

# INSURANCE DEPARTMENT BUDGET HEARING WRAP

## Wednesday, March 5, 2025



### General Overview:

Pennsylvania Insurance Department (PID) Commissioner Michael Humphreys, senior staff from PID, and Devon Trolley, the Executive Director of the Pennsylvania Insurance Exchange (Pennie), testified before the House Appropriations Committee this morning. Committee members focused their attention on keeping costs low for consumers in healthcare, auto, and other insurance markets.

### Key Takeaways:

- PID's funding is separate from the General Fund. The agency is funded through the collection of fees from insurance providers deposited into the Insurance Regulation and Oversight Fund (IROF).
  - While the IROF provides funding for PID's operations, it also provides annual transfers to the General Fund. Members raised concerns that increased spending at PID will result in a reduction in General Fund revenues from IROF.
  - The department's budget trajectory is outpacing fees collected. Members raised concerns that PID fees are already higher than most surrounding states. Fees on insurance companies are ultimately passed on to consumers in the form of higher premiums.
- Members shared concerns about increasing premiums for auto, home, and health insurance. While inflation certainly plays a role, there are other factors the insurance department should be investigating such as, Tort reform, billing transparency, and reducing theft.
- Members questioned the governor's request for \$4 million to the Pennsylvania Healthcare Cost Containment Council (PHC4). Members also pressed the commissioner on how they will gauge the success of this proposed spending.
- Flood insurance is a substantial cost for many Pennsylvanians. Committee members asked PID to be vigilant in protecting consumers from unnecessary rate increases.
- Committee members raised concerns with medical malpractice lawsuits driving up insurance and healthcare costs. Recent actions from the Supreme Court will make venue shopping more common, where plaintiff's attorneys can choose to bring malpractice lawsuits in counties with higher verdict awards rather than being required to bring the lawsuit in the county where malpractice took place.
  - PID predicted this new rule will increase the costs of the Mcare Fund which provides secondary medical malpractice insurance for healthcare providers.

### Notable Q&A:



Rep. Kristin Marcell digs into the concerning trend of PID expenses outpacing collections from already high insurance fees.

Rep Thomas Kutz asks the insurance commissioner what is driving up the cost of auto and home insurance.



Rep Torren Ecker raises concerns regarding medical malpractice lawsuits increasing insurance and healthcare costs.

