decision to overturn the Fair Share Act (Act 57 of 2002) due to a procedural issue.

Because of this week's ruling, one or more parties in a civil lawsuit found negligent could be forced to pay the whole award if other parties are unable to pay.

"The Fair Share Act or joint and several liability is common sense legislation aimed at saving jobs," said Smith. "Our intent was and is to protect every citizen's right to sue, while preserving the concept of 'responsibility matches fault.'

"The House intends to work with the Senate and Governor to protect the rights of those who can be dragged into court by lawyers searching for 'deep pockets' and bringing lawsuits against those minimally responsible, or not responsible at all. These lawsuits cost jobs. Employers become afraid to expand or introduce new products for fear of being sued."

Meanwhile House Minority Leader Rep. Bill DeWeese said, "This law was one of the worst examples of what one-party rule can do to the rights of Pennsylvania's citizens, and we are very pleased that the court agreed and overturned this unjust law. In their zeal to absolve huge corporations from any responsibility when innocent people suffer, the Republicans used legislative tricks to prevent a real debate on the merits of the bill to change the joint and severability law in the Commonwealth. They arrogantly shut out Democratic attempts to amend their bill. This time their arrogance caught up with them. They forced this joint and severability amendment language into an existing bill – a bill designed to protect crime victims through DNA testing."

NewsClips: Court Tosses Out Law Restricting Civil Liability
Court Strikes Down Law Changing Liability Rules
Editorial: Disdain for Constitution Undid Needed Reform

Evans Launches Inquiry Into Concerns About Utility Cutoffs

Rep. Evans (D-Philadelphia), Minority Chair of the House Appropriations Committee, this week announced he is launching an investigation into complaints about shutoffs to delinquent utility customers across the state.

According to complaints received by legislators, the increase in shutoffs follows the enactment of a state law last fall that made it easier for utilities to turn off service to nonpaying customers.

"I supported the change in the law," Evans said. "Colleagues have told me they are receiving an increase in the number of constituent complaints, usually regarding the cutoff of their water or other utility services."

Evans has asked Joseph Rhoads, former vice chairman of the Public Utility Commission and former member of the state House, to look into the allegations.

Evans also said Rhoads was asked to take a serious look at the pros and cons of Rep. John Perzel's proposed plan to restructure the Philadelphia Gas Works.

"If the law is doing more harm than good, the General Assembly should reexamine it," Evans said. "No one should be without access to clean water. If, on the other hand, this is just a case of people choosing not to pay their water bills until forced to do so, then we must face that reality, as well."

NewsClips: Editorial: Utility Shutoffs Life or Death

Eachus, Goodman Bill Would Dramatically Expand PACE/PACENET

Rep. Eachus (D-Luzerne) and Rep. Goodman (D-Schuylkill) this week announced legislation that would allow 500,000 more senior citizens to be eligible for the state's PACE and PACENET prescription drug programs.

Eachus and Goodman made the announcement on behalf of the House Democratic Caucus.

The proposal would expand the programs to cover seniors ages 60 to 64. Currently, the programs are limited to those 65 and older. PACE and PACENET are funded by the state lottery.

Eachus was the lead Democratic sponsor of the 2003 law that made 100,000 more seniors eligible for those programs by updating the income limits.

The proposal would allow seniors ages 60 to 64 to enroll in PACE or PACENET if they meet the existing income limits.

The income limit for PACE is \$14,500 for single seniors and \$17,700 for married couples, while the income limit for PACENET is \$23,500 for single seniors and \$31,500 for married couples. PACE has no deductible, and the PACENET deductible is \$40 per month.

Eachus said the plan would also eliminate a "marriage penalty" that affects couples where one spouse is 65 or older and the other is under 65. Current law counts both incomes toward the eligibility limit but only provides PACE or PACENET benefits to the spouse who is 65 or older.

Stack Bills Address Prescription Drug Abuse

Sen. Stack (D-Philadelphia) announced the introduction of legislation this week to give law enforcement officials new tools to combat prescription drug diversion.

"Prescription drug abuse has become an epidemic in this country, affecting over 15 million Americans," said Stack. "We need new laws to fight this growing problem, laws that target criminals who obtain and distribute prescription drugs illegally."

Stack's legislation would do the following:

- Create an electronic database, run by the state Attorney General, for monitoring prescription drugs that are dispensed and require reporting from pharmacists (Senate Bill 742);
- Create a new offense, classified as a third-degree felony, for individuals who steal prescriptions and prescription pads (Senate Bill 743);
- Create a new offense, classified as a third-degree felony, for individuals who steal prescription drugs (Senate Bill 744); and
- Create a new offense, classified as a third-degree felony, for "doctor shoppers" who visit several doctors and lie to obtain prescriptions (Senate Bill 745).

Pennsylvania currently requires pharmacists to report prescriptions for schedule II drugs, but Stack's legislation would update the system to make it electronic and cover both schedule II and III drugs.

Weeks Ahead

Upcoming events, meetings and hearings on legislative issues.

August 2 – House Labor Relations Committee information meeting on <u>House Bill 1215</u> (Mustio-R-Allegheny) changing the definition of "independent contractor" under the Workers' Compensation Act and <u>House Bill 1360</u> (Mustio) further providing for subcontractors and for offenses under the Workers' Compensation Act. Harrisburg.

- August 2 New House member Karen Beyer to be sworn into office.
- August 4 PA Gaming Control Board meeting. Harrisburg.
- **August 9** Senate Law & Justice Committee/House Liquor Control Committee hearing on underage drinking. Pittsburgh.
- **August 9** House Local Government Committee information meeting to hear comments by counties on real estate tax sale law. Harrisburg.
- **August 9** House State Government Committee hearing on <u>House Bill 1836</u> (Yewcic-D-Cambria) relating to eminent domain law. Harrisburg.
- **August 10** House State Government Committee hearing on <u>House Bill 652</u> (McCall-D-Monroe) relating to awarding state contracts. Harrisburg.
- **August 22** House Professional Licensure Committee hearing on two bills by Rep. Thomas (D-Philadelphia) on nursing certification <u>House Bill 40</u> and <u>House Bill 47</u> as well as <u>House Bill 1063</u> (Barrar-R-Chester). Philadelphia.
- August 23 House Professional Licensure Committee hearing on <u>House Bill 1810</u> (Gannon-R-Delaware) establishing a Statewide Registry of nursing misconduct. Philadelphia.
- **September 13** Special Election for 200th House District, Philadelphia.

Senate Committee Schedule House Committee Schedule

Other News

Richman Comments on "Extremely Challenging" Budget Year, Pay Raises

Department of Public Welfare Secretary Estelle Richman told the PA Press Club this week the budget just concluded was the best of bad choices.

Richman warned the Medicaid program faces \$400 million in increased costs and less federal support next year, on top of the \$1.2 billion hole the state officials wrestled with in this year's new budget.

She estimated another 100,000 people will be added to the Medicaid program this coming year.

Richman said efforts should be focused on improving the quality of care and on wellness initiatives like combating childhood obesity and smoking, especially smoking by pregnant women.

In response to questions, Richman said underage alcohol abuse was caused by other problems like depression and bipolar disorders and those conditions needed to be treated to get to the underlying issues.

She also commented on the pay raise for legislators and the cuts to her budget—"I have spent most of my life fighting for people who have no voice and have significant health care needs. I am still pretty upset. Some of the most drastic cuts could have been restored and we must care for (the) most vulnerable people."

(A more detail summary is available)

NewsClips: Rendell Cabinet Secretary Upset Over Pay Raise, Medicaid Cuts Welfare Secretary Upset Over Lawmakers' Raises

Aging Releases Report on Long-Term Care Workforce

The Department of Aging and the Pennsylvania Intra-Governmental Council on Long-Term Care this week released a report detailing significant recommendations to strengthen and stabilize the state's long-term care workforce.

The report, "2004 Pennsylvania Long-Term Care Workforce Surveys," prepared by researchers at The Pennsylvania State University and funded by the Department of Aging, updated data on the state's direct care workforce gained from a 2000 study by Polisher Research Institute.

The Penn State researchers' main recommendations are:

- Increase and maintain higher standards for training direct care workers;
- Provide incentives to employers to improve the workforce;
- Fund a demonstration project to evaluate the impact of a comprehensive workplace improvement incentive program;
- Create and support a cadre of peer mentors for organizations undertaking workplace redesign;
- Support evidence-based practices in improving pay, benefits and supervision through a series of well-organized, one-day, high-impact conferences;
- Support a social marketing campaign on behalf of direct care careers;
- Provide infrastructure for a database on the direct care work force;
- Encourage successful consumers in the consumer-directed care model to share their insights about direct care worker management with others who are less experienced with the model; and
- Develop a strategic plan for the long-term care workforce to address the state's service needs for the coming decade.

The full report is available on the **Department of Aging's website**.

PUCs in 14 States Form Organization of PJM States

The Public Utility Commission will join the regulatory commissions of 13 states and the District of Columbia to form a non-profit organization called the Organization of PJM States Inc.

The new organization formally unites those state commissions within the PJM Interconnection, L.L.C., which provides or oversees electric transmission, market maintenance and monitoring, reliability, security, and other transmission system operating services as a regional transmission organization approved by the Federal Energy Regulatory Commission.

"This new organization will help facilitate better information and knowledge with our sister states and ensure that the voice of state regulatory commissions is heard at the PJM regional level and at the Federal Energy Regulatory Commission," PUC Chairman Wendell Holland said. "This new organization will help us to better serve the public interest and to continue to build on PJM's worldwide reputation for excellence."

Chairman Holland serves on the Executive Board along with Vice President Laura Chappelle of Michigan; Secretary Mark David Goss of Kentucky; and Treasurer Allen Freifeld of Maryland. Other states commissions represented on the Board are from

Delaware, the District of Columbia, New Jersey, Illinois, Indiana, North Carolina, Ohio, Tennessee, Virginia and West Virginia.

The organization gives the PJM state commissions a formal means to work together on issues of mutual interest related to PJM operations; the electricity generation and transmission system serving the PJM states; FERC matters; and systems within the states' boundaries.

Joe Martz Named Secretary of the Office of Administration

Gov. Rendell named Joe Martz as his new Secretary of the Office of Administration.

Martz, 44, joins the administration after a long career in public service with the
City of Philadelphia where he served as the deputy chief operating officer under then
Mayor Rendell, and chief operating officer under Mayor John Street.

Most recently, Martz has been working as the senior vice president and managing director of government services at Affiliated Computer Services, Inc. in Washington D.C.

Martz served on boards of the Philadelphia Industrial Development Corporation, the Police Athletic League of Philadelphia, the Fund for Philadelphia, and the Hero Scholarship Fund among other important boards in southeast Pennsylvania.

Ron Jury Names as Director of Communications for Rendell

Gov. Rendell this week announced Ron Jury as his new Director of Communications. Jury, 55, who had worked in the Press Office of Gov. Robert P. Casey during the 1980s, will oversee communications planning in the executive branch, including management of the Governor's Communications Office and the executive branch agencies' press offices.

He begins his new position on August 1.

For the past 10 years, Jury has been headquartered in the New York City area, most recently as the senior vice president for public affairs and the director of communications for Empire State Development Corp., New York state's economic development agency. Prior to that, he was a director in the public affairs practice of Burson-Marsteller andling media consulting and strategic communications issues management and planning for global clients.

Before moving to the New York area, Jury worked in Pennsylvania state government for 11 years, serving as a deputy press secretary in the Department of Transportation, a deputy press secretary to Casey and as a press secretary and director of marketing in the Department of Commerce, the forerunner of the Department of Community and Economic Development. He was a reporter at The Patriot News in Harrisburg, an editor at The Record-Courier in Kent, Ohio, and started his career as a writer and columnist at The Express in Lock Haven.

Three New DGS Deputy Secretaries Named

General Services Secretary James P. Creedon this week announced the appointment of three key managers to leadership positions within the department: Curtis M. Topper as Deputy Secretary for Procurement; Todd S. Garrison as Deputy Secretary for Property Management; and Joseph J. Resta as Deputy Secretary for Public Works.

Topper, who will assume his duties on August 1, currently serves as Director of Strategic Development at DGS, where he directly oversaw Rendell's strategic sourcing initiative, which has saved state taxpayers \$140.7 million annually. Topper joined the Commonwealth after leading numerous successful sourcing engagements for FreeMarkets Inc., including work with the U.S. Postal Service, Federal Prison Industries, and the Commonwealth of Pennsylvania.

Over the next month, Garrison will transition into his new role from his current position as Director of the Bureau of Facilities Management. Before coming to DGS, he served for more than 20 years in various leadership positions at the state Department of Transportation. Garrison will assume the deputy role upon the departure of Dan Wheeler, currently planned for early September.

Resta currently serves as Senior Consultant with Alta Management LLC. Prior to his work as a private consultant, he served as First Deputy Director of the City of Philadelphia's Capital Program Office, with responsibility for capital planning, budget and project management on nearly all city capital projects. Resta also served as Deputy Procurement Commissioner in Philadelphia, where he oversaw the public works procurement process.

Pennsylvania Unemployment Rate Increased in June

Pennsylvania's seasonally adjusted unemployment rate rose to 5.0 percent in June, up two-tenths of a percentage point from May's rate of 4.8 percent.

Pennsylvania added a total of 61,900 jobs since June 2004, an increase of 1.1 percent. Nationally, jobs were up 1.6 percent over the past 12 months.

The June 2004 rate was 5.5 percent. Pennsylvania's rate matched the nation's seasonally adjusted rate, which fell one-tenth of a percentage point from 5.1 percent in May to 5.0 percent in June.

Pennsylvania's seasonally adjusted civilian labor force -- the number of people working or looking for work -- fell by 63,000 residents in June to 6,287,000. The number of working Pennsylvanians fell by 72,000 individuals from May, while resident unemployment increased by 9,000 persons. Since June 2004, employment increased by 60,000 persons.

The seasonally adjusted number of nonfarm jobs in Pennsylvania rose by 6,500 (0.1 percent) in June. Growth was concentrated in the service providing industries, as all supersectors showed mild improvement over the month. Manufacturing was the only sector to show a job loss in June. Like the state, the national monthly job count rose by 0.1 percent.

Reg. Changes of Interest: Nursing Homes, Pharmacy Pricing, Alternative Energy

Notices on changes to three programs were published this week in the PA Bulletin: <u>Pharmacy Program Pricing Changes</u>, <u>Nursing Home Preadmission Requirements</u> and <u>Alternative Energy Portfolio Standards</u>

Quick Clips

A sampling of NewsClips on Meth Labs, Payday Loans, Port Richmond Terminal, Gaming Company Sells Erie Land, Bingo Pots, Gambling & Gaming, Wine v. Beer, Exelon Merger, Comcast Future, Utility Shutoffs

Meth Lab Awareness Programs Planned

Op-Ed: Go Carefully in Limiting Payday Loans

Letter: Payday Loans a Benefit Not Burden

Street Supports Port Richmond Terminal Project

Development Group Buys Lakefront Land from Gaming Company

Sponsors Want State to Raise Bingo Pots, Fear Slots

Multi-Faith Group Protests Gambling

Editorial: Lehigh Resolution on Gambling Pointless

Gaming Board to Hold Casino Diversity Forums

Editorial: Lavish Slots Resort Isn't Worth The Risk in Gettysburg

Pittsburgh Casino Zoning Unveiled

Onorato: Slots Could Fund Arena

Croce is Eyeing Slot Parlor License

Trump Eyes Budd Co. Site for Slots Parlor

In Wine v. Beer, Quality Gets Lost

Law Gives DUI Drivers a Break

Editorial: Consumers Still Await a Reason to Cheer Exelon-PSE&G Merger

Comcast CEO Touts Future of Cable, Warns Against Complacency

Editorial: Utility Shutoffs Life or Death

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