

Insurance and Labor Committee Members

2007 Term

Senator Ralph Hudgens (47th) **Chairman**
P.O. Box 534
Comer, GA 30629

Senator David Shafer (48th) **Vice-Chairman**
4231 Pleasant Hill Road
Suite B
Duluth, GA 30096

Senator Dan Moody (56th) **Secretary**
3977 Merriweather Woods
Alpharetta, GA 30022

Senator Robert Brown (26th)
P.O. Box 5742
Macon, GA 31208

Senator Jeff Chapman (3rd)
P.O. Box 3119
Brunswick, GA 31521

Senator Tim Golden (8th)
110 Beacon Hill
Valdosta, GA 31602

Senator Ed Harbison (15th)
P.O. Box 1292
Columbus, GA 31902

Senator Ronald B. Ramsey, SR. (43rd)
5271 Snapfinger Woods Drive
Decatur, GA 30035

Senator Chip Rogers (21st)
P.O. Box 813
Woodstock, GA 30188

Senator Jack Murphy (27th) **Ex-Officio**
3830 Adams Road
Cumming, GA 30041

Senator Pearson (51st) **Ex-Officio**
P.O. Box 209
Dawsonville, GA 30534

Insurance & Labor Committee

Rules

2007 Term

1. These Committee Rules of Operation shall be constant with Senate Rule 2-1.5 (d) regarding the establishment of Rules of Operation
2. Quorum of the Committee shall be Six (6) members.
3. The Chairman shall determine which bills and resolutions are to be considered and the order in which said measures are considered.
4. The Chairman shall have the authority to refer bills and resolutions to subcommittees for study. Such subcommittees in turn shall have the authority to make recommendations on such measures to the full committee at such time as shall be designated by the Chairman.
5. The Committee shall convene, recess, and adjourn upon the order of the Chairman.
6. Any member or members of the Committee who disagree with the majority report of the Committee shall be privileged to file a minority report in writing, setting forth succinctly the reasons for their dissent.
7. These rules may be amended upon a motion duly made and subsequently approved by a quorum of the Committee in a meeting called by the Chairman.
8. A bill, resolution, or other matter will be considered only after presentation by its principal author or a legislator whom he designates to do so. In the event that more than one member of the General Assembly has signed a measure, the principal author shall be the one whose name appeared first in the list of authors.
9. Where these rules are silent on a specific issue, the Rules of the Senate, as adopted, shall govern. (Senate Rule 2.1.5 {d})

Insurance and Labor Committee

January 18, 2007

Room 450 Capitol

Members present: Hudgens (47) Chairman Harbison (15)
Moody (56) Secretary Rogers (21)
Golden (8) Murphy (27)

Senator Hudgens called the meeting to order at 9:05 AM and welcomed committee members, staff and visitors. He explained this would be a roundtable hearing of suggestions on relaxing restrictions on health care insurance plans. He opened the meeting with a prayer.

Senator Hudgens explained his daughter and son-in-law own a small business so they brought their concerns to him regarding the inability of small businesses to offer insurance to their employees because of the high cost of the policies. He said he believed health care providers and the state should try and formulate a way to create incentives for providers to lower premiums through the use of association health plans and create 'true group' type health policies. He asked for suggestions for possible legislation to find an affordable way to allow more people to become insured. David Raynor, NFIB, said his organization is very interested in the possibility of small businesses having access to 'true group' type health plans through associations especially if legislation can be drawn up that can transcend state lines. Senator Hudgens said he is not interested in transcending state boundaries nor is he interested in creating insurance companies. He said he is only interested in how to insure more people. Raynor explained 52% of members of his association do not provide insurance to their respective employees due to the high cost of health insurance premiums.

Senator Hudgens asked representatives from the insurance industry to describe the stipulations associated with the creation of a 'true group' pool of lives. Brooke Flaherty, AETNA, said that at least 75% of the membership must participate in order to have a healthy pool to efficiently spread the risk among those premiums. Senator Hudgens recognized Senator Judson Hill who said he envisioned major changes in the insurance industry. He stated his belief that insurance should be purchased and belong to the individual rather than be provided by employers but he expected this change to take time. He asked if the problem with the health insurance policies under discussion is the associations' lack of involvement or is it insurers do not want to participate. Kirk McGhee, Georgia Association of Health Plans, said the reason these health insurance plans don't succeed is because of market forces and the issue of 'adverse selection.'

He said in numerous instances associations seeking to offer these health plans cannot afford the administrative costs.

Shan Ricketts, Purchasing Alliance Solutions, Inc. said he represents the Chamber of Commerce and its health insurance policy. He said the Chamber offers a benefit package to all the members of each individual Chamber; that it is underwritten as a 'true group' policy. The participants must qualify with 3 out of 4 employees in each Chamber purchasing the policy. Ricketts said he felt, in the long run, association policies will all suffer from adverse selection if offered to a non-employer pool. He went on to say his company is successfully servicing the Chamber's health plan with low administrative costs. Brooke Flaherty again stated her belief in the importance of having a large number of participants. Pat Bradley, GA Farm Bureau said he was not aware that a 'true group' policy was available to organizations like Farm Bureau.

Denis Mucha, Ga. Dental Association stated that creating a 'true group' policy and successfully implementing that policy without suffering from adverse selection would require a lot of restrictions such as time restrictions for members that chose to leave the policy and then return at a later date. He expressed his belief that there is a general lack of education on insurance to people in general; that people just don't understand insurance. Pat Ketsch, Georgia State University, stated her belief that the most feasible approach would be to help associations deal with the burden of high administrative costs. There was some general discussion of the previously mentioned points by the audience. Senator Hudgens thanked everyone for coming.

There being no further business before the committee, the meeting adjourned at 10:37 AM.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee

January 31, 2007

Mezzanine

Members present:

Hudgens (47) Chairman	Murphy (27) Ex-Officio
Moody (56) Secretary	Pearson (51) Ex-Officio
Chapman (3)	Ramsey (43)
Golden (8)	Rogers (21)
Harbison (15)	

Senator Hudgens called the meeting to order at 4:33 P.M. and welcomed committee members, staff and visitors. He called upon Senator Chapman to open with a prayer.

Senator Hudgens presented the Committee Rules, explaining they were the same as last Session. Senator Murphy made a motion to **Do Pass**, seconded by Senator Moody. The motion passed unanimously.

Senator Hudgens welcomed Senator Murphy to the committee as an Ex-Officio member. He asked where the 27th district was. Senator Murphy replied it was Senator Stephens's old district. Senator Moody asked if he was the first resident of Forsyth County to serve in the Legislature. Senator Murphy replied yes. Senator Hudgens then welcomed Senator Pearson as an Ex-Officio member. Senator Pearson responded he was glad to be here. Senator Hudgens welcomed Alice Richard, GA Coalition of the Blind, to the meeting. He said her bill passed from this committee in 2007 and also passed the Senate but did not make it out of the House. He said he would be delighted for her to stay for the meeting but it would be strictly a hearing on SB 28. Senator Hudgens introduced the staff members: Leah Tatum-Dick, Recording Secretary and Administrative Assistant; Jamie Bragg, Committee Aide; Courtney Hall, Committee Intern; Alex Azarian, Senate Research; and Lynn Whitten, Legislative Counsel.

SB 28 (Hill, 32nd) Insuring Georgia's Families Act; health insurance provision; comprehensive revision

Senator Hudgens explained this bill is a comprehensive reform of the health insurance industry and would require a few hearings to go through it section by section. He went on to state his belief that some parts of the bill cannot be started in the Senate. He said that anything to do with taxes, by GA Code, must start in the House so he believed any reference to changes to the tax code must be stricken from the bill. He asked Senator Judson Hill to present his bill. Senator Hill said he wanted to thank everyone who assisted him in drafting his legislation, including Legislative Counsel. He explained this bill is about

saving the lives and money of the people represented by the members of the General Assembly. He said 1.7 million Georgians lack insurance so they go to emergency rooms when they are sick; that this tax burden and care exceeds \$1,000 per person. People with insurance suffer from skyrocketing premiums that increase 10% annually. He believes it is so costly because of inefficient price controls. He said the people the system is intended to help are treated as if they are incapable of making healthcare decisions for themselves. He said he believed the inefficiencies can't be corrected without giving the consumer a financial stake in their own healthcare. He said consumers are concerned about the cost of products and services they purchase. With transparency, healthcare prices will stabilize and rates will decline. He said Georgians, at every level, deserve a system that works.

Senator Hill explained there are 5 key provisions to the bill: (1) Free market incentives; consumers make decisions based on quality and price information paired with their financial situation. He said incentives are with 3rd parties, not the user. (2) Quality and price info; He said transparency is not mutually exclusive with free market incentives. (3) Competition; He pointed out the individual markets are dominated by 1 large company who has 80% of the market. He said we should open up the market and give better access to policies and prices, even using designs from one or more surrounding states that give expanded options for better plans. He said plans are currently based on 3rd party payments which encourages consumption without cost control. (4) Shift the focus to the individual rather than the employer. He said financial incentives were first used to attract employees after WWII and this system has stayed intact for 50 years. He pointed out both auto and home insurance are not purchased through people's employers. He said this is an economically dysfunctional system; that there is no reason healthcare should be tied to job status. He stated the largest uninsured population is transitionally uninsured. He said when people are uninsured for 1 year or less, their health declines or accidents occur. He said we need legislation to correct this discontinuity of coverage and care. (5) Tax incentive; He said we need legislation to provide incentives to individuals and providers. He said we can start here, that this bill (as filed) includes essential tax code language but that language will be taken out and introduced in the House, later to be incorporated back into the bill.

Senator Hill said every Georgian needs to be able to deduct personal health insurance premiums and be able to purchase a high deductible health savings account (HSA) that is exempt from premium taxes. He said he believed providers should be given tax credits for a limited amount of time; that this tax incentive will help the move toward better health information

technology. He said the financial burden of the uninsured is tremendous. That it is not limited to just those with a low income. He said this bill helps ensure that people contribute something towards paying their medical bills as he believes it is important to pay your own bills. He said that small tweaks to the current system will not make the changes that are necessary. He said to escape government controlled universal healthcare, we must try new ideas and transform our healthcare system.

Senator Hudgens said he intended to hold several hearings on this issue so there would be no vote today. He said that several government agencies will have to be created and he had a problem with that. He also said that this is tracking what we did last year on the high risk pool. Senator Hudgens asked Senator Hill to continue with the section of the bill that creates the GA Consumer Health Driven Insurance Plan. Senator Hill said this takes a dormant section of the insurance code and turns it into a high deductible savings account code to provide incentives to participate in a risk/reward system of financial decisions with our healthcare. 33-51-6 would allow for greater out-of-area differentials...from 60-40 to 50-50. This means more money in the pocket of the consumer because they don't pay for the extra option which lowers the cost of the insurance. Senator Hudgens said we are lowering the cost of insurance by upping the cost to the individual. Senator Hill replied we pay for the chance we may get sick in some other place. This will lower the premium because we only have to pay for a 50% stake instead of 60%. It will cost more when you have a claim but it is improbable to have an out-of-network claim.

Senator Rogers asked if the people going to these plans are coming off another plan or are they uninsured and starting with this plan. Senator Hill said this is the fastest growing segment of the market in the health insurance arena; many were uninsured and never had a plan. 80% of those with a health savings account (HSA) in 2005 rolled money over to 2006 because they recognized the value of saving money. A key factor is did the employer participate in the HSA. He stated his belief that if the employer puts money in your HSA then the employee will also...overwhelmingly! The employer's incentive is they get a more productive worker with lower costs and premiums. He said over 40% has never had coverage before and this crosses all income levels. He said 46 million people across the country have no coverage. This is 16% of Americans overall with no coverage; 18% of Georgians with no coverage. Senator Rogers said providing incentives for these plans and attracting people who are uninsured to these high deductible plans should be our goal. Senator Hill said these plans are more attractive than any other plan out there. The average employee is paying between \$8,000 and \$10,000 per year in insurance premiums with their employer paying part. He said a high deductible plan is 30 to

40% lower in cost, averaging \$6,000 per year; he said it is a fact in the insurance industry that premiums decline as deductibles go up. He said employers and employees can all contribute to a HSA. Over a 3 year period, people are not maxing out their deductible every single year so they are still saving money. If people can write off premiums, there is a 30 to 40% savings on that piece as well. Senator Hudgens asked if this is a business expense. Senator Hill said yes, the contribution is from pre-tax dollars to comply with federal law. Right now employees contribute pre-tax dollars but the premium is not deductible to them. Senator Rogers said this will allow premium deductions across the board. Senator Hill said this allows employee and employer to both participate or the employer could choose not to. Right now we use a pay-as-you-go plan.

Senator Hill said health insurance should not be tied to a job and coverage should be seamless. Senator Hudgens said this is not the case now so are we trying to drive health insurance away from being provided by employers and move to individual responsibility. Senator Hill responded yes, we want to provide incentives to the employer to participate in the employee's healthcare; the employer can contribute X amount of dollars, which are nontaxable, or not. Senator Rogers said the employer can write off contributions as an expense and is incentivized to contribute but ownership of the policy lies with the employee. Senator Hill said 1099 employees cannot participate in a company's plan but the employer could choose to contribute to a HSA. This helps the working poor as 8 out of 10 uninsured are working. Employers can contribute and have tax benefits while contributing to part-time employees' HSA. Employees don't have to choose between their employer's plan and their spouse's employer's plan as they will have their own plan.

Senator Hudgens asked, with a 1099 employee, will the employer add the amount of the contribution to the 1099 so the employee pays taxes on it. Senator Hill replied it will have to be recognized as compensation so it fully complies with the federal tax code. Senator Rogers asked what would be the rationale of the employer to contribute to the healthcare plan instead of just giving additional money and why wouldn't the employee rather have the money. Senator Hill replied it makes employees healthier and more productive resulting in less sick days and we need to incentivize health savings accounts (HSA) to do that. He also said today, when an employer chooses not to offer health insurance, they don't offset this decision with an increase in pay.

Senator Hudgens asked Senator Hill to discuss Section 7, the Exchange; that it looked to him the State would be forming an insurance company. Senator Pearson, Senator Moody and Senator Rogers left at 5:25 P.M for Rules. Senator Hill said the purpose of the Exchange is to provide continuous coverage to the

insured. The Exchange will work with employers as the administrator of the employees' health insurance plans. People will have access to whatever plans the Commissioner authorizes. He said this is trying to address people who lose their insurance, typically because of job changes. COBRA picks up some but many cannot afford the premiums. This also addresses those who lose their coverage because of divorce. He also pointed out small business employers with less than 20 employees are not eligible for COBRA. The Exchange is the only mechanism that complies with all federal laws and achieves continuous healthcare coverage. He also said that if the committee can't agree on this, to strike out the section. Senator Murphy said that some people are worried the government is setting up an insurance company that will be directly competing with existing insurance companies. Senator Pearson returned and Senator Chapman left at 5:45 P.M. Senator Ramsey asked, with the Exchange program, would employee rates be comparable to the rates the employee would pay under the benefit plans? Senator Hill replied he would hope less; in the beginning they would be about the same but as they proceeded, free market principle, access to information, etcetera would decrease rates. Senator Hudgens said he would allow 5 seconds and 5 seconds only for a synopsis of concerns from anyone who wished to speak from the audience. Michael Wardrip, GA Association of Health Underwriters, said they have serious concerns with the Exchange, that it has the potential to replace an existing market. Michael Humphries (no company) expressed his concerns about the Exchange, and unlicensed entities being paid a commission. Jean van der Sommen, Lloyd-Bennett, expressed concerns about the renewal rate. She said she is the licensed agent for many small groups. Andrew LaRocco, The LaRocco Companies, said he was concerned about the deduction of premiums. He also said the State Continuation Plan is currently available for the temporarily uninsured. He said he believed we can improve the current system without making such drastic changes to the market.

Ellen Williams, Georgia Capitol Solutions, said she has an HSA, but she is concerned that if you switch these health insurance policies to individual policies instead of group policies, it will adversely affect premiums. She said she had cancer and believed a move towards individual plans cannot guarantee she, and others like her, would not be denied coverage. She said that what she has heard so far does not offer the same protection as a group plan. Janice Barrocas, Women's Policy Group, Legislative Affairs, said she was concerned about affordability for those not in transitional groups. Ron Bauchman, representing himself, said he supports lowering premiums by 40 to 60%. Edith Collins, Benefit Alternatives Inc., President, said that the Exchange requires purchasing insurance through an internet based system so what about those who have no internet access.

Jennifer Beason, Financial Directions, said those that are uninsured now are mostly the uninsurable so this will raise premiums. She expressed her concern that anyone doing business as a health insurance company must comply with state mandates to protect the consumer but out-of-state companies will not have to comply with the same mandates. Linda Lowe, Public Policy Advocate, said this moves people into the individual market and does not disperse the risk well. She said we need more people in larger groups to spread the risk completely. David Adams, Purchasing Alliance Solutions, Inc, Broker Sales Vice President, said we have the finest healthcare in the world, but cost is a problem because costs shift and small business owners pay the price. Victoria Braden said she is not representing anyone but herself and she is concerned if a person goes to the Exchange and the employer doesn't pay the premium, it won't get paid so what will be done. Roy Mitchell, Mitchell Benefits, Inc., President, asked how can the price go down if you are adding an extra layer of administration and government? Senator Hudgens said this is the first of many discussions on this piece of legislation and thanked everyone for participating.

There being no further business before the committee, the meeting adjourned at 5:55 P.M.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee

February 7, 2007

450 CAP

Members present: Hudgens (47) Chairman Chapman (3)
Shafer (48) Vice Chairman Golden (8)
Brown (26) Rogers (21)

Senator Hudgens called the meeting to order at 4:05 P.M. and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

SB 49 (Thomas, 2nd) Labor, Dept of; transfer of Rehabilitation Services; provide delivery of certain services/techniques to deaf-blind individual Senator Regina Thomas explained this legislation requires the Division of Rehabilitation Services to oversee the delivery of deaf-blind services and techniques provided by an organization knowledgeable on deaf-blind issues that lead to maximum independence and employment for individuals with both a hearing and a vision loss. She introduced Susan Lascek of the Helen Keller National Center to explain the reasoning behind the bill. Ms. Lascek said Helen Keller said a person who is severely impaired never knows their strength until given an opportunity to develop that strength. She also said that blindness separates us from things and deafness separates us from people. Ms. Lascek said allowing this bill to pass will keep the deaf-blind from falling through the cracks and will help them find employment. Senator Thomas said this is the identical bill that pass this committee last year but did not make it through Rules.

Senator Hudgens asked Senator Thomas if she feels this legislation will be favorably reported in the House. Senator Thomas replied, from her discussions with members of the House, she felt it will pass this year. Senator Shafer asked if there were any objections from the GA Department of Labor. Senator Hudgens recognized Taren Trent, GA Department of Labor, who said the department fully supports this bill. She said it fills a funding gap and will allow the department to serve clients that are not currently being served. Senator Brown made a motion to **Do Pass**, seconded by Senator Golden. The bill passed unanimously.

There being no further business before the committee, the meeting adjourned at 4:16 P.M.

/s/ Senator Ralph Hudgens, Chairman

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee

February 14, 2007

450 CAP

Members present: Hudgens (47) Chairman Golden (8)
Shafer (48) Vice Chairman Murphy (27)
Moody (56) Secretary Pearson (51)
Brown (26) Rogers (21)

Senator Hudgens called the meeting to order at 8:00 A. M. and welcomed committee members, staff and visitors. He called upon Senator Murphy to open the meeting with a prayer.

Senator Hudgens explained that [SB 13](#), originally on the agenda, would not be heard because of the change to a morning meeting. He said the meeting was moved to the early morning as he wanted to be assured of a quorum since 2 of the committee members are scheduled to testify in Washington DC this afternoon. He said that SB 13 would be heard at the next committee meeting at the request of Senator Brown.

Senator Hudgens said, since Senator Shafer was not yet here to present his bill, we will start with SB 131.

SB 131 (Hudgens, 47th) Subsequent Injury Trust Fund; payment of assessments; change certain provisions

Senator Hudgens said he sponsored this bill at the request of the Subsequent Injury Trust Board. He called upon Richard McGee, Director of the Subsequent Injury Trust Fund (SITF), to discuss the bill. Mr. McGee explained this is a housekeeping bill that closes a loophole. He said this bill authorizes the board to continue to make assessments against employers who were formerly self-insured but later obtained workers compensation coverage. He said as long as claims were being paid out of the pool, companies need to continue to pay assessments even if they cease to be self-insured. Senator Shafer arrived at 8:05 A.M.

Senator Hudgens said he was approached to drop legislation to dissolve the SITF early and send the claims back to the company they originated with. He said he spoke with the Governor's office and Workers Compensation Board but they could not resolve many issues so there was no agreement. Many of the companies in the SITF have removed the liability from their balance sheet and picking it back up will make their bottom line look bad. Senator Rogers arrived at 8:06 A.M. Senator Hudgens said the SITF Board will fight any changes to the language; they only supported it as written. Senator Golden made a motion to **Do Pass**, seconded by Senator Murphy. The bill passed unanimously.

SB 84 (Shafer, 48th) Insurance; protect members of United States armed forces; unscrupulous practices; marketing/sale of insurance

Senator Shafer said this bill was requested by the Insurance Department as Federal law, effective 9-26-2006, and directs the states to work together to protect the military from corrupt sales practices. This must be done by 9-29-07. He said this bill adds to the unfair insurance practice code and will protect our men and women in uniform. Senator Murphy made a motion to **Do Pass**, seconded by Senator Brown. The motion passed unanimously.

SB 28 (Hill, 32nd) Insuring Georgia's Families Act; health insurance provision; comprehensive revision

Senator Hill explained SB 28 is on our calendar today but this bill has been divided into 4 parts with Representative Mickey Channel taking part 1 which includes all Tax language. The new Senate Bill numbers are SB 53, which includes part 2, SB 150, includes part 3 and SB 151, includes part 4. Senator Pearson arrived at 8:11 A.M.

Senator Hill explained we would be discussing SB 153, the **Health Saving Accounts**. He explained this bill repeals the Georgia Basic Health Insurance Plans (GBHIP) and authorizes the Insurance Commissioner to develop guidelines for Consumer Driven Health Insurance Plans (CDHP). He said to imagine you are in a doctor's office and she prescribes medicine for high cholesterol and you ask if it is the best medicine at the best value and she pulls up online all the medications and pharmacies to check. He said we can choose doctors based on quality and price. Healthcare consumers have little or no incentive to pay attention to cost, that there are no incentives to ask tough questions. He said we must and can change and move insurance to the free market system.

Senator Hill said Congress, in 2003, passed a bill to allow HSA's a special tax preferred status to be used for qualified medical expenses. He said 3.2 million people are covered by high deductible HSA's. He said there are 3 advantages: 1) building savings, not like the 'use it or lose it' flexible savings plan; 2) more affordable coverage; premiums 30 to 40% lower and increases at a substantially reduced rate; 3) empower consumers by engaging them in the process. Senator Hill said he could envision a day when web sites exist where you can compare prices. He said this is already happening in Florida. He said United Healthcare provides the largest proportion of high deductible HSA's. They did a report that found when employers contribute about 70 % of their employees contribute as well. Up to 66% contribute an average of \$1206 a year. Those who use it as a savings tool carry over 86% of the balance to the next year.

Of those who make less than \$25,000 a year, 80% open HSA's with 56% making contributions and 80% of the 56% carrying over the balance to the next year. He said low income people value the ability to save money for healthcare. Georgia has no incentives for HSA's at this time. He explained this bill will take the dormant Title 33 Section 51 and set up high deductible HSA's. This will push us towards a consumer free-market system. He said this bill allows the Insurance Commissioner to establish guidelines for HSA's.

Senator Hudgens said he had a problem with Senator Hill's statement that 80% of those with low incomes have opened HSA's. Senator Hudgens said this brings the whole report into question for him as he doesn't believe it. Senator Hill said United Healthcare is the largest provider in the country, covering 3.2 million people. This report includes their membership across the US. Senator Moody asked if CDHP's offer different premiums for the uninsured allowing them better opportunities to gain health coverage. Senator Hill said if someone is uninsured the high deductible plans offer 40% lower premiums coupled with tax benefits when using pre-tax dollars. He continued saying plan designs are getting better and people are being rewarded for their better health. Senator Moody said there is still the problem of limited access. Senator Hill said that lower premiums will help the uninsured purchase insurance. Senator Moody left at 8:30 A.M.

Senator Hudgens recognized Dr. Ronald E. Bachman, President & CEO of Healthcare Visions, Inc, to speak on the bill. Dr. Bachman said the Governor always says keep the main thing the main thing and the main thing today is healthcare. Georgia has 1.6 to 1.7 million uninsured. This proposed legislation includes creative ideas which can help solve the problem of the uninsured. CDHP's and HSA's could cover up to 500,000 people with greater affordability. This legislation will make Georgia one of the first HSA states. He said we can only talk about this now because of federal legislation which has created new opportunities. He said he wanted to start off by saying insurance matters. This bill allows people to plan and spend their own money. He said this HSA legislation is right on target; that the Insurance Commissioner has done a good job highlighting an area where this can be included in current laws and let the special nature of HSA's be handled without affecting existing insurance regulations. He said this increases the marketplace by offering more options. He stated his belief that the criticisms of HSA's are from the early stages of its development and we have moved beyond that. He believed Georgia could become a leader in the industry. He explained this legislation encourages the Insurance Commissioner to seek out and bring new products into the state; rapidly improving those products and making them readily available. He said this

will also bring jobs to Georgia. He said this sets the regulatory tone to create a more conducive marketplace to meet the needs of more people. This allows access to care and better treatment for eligible Georgia citizens.

Senator Hudgens said the key word is eligible. Dr Bachman said the term high deductible has previously been used generically but this bill legally defines it in law. With the 2006 Tax Relief Act passed, the amount of HSA dollars you can set aside has increased. Dr. Bachman said we are talking about those with too much money for Medicare but who still can't afford the current marketplace. Senator Brown left at 8:43 A.M. Senator Hill said people with lower incomes want to be able to make purchasing decisions for themselves. This is a great opportunity and it also provides tools for the state to enable us to move to a free-market consumer-driven healthcare system.

Senator Hudgens said we will continue to work our way through the provisions of Senator Hill's healthcare bills at our next committee meeting.

There being no further business before the committee, the meeting adjourned at 8:47 A.M.

/s/Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee

February 21, 2007

Mezzanine

Members present:

Hudgens (47) Chairman	Murphy (27) Ex-Officio
Moody (56) Secretary	Pearson (51) Ex-Officio
Brown (26)	Ramsey (43)
Chapman (3)	Rogers (21)

Senator Hudgens called the meeting to order at 4:05 P.M. and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

SB 13 (Brown, 26th) Labor; minimum wage law; substantive/comprehensive reform of provisions

Senator Brown explained he dropped this bill to provide an incentive for low wage workers in Georgia. This bill raised the minimum wage to \$6.20 from \$5.15. This reinforces and expresses appreciation for their work and provides incentives for them to go to work rather than go on welfare. He said he wanted wages to be at a level that will help to sustain families, not at a level that is not much better than welfare. Senator Rogers arrived at 4:06 P.M. Senator Brown said this bill will increase the minimum wage and index it so we will not have to revisit this issue. This means that on January 1, 2008, it would increase to \$7.25; January 1, 2009 and on each successive January 1st, the minimum wage would increase by the rise in the cost of living. Senator Rogers asked if the new federal minimum wage was indexed. Senator Brown responded he didn't know. Senator Pearson arrived at 4:08 P.M. Senator Rogers said this could result in exceeding the Federal wage. Senator Hudgens pointed out that domestic help was not included in the Federal regulations

Senator Brown introduced Cindy Cameron, GA Minimum Wage Coalition, who said the Coalition supported this bill. She said that hard work should be a way out of poverty. Senator Ramsey arrived at 4:15 P.M. Ms. Cameron said they had been working on a 'fair wage' for many years and that Georgia voters, in a vote in 2006 by a 90% margin agreed it should be raised. She said these voters crossed all demographic lines. Richard Ray, GA AFL-CIO, said he represents members of organized labor but he is not speaking on their behalf today. He said he is speaking for those with very little voice. He said it is time for politicians and lawmakers to seriously consider a living wage, as other states have. He said Congress was discussing it as well. He said people making \$5.15 an hour just exist and cannot get ahead. He said these people have no days off, with pay, and get further and further behind if they use sick days as they are not paid either.

He said this bill will enhance the lives of many Georgia citizens by giving them a helping hand to a better life. He said they will still have to struggle but this will help them. He ended by saying don't let Georgia be the last state to do this.

Bruce Kaufman, GA State Economy Professor, said you can be a good economist and support a raise in the minimum wage. Raising the minimum wage may cause some workers to lose their jobs but for every one who loses their job, nine others will receive higher wages. He said every piece of public policy helps some and hurts others. He said real world labor markets are not perfectly competitive, that public policy is subsidizing many business firms. He said that firms need to pay the full cost of labor; that they need to provide for sick time, vacation, retirement and unemployment compensation. He said that increasing wages forces firms to pay to cover things they should be covering but do not. He said that no firm, in theory, should be subsidized. Alan Essig, Georgia Budget and Policy Institute, said they support this bill, that this increase is estimated to help 672,000 workers. He said Georgia represents 2.7% of the nation's workforce but Georgia also represents 3.5% of the nation's workforce who are at or below the minimum wage. He said he agrees it will cause a marginal job loss and we will see an increase in prices of about 1/2 of 1%. Dawn Randolph, GATES, said they support this wage increase especially for folks with disabilities. She went on to say that 77% of the disabled are unemployed. She said this will benefit those 23% who are employed. She said there was a technical issue, that the Federal Fair Labor Standards Act includes only those who are severely disabled and in a training situation. She pointed out that this bill allows a training rate. She said she hopes this helps more of those with disabilities get employment

Sarah Beth Gayle, GA Budget and Policy, said of the 672,000 workers this is estimated to help, 80% of them are older than 20. She went on to say 'fair pay'...who determines what that means. She said the GA Minimum Wage Coalition's version of the American ideal of working hard and playing fair means you should be compensated. She went on to ask who gets to determine what is fair.

Mr. Bruce Kaufman said illegal workers take the property of Georgia laborers. He said in many ways, public policy encourages lower wages. Can we as a society determine we can make a claim on an individual's property? If we oppose subsidies, we must oppose all subsidies, not just certain ones. He continued saying wages should be determined by what the market will bear, not productivity. People have to be more important than property so if people cannot support themselves, property must be abridged.

Senator Hudgens said he wanted to hear from those opposed to this bill.

David Raynor, NFIB, said they represent 11,000 small businesses throughout the state. In their December 2006 survey, 82% of their members were very much opposed to raising the minimum wage. The majority of their members said they would cut hours, reduce the number of employees and replace them with higher skilled workers. He said this will leave jobs vacant, decrease raises and raise prices. He also said this would hurt those very people this bill is intended to help by jeopardizing their jobs. He said low-skilled adults will suffer job loss and the owners of small firms cannot or will not hire at the higher wages. Poor women are the ones most likely to be helped but not helped enough. He suggested tax cuts might be a better route to take. He ended by saying this is a well-meaning but unsound public policy leading to job cuts and higher prices.

Ron Wolf, GA Restaurant Association, said restaurants are the cornerstone of the economy. 1 of every 6 jobs in Georgia is in restaurants. 1 in 10 salaried employees started out as hourly employees. He said this will affect many restaurants. He said available jobs will go down and prices will go up. He said there would be huge job cuts and small businesses will hesitate to hire more workers. If the federal wage is raised, plans in the making include increasing prices, reducing employee hours, postponing plans to hire more people and cutting benefits. He said it is potentially catastrophic to the GA restaurant industry. He stated his belief that future increases being tied to cost of living could lead to costs spiraling out of control. He said that changing the tip credit to 59% will force restaurants to compensate. He ended by saying restaurant operators will find ways to offset costs including reducing benefits.

Jerry Thomas, Americans for Prosperity, said they were against indexing. They felt it acerbates the problem. COLA automatic increases don't take into account changing economic conditions and the fact that companies may not be able to pay. He said his association believes wages should be subject to flexible market forces. He said the CIP overstates inflation by a full percentage point every year. He stated he believed there is a clear bias towards overstating inflation. He said there already is an EITC which acts like a negative income tax and removes the need for COLA. He said this bill has good intentions but it is bad public policy. Brandon Reece, GA Chamber of Commerce, said he represents 5,000 employers in Georgia. He said the minimum wage is an introductory salary; that employers raise pay as they increasingly trust the employee. He said this is the foundation of commerce. He said inflating the wage at the lowest level will lead to employers being asked by those on the next rung up for a

pay increase. He said he believed employers will be forced to cut jobs.

Senator Brown said we need to reward those who work, that those at the lower end deserve a living wage for the work they do. As a state we have an interest in making sure these people have a fair shake in life. He said he believed his bill is worthy of a full Senate debate. Senator Rogers asked if Senator Brown was concerned if wages are raised, benefits will be lowered. Senator Brown replied, in most cases, there are not many benefits included for people at this level. Senator Rogers said this would force restaurants to hire more illegal workers.

Senator Rogers offered 4 amendments, Amendment 1: Section 2 Line 15 change from \$40,000 to \$100,000; Amendment 2: Section 2 Line 16 change 5 employees to 10; Amendment 3: Section 2 Line 20 add the word 'dependent'; Amendment 4: add a clause which states that in the event of a Federal minimum wage increase, the state minimum wage increase will not impose a higher wage than that of the Federal increase.

Senator Brown said he wanted his bill to move forward without any amendments. Senator Rogers responded the committee could put the bill in a sub-committee to study it and postpone any vote until the next meeting. Senator Brown said, because of the time frame, he would prefer to move the bill and continue the debate on the Senate floor.

Senator Hudgens called for a vote on the amendments. Amendment 1, Senators Brown, Chapman, Rogers and Ramsey voted Yes. Senators Moody, Pearson and Murphy voted No. **The amendment passed.** Amendment 2, Senators Brown, Chapman, Rogers and Ramsey voted Yes. Senators Moody, Pearson and Murphy voted No. **The amendment passed.** Amendment 3, Senators Brown, Chapman, Rogers and Ramsey voted Yes. Senators Moody, Pearson and Murphy voted No. **The amendment passed.** Amendment 4, Senator Brown, Chapman, Rogers and Ramsey voted Yes. Senators Moody, Pearson and Murphy voted No. **The amendment passed.** Senator Brown made a motion to **Do Pass as Amended**, seconded by Senator Ramsey. Senators Brown, Chapman, Rogers and Ramsey voted **Yes** with Senators Moody, Pearson and Murphy voting **No**. Senator Hudgens, as Chairman of the committee voted **No** to bring the vote to a **4-4-tie**. **The motion did not pass.**

[SB 109](#) (Hudgens, 47th) Insurance definitions; include plan administrators in prompt pay requirements

Senator Hudgens presented a substitute bill. He explained it regulates 3rd party administrators and was brought by him at the request of the GA Department of Insurance. He called upon

Commissioner John Oxendine, GA Dept. of Insurance, to discuss the bill. Commissioner Oxendine said the medical community has complained to him about companies not paying claims on time. He said the department has cracked down and they have gotten great compliance from the insurance companies but there were still problems because a majority of Georgians are under self-insured plans. He said there were many doctors that were still not getting paid on time. He said we now have 2 classes of Georgia citizens, the smaller class has traditional insurance and have the privilege of the Georgia Prompt Pay law but the majority of the people are in the 2nd class and they do not have this privilege. He says we can't change the Federal Law which governs ERISA plans but we can make TPA's comply with the prompt pay law. They will be required to pay claims within 3 weeks or 15 working days. He said it is good public policy because it puts everyone on a level playing field.

Senator Hudgens asked how the Commissioner could regulate ERISA because they are specifically exempt from state regulation. The Commissioner replied they want to regulate 3rd party administrators and how they pay claims. Senator Hudgens asked can you write the bill saying claims must be paid within X number of days after receiving the money to fund the account. The Commissioner replied they could communicate with the TPA's and contracts can be amended to comply with the provisions of the law. The Commissioner said we don't enter into contracts which violate or are inconsistent with Georgia Laws. Senator Hudgens said they will just go to TPA's in other states. The Commissioner replied TPA's must be licensed in GA to pay claims in Georgia. He went on to say if you sell through the internet from California, you still have to get a non-citizen license for Georgia in case you do something bad to someone in Georgia. He said this is not a healthcare crisis, it is a funding crisis. He said we will never get costs under control without this change.

Mark Rust, a healthcare lawyer from Chicago, said 3rd party administrators have been regulated lightly because regulating TPA's is the same as regulating self-insured. No case has ever dealt directly with whether a state can regulate 3rd party administrators. He said this bill leaves the door open as to what degree the state can regulate administrators. He said the act is consistent with the policy of paying claims on time. Senator Pearson asked how many states are regulated and not regulated. Mr. Rust said not many are regulated. Senator Pearson asked how are we going to ensure this will happen. Senator Brown left at 5:45 PM. Mr. Rust said it is part of rulemaking by the Insurance Commissioner, at his discretion. He said it also needs to be put into the contracts that the money must be paid within 15 days.

Kirk McGhee, GA Association of Health plans, said state law doesn't have to regulate, that there must be a balancing of risk between the insurer and the insured and he didn't believe this bill does that. He said prompt pay is critical to running a plan but how, when and what you pay is as well. He said the only option for some is to go self-funded. He said this will drive people and companies out of the state. He said that if a person is not sold a policy here then it is not regulated by Georgia. He said this includes the state health plan. Will they be subject to fines if payment is not made on time? He said it is not fair to fine everyone except the state. He pointed out the bill does not require timely submission of bills or to file electronically. He felt a majority of Georgians who get these benefits are getting good benefits because employers are committed to their employees.

Mary Squires, On Impact, Inc., said she is against this bill. She said she represents medium to small companies because large companies do not use TPA's so whether they pay on time is subject to their own business practices. She felt TPA's do not have problems with prompt pay. She said they get claims from providers the same way everyone else does and they process them with the same software everyone else uses. She said they cut the check, prepare it for the mail and then call the employer to fund the account. She said most of the accounts have a zero balance as there is no Federal requirement for there to be any money in the account. She said the providers receive their checks within 48 hours of the funding of the accounts. Senator Pearson asked if this bill will increase the costs to a company using its own administrator. Ms. Squires replied this will increase the cost because they cannot detect fraudulent claims in 15 days.

Loren Funk, Longstreet Clinic, said she works in the business office of the clinic and most of the time they are trying to make sure they get paid for the Doctor's services. She said they do all they can do and are told to do and still payment is late. She said she and the clinic supports this bill.

Maureen Daily, Infectious Disease Clinic, said she supports this bill as they provide service on good faith. She said claims are denied and must be re-filed and she feels they get 'the runaround.' Senator Pearson said to Senator Hudgens that the State Health Plan is an ERISA plan with UHC as the 3rd party administrator so this would bring that aspect of UHC's procedures under the state. Senator Moody made a motion to **Do Pass by Committee Substitute**, seconded by Senator Chapman. Senator Moody, Chapman, Rogers and Murphy voted Yes. Senators Ramsey and Pearson voted No. The motion passed 4 to 2.

Note: [SB 109](#) was incorrectly turned into the Secretary of Senate as **Do Pass** therefore it was recommitted to the Senate Insurance and Labor Committee.

[SB 153](#) (Hill, 32nd) Georgia Consumer Driven Health Insurance Plan; provide for development of plans by the Commissioner of Insurance

Senator Hill explained this legislation attempts to create an insurance vehicle that will allow consumers to become more involved in purchasing and taking part in the Consumer Health Insurance Plan. Senator Hill presented an amendment for Section 3 for cancer and diabetic screenings which are in current law as existing mandates. Senator Chapman made a motion to Do Pass the amendment, seconded by Senator Rogers. The amendment passed unanimously. Senator Chapman made a motion to **Do Pass as Amended**, seconded by Senator Rogers. The motion passed unanimously.

Note: [SB 153](#) was incorrectly rewritten as a Substitute by Legislative Counsel but was turned in as **Do Pass as Amended** therefore it was recommitted to the Senate Insurance and Labor Committee.

There being no further business before the committee, the meeting adjourned at 6:30 P.M.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

March 1, 2007

Room 125 CAP

Members Present:

Hudgens (47) Chairman	Harbison (15)
Shafer (48) Vice-Chairman	Murphy (27)
Moody (56) Secretary	Pearson (51)
Brown (26)	Ramsey (43)
Chapman (3)	Rogers (21)
Golden (8)	

Senator Hudgens called the meeting to order at 1:48 p.m. and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

SB 109 (Hudgens, 47th) Insurance definitions; include plan administrators in prompt pay requirements

Senator Hudgens explained this bill passed out of the committee at the last meeting by Committee Substitute but it was reported incorrectly to the Office of the Secretary of Senate as Do Pass. The Senate Rules Committee, at his request, recommitted the bill to this committee. He said he had received a lot of pushback in the last week so he held a meeting at 8:30 AM on February 28th with 3rd Party Administrators, The GA Department of Insurance and the Medical Association and allowed everyone to have their say. He said there were many complaints of late payments. He said this bill will allow ERISA self-insured companies' TPA's to be regulated by the GA Department of Insurance. Senator Shafer arrived at 1:53 PM. Senator Hudgens said this will then put them under the prompt pay statute. He said we would take a vote with no further testimony. He said he felt an obligation to move this issue forward. Senator Shafer made a motion to **Do Pass by Committee Substitute**, seconded by Senator Pearson. Senator Harbison voted No, and Senator Shafer, Moody, Golden, Murphy, Pearson and Rogers voted Yes. The bill passed 6 to 1. Senator Chapman arrived at 1:57 PM

Senator Hudgens said he was putting together a consent agenda to move on all bills that were unopposed. He said he only wanted to hear from anyone in attendance who wanted to speak against a bill. Senator Brown arrived at 2:02 PM. Senator Ramsey arrived at 2:07 PM.

SB 144 (Murphy, 27th) Group Insurance Benefits; pursuant to Title 20 and Title 45; U.S. Internal Revenue Code

Senator Murphy explained this is a housekeeping bill that will clean up current language and will bring Georgia into compliance with Federal Law. It will only allow employees who

receive benefits under the State Health Benefit Plan to withdraw during open enrollment periods. **Do Pass.**

SB 113 (Shafer, 48th) Insurance; appointment of agents by authorized insurer before licensing; background checks

Senator Shafer presented a substitute bill and explained it will amend several provisions relating to insurance licenses. **Do Pass by Committee Substitute.**

SB 192 (Shafer, 48th) Motor Vehicle Accident Reparations; valid certificate of self-insurance in another state qualify as self-insurer in this state

Senator Shafer said this bill will allow Mennonites, who self-insure their motor vehicles under the laws of Pennsylvania to qualify for the same status in Georgia. **Do Pass.**

SB 213 (Shafer, 48th) Insurance Commissioner; waive retaliatory obligations, prohibitions or restrictions under certain circumstances; provide exceptions

Senator Shafer explained this bill allows the Insurance Commissioner to waive restrictions for any insurance company from another state that would prohibit or hinder their entry into Georgia. He said the Insurance Commissioner requested this bill. **Do Pass.**

SB 183 (Rogers, 21st) Insurance; authorize agents to charge/collect certain fees; provide for keeping records of such fees; separate receipts

Senator Rogers presented a substitute bill, explaining it authorizes insurance agents to charge and collect administrative fees from customers when processing applications and endorsements for property and casualty insurance. **Do Pass by Committee Substitute.**

Senator Hudgens asked if there were any objections to **Pass the Consent Calendar**. There was none. The Bills passed unanimously. Senator Brown arrived at 2:02 PM. Senator Ramsey arrived at 2:03 PM.

SB 230 (Mullis, 53rd) State Personnel Board/Merit System; define classified/unclassified service

Senator Mullis presented this bill saying it promotes consistency in state government. He introduced Steve Stevenson, Director of GMS who said he had been working on this bill for 12 months. He said it clarifies and redefines classified service and unclassified service. He said the bill standardizes the language across the state's agencies but it does not change what is already in the law. Frank Heiny, GMS, said he had 1 year in the merit

system and he found it frustrating dealing with the inconsistencies between the agencies. He said this is a housekeeping bill to clean up existing language relating to personnel administration. Senator Hudgens asked if any of the committee members had any questions. There were none. Senator Golden made a motion to **Do Pass**, seconded by Senator Rogers. The bill passed unanimously.

SB 153 (Hill, 32nd) Georgia Consumer Driven Health Insurance Plan; provide for development of plans by the Commissioner of Insurance

Senator Hudgens explained this bill was voted out of the committee in the last meeting as Do Pass as Amended and it was reported that way to the Office of the Secretary of the Senate but it was rewritten as a Substitute by Legislative Counsel. The Senate Rules Committee recommitted the bill to the Insurance Committee at his request. Senator Harbison made a motion to **Do Pass by Committee Substitute**, seconded by Senator Moody. The bill passed unanimously.

SB 151 (Hill, 32nd) Georgia Health Security Underwriting Authority; create; alternative mechanism coverage for the availability of individual health insurance

Senator Hill explained this bill creates the Georgia Health Security Underwriting Authority. He said it creates enabling legislation to create a high risk assignment pool. He said 1 out of every 6 Georgians have no health insurance. He said many people who are uninsurable can afford insurance. He said it would take \$4 million to create. He said when looking for money to fund it in the future, there is \$1 million in seed monies available from the Federal government, interest on the money in the general fund, \$330 million from the state premium tax, 2.9 million in the general fund from penalties with CON. He said we shouldn't fund it on the backs of one single group, that there were lots of funding concepts to look at. He said this bill gives us a vehicle for when we do find the money. Senator Murphy asked if this legislation requires a fiscal note. Senator Hill replied no, although he has requested one, it is not necessary because this is just enabling legislation.

Linda Lowe, speaking on her own behalf, said her brother is currently in a high risk assignment pool. She said to enter into that system a person must receive 2 letters of rejection. She said she is opposed to the creation of a new pool or changes in the current high risk pool. Janice Barrocos, Women's Policy Group, said she was opposed to this bill. She said we already have health benefit and an assignment pool. She said this bill has less Constitutional protections, that it doesn't assure coverage or the value of any benefits. She pointed out it requires only two

options be available, which does not help spread the risk. She also said that plan administrators can sue those people covered if a claim is paid on any non-covered items. She ended by saying the bill is overbroad and she is opposed to it.

Kirk McGee, GA Association of Health Plans, said he agreed with Senator Hill's concept and appreciates his hard work on this bill but he believes there are problems with this approach and with the funding mechanism. He said he cannot support a bill which risks decimating the insurance industry. He said he believes this will exacerbate the market and increase the number of uninsured. He said that high risk pools are always going to go into the red at some point in time. He said his fear is we will start the process and then will not have a way to fund. That we will end up taxing insurance companies to pay for the fund. He said that everyone should pay not just insurance companies.

Senator Rogers said a plan was introduced a few years ago which would have been funded by the premium tax. Senator Pearson asked how many potential and probable enrollees are there. Senator Hill replied 3 to 4% of uninsurable, that it is only a handful, about 8,000 people. Senator Rogers said we are trying to take a group of people who are willing to pay and put them into the system. He said we say we cannot pay the whole cost, but we are already paying for this group of people now. Senator Murphy made a motion to **Do Pass**, seconded by Senator Ramsey. Senators Shafer, Moody, Brown, Chapman, Harbison, Rogers, Ramsey, Pearson and Murphy voted Yes. Senator Golden voted No. The bill passed to 9 to 1.

SR 139 (Hill, 32nd) Congress; urged to raise allowable deduction for health savings accounts

Senator Hill explained this Resolution urges Congress to raise the allowable deduction for health savings accounts and it allows some older citizens to contribute additional money into their plans and it makes all health insurance premiums pre-tax. He said if you have the money to put in, you can do it in a tax-advantaged way up to \$10,000. Senator Rogers made a motion to **Do Pass**, seconded by Senator Moody. The motion passed unanimously.

There being no further business before the committee, the meeting adjourned at 2:49 PM.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

March 15, 2007

Room 125 CAP

Members Present:

Hudgens (47) Chairman	Golden (8)
Shafer (48) Vice-Chairman	Harbison (15)
Moody (56) Secretary	Murphy (27)
Brown (26)	Pearson (51)
Chapman (3)	Rogers (21)

Senator Hudgens called the meeting to order at 2:04 PM and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

SB 73 (Shafter, 48th) Health Care Plans; continued access to care; enrollees; definitions

Senator Shafer presented a substitute bill explaining it allows patients with managed healthcare plans to continue to have access to care for 60 days after the termination of their healthcare contracts. He said that the coverage would extend for 6 weeks for pregnant women and 60 days for everyone else. He said that this continuation of care would apply to all healthcare providers. Senator Moody made a motion to **Do Pass by Committee Substitute**, seconded by Senator Chapman. Senators Shafer, Moody, Chapman, Harbison, and Murphy voted Yes. Senator Rogers voted No. The motion passed 5 to 1.

SB 254 (Grant 25th) Georgia State Indemnification Commission; composition; define certain terms

Senator Grant presented a substitute bill explaining it provides additional protection for police officers and firefighters under the Georgia State Indemnification Commission because of their hazardous circumstances. He said it also changes the makeup of the Georgia State Indemnification Commission, cleans up the language on questionable circumstances and expands coverage to three levels; partial, permanent and death or organic brain injury. Senator Grant introduced Joe Kim, GA Department of Administrative Services, who said the bill adds intermediate benefits because now, if a firefighter loses a hand, there are no benefits available. He said the bill also changes the definition of 'permanent disability.' Senator Golden arrived at 2:12 PM. Gordon Henderson, Fire Services spoke in favor of the bill but he said he would like to see travel to and from training sites be covered. Senator Grant said he met with the Fire Fighters Association and they did discuss this issue. He said commuting in a private vehicle is excluded in the language of the bill. Senator Moody made a motion to **Do Pass by Committee**

Substitute, seconded by Senator Rogers. The bill passed unanimously

SB 96 (Golden, 8th) Drug-Free Work Programs; provide for onsite/oral testing

Senator Golden introduced his bill explaining that it expands on-site drug testing options. Senator Murphy asked if the bill will make it mandatory to have drug tests. Senator Golden said no. Brandon Reese, the Georgia Chamber of Commerce, spoke in favor of the bill. He said the Chamber represents 4,000 businesses across the state and they all support this bill. David Rainer, NFIB, said his association supports this bill. He said it is a great way to keep drugs out of the workplace. Bill Clark, GA Trial Lawyers Association said they support a drug-free workplace but are concerned that this bill adds saliva tests and 2 new groups that will be allowed to do the drug tests. They want to make sure that only qualified and certified people are allowed to perform these tests. Senator Golden said he would work with them on the necessary changes and amend on the floor. Senator Rogers made a motion to **Do Pass**, seconded by Murphy. The bill passed unanimously.

SB 239 (Goggans, 7th) Farm Laborers; provide a definition

Senator Goggans presented a substitute bill explaining that it will amend Workers' Compensation by redefining farm laborers. He went on to say there was an accident at an alligator farm and the owner said he was exempt from WC. There was a lawsuit and Superior Court says it is a farm and exempt but the Appeals court said it is not a farm. The Appeals Court also said they were not sure of the Legislator's intent. Senator Goggans said WC does not apply to farm laborers so it should not apply to alligator farms either. Senator Murphy asked if it is legal to process alligator meat for sale in Georgia. Senator Goggans replied that yes it is and that there are 12 alligator farms in Georgia. Senator Chapman made a motion to **Do Pass by Committee Substitute**, seconded by Senator Rogers. The bill passed unanimously.

SB 276 (Staton of the 18th) Insurance; uninsured motor vehicle; available coverages are inadequate to cover person's bodily injury/property damage losses

Senator Staton presented his bill explaining it will allow consumers injured in an accident to stack uninsured motorist on top of the other driver's liability coverage. He said this is already being done in many other states. He said, in Georgia, you only get underinsured coverage to the point that your underinsured exceeds the wrongdoer's liability. He said that most people think they have the ability to 'stack' their coverage. Senator Pearson arrived at 3:30 PM.

Senator Staton said he believes people are not getting fully compensated for the harm they incur. He also pointed out that uninsured motorist coverage is not mandatory in Georgia. He said that the insurance may cost more, but it is optional so let the consumer decide and, at least let them get all they pay for. Senator Hudgens said suppose your son was driving your car and you have three cars with \$50,000 underinsured motorist coverage, would these 3 policies stack? Senator Staton said that GA case law allows stacking of policies within families, but not within businesses. Senator Rogers said, in current law, if the liability coverage equals underinsured coverage, you get nothing from your underinsured coverage. You only get the amount that is in excess. Senator Pearson asked have we considered the effect of people not selecting this coverage, what about unintended consequences. Senator Staton said he was not an attorney but he said he had some data that was compiled in other states and it shows it is relatively inexpensive and most people do have a minimal amount.

Senator Hudgens recognized Robert Potter and Larry Ericson, with State Farm. Mr. Potter said the coverage is relatively inexpensive because of the definition of what it is. He said if you increase the offset, costs will go up across the board. Mr. Ericson said that increasing coverage always costs more and additional claims result in higher administrative costs. He said the current law is well understood and is not frequently litigated. He said that complicating it increases litigation which will in turn increase costs. He also said when you drive up expenses that additional cost will be passed on to the consumers. Senator Brown arrived at 3:45 PM.

Senator Rogers asked what the limits on underinsured motorist coverage are. Senator Staton responded \$1,000,000+ but you can't purchase more underinsured coverage than you have liability coverage. Senator Pearson said there will be an unintended consequence because people will always go with the least expensive choice. Senator Hudgens said that State Farm opposes this bill. Mr. Potter said yes they do. He said that coverage is available now. Emily Bagwell, GA Association of Property & Casualty Insurance, said this bill will bring substantial changes to well litigated case law; that it will cause confusion and increase costs. Bee McNeil, Mercury Insurance Group, said it is an option in Florida to get basic or single stack or multi-stack. She said business across the spectrum of drivers in Florida show a 233% premium increase from basic to multi-stack. She said many are opting-out because of the increased cost of the underinsured motorist. Al Barnett, GA Farm Bureau Insurance said they were against this bill because of the cost to the insured. The increased cost to purchase UM will cause consumers to not purchase it which will bring harm to the industry.

Senator Harbison asked what determines the cost. Ms. McNeil said many factors. She said that basic underinsured motorist (25/50) is about \$34 for 6 months. Senator Hudgens said \$50.00 at most. Senator Pearson said he never knew the difference so he believes many people are purchasing UM without knowing how it affects them. Senator Rogers said that less than 10% choose multi-stacking or more than basic coverage. Gould Hagler, Independent Insurance Agents of GA, said having it as an option would unnecessarily complicate things because the consumer can get the coverage now. Senator Rogers said he believed this is an option issue.

Bill Clark, GA Trial Lawyers said he would yield to Lance Cooper, Attorney. Mr. Cooper said insurance companies have the option to prohibit stacking in their contract language. He said consumers already have the option now to buy or not buy UM. He said it is the cheapest and best coverage to have. He said that State Farm charges about \$13.00 every 6 months. He said it is about \$2.00 per month to get the coverage you think you have. He also said that most people will buy it if it is explained to them.

Senator Staton said he worked with Commissioner Oxendine to get data. He said it costs \$28.10 in GA, which is less than SC and AL. He said this bill deals with what they think they are buying and what they actually get. Senator Rogers said at the end of the day it seems like the consumers don't know what they're buying. Senator Hudgens said that's a fair statement. Emily Bagwell and Robert Potter restated their association's opposition to this bill. Senator Moody made a motion to **Do Pass**, seconded by Senator Brown. The bill passed unanimously.

SB 224 (Hudgens, 47th) Motor Vehicles; commercial vehicle and fleet policy; change the definition

Senator Hudgens presented a substitute bill saying he thought we were all in agreement on this bill, but we are not. He said he would like the committee to pass this bill to the full Senate for debate. He said there is a companion bill in the House but Chairman Knox might not be able to move it. He said the bill is not perfect but he is having an ongoing discussion with the GA Department of Revenue and passage of this bill will allow that discussion to continue. Senator Chapman made a motion to **Do Pass by Committee Substitute**, seconded by Senator Rogers. The bill passed unanimously.

There being no further business before the committee, the meeting adjourned at 3:10 PM.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

April 9, 2007
Room MEZZ

Members Present: Hudgens (47) Chairman Pearson (51)
 Murphy (27) Rogers (21)
 Chapman (3)

Senator Hudgens called the committee to order at 2:10 p.m. and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

HB 551 (Lindsey, 54th) HB 551 - State False Medicaid Claims Act

Representative Lindsey introduced his bill saying it was requested by the Department of Community Health. He said because of the Debt Reduction Act, Georgia must address the problem of false Medicaid claims. He said this bill will allow the State Attorney General and private citizens to bring action against these false Medicaid claims. He said that Georgia will get back more of the money that is recovered, 48% rather than the current 38%. Michael Sullivan, Finch McCreany LLP, said he has worked with the Federal act since the 1980's. He said the federal statute came about at the time of the Civil War to stop fraud. He said it is now the primary civil tool used to combat fraud. He said that the Federal government's recovery of money has gone up every year since 1987. In 2001 \$1 billion was recovered. \$3.1 billion was recovered in 2006; 70% of that was because of private citizens reporting over-billing, up-coding, fraudulent cost reporting and billing for services not rendered. He said Whistleblowers are a cost effective deterrent. Doug Colbert, State Inspector General, said he supports this bill. Senator Pearson asked what the penalties for filing false claims are. Mr. Colbert said that charges under \$500.00 are a misdemeanor and charges exceeding \$500.00 are a felony. He said the Federal Statute allows for treble damages (fines) or up to \$1,000.00 per incident. Senator Pearson arrived at 2:20 PM. Mr. Colbert said that nationwide, 5 to 8% of all claims submitted are fraudulent. He said that in Georgia, at least 5% of all claims are fraudulent or abusive. He said they have at least 50 employees doing field audits at all times. He also said a whistleblower can contact the Attorney General's office and ask them to intervene on their behalf.

Representative Lindsey said this bill ensures the Attorney General's office maintains a tight rein but also allows the Attorney General the flexibility to dismiss a case as he deems necessary. Senator Pearson asked what the penalty is if the complaint is false. Representative Lindsey replied the defense

gets expenses and anyone who makes false statements to a government official can be charged. He said people are subject to criminal prosecution for lying to the Attorney General's office. Mr. Colbert said there is a screening process that is not normally present in civil lawsuits. Senator Rogers made a motion to **Do Pass**, seconded by Senator Murphy. The bill passed unanimously.

SR 471 (Rogers, 21st) Property and Casualty Rate Regulation; create Senate Study Committee

Senator Rogers explained this bill creates a study committee on property and casualty rate regulation. He said they will examine the rate-making and regulation process in Georgia and other states. Senator Murphy made a motion to **Do Pass**, seconded by Senator Rogers. The motion passed unanimously.

HB 424 (Coan, 101st) Workers' compensation; claim filings; benefits; examinations; provisions

Senator Hudgens said he was introducing the bill for Representative Coan. He explained that it was a committee substitute which includes alligator farm laborers as exempt from worker's compensation. This is included in SB 239 but Senator Goggans requested it be added to this bill as a backstop. He then recognized Judge Carolyn Hall from the Workers' Compensation Advisory Board to speak on behalf of the bill. Judge Hall said this bill comes from the Workers' Compensation Advisory Board's Advisory Council; that they meet throughout the year to keep the worker's compensation system fair and balanced. She explained the changes to the law include: Section 1: a claim will stand dismissed after 5 years if no action is taken. Senator Murphy asked if nothing is ever filed why we go 5 years. Judge Hall said the claim must be filed within 1 year but they have 5 years in which to file for reimbursement of medical expenses. She said Section 2: changes 15 days to 20 days for an employer to select a rehabilitator; Section 3: includes psychiatric and psychological along with physical examinations; Section 4: clarifies what charges and fees the Board will approve including prescription drugs and other services; Sections 5 and 6 increases the weekly temporary total and partial disability benefits the employer must pay to the employee. Senator Murphy said that having a potential claim hanging over your head for 5 years is too long. He made a motion to amend to 3 years. Senator Rogers seconded the motion. The motion passed unanimously.

David Crim, Deputy Commissioner of the GA Department of Insurance, said the time is not right for this bill, that the National Council on Insurance Compensation says the benchmark for worker's compensation rate is up 11%. This adds an additional 2.5%. He said there has been a 3 fold increase in benefits over the past 12 years. He said they are opposed to that level of a benefit increase. Mr. Crim presented a letter from Insurance

Commissioner John Oxendine stating his opposition to the proposed raise in benefit payments.

John Poole, Georgia Self Insurers Association, Inc. said the members of the Advisory Council include all interested parties. He said this bill passed the House without dissent. He said the key sections are 4 and 5; Section 4 especially because the fee schedule for prescription drugs will show a significant savings. He said the maximum benefit is being increased for the higher wage earners. He also said he believed the rate should not be indexed; they should be increased by the General Assembly as needed. He said an increase is due because Georgia is at the bottom, payment wise. He finished by saying this is good for the employers. Roy Bowen, GTMA, said the GA Textile Manufacturers Association agrees. He said the Georgia worker's compensation system is second to none in efficiency and they supported the increase. He said we need to keep the bill clean, no alligators. He ended by saying he believed the savings from Section 4 will more than offset the increase.

Perry Lewis, Workers' Compensation Pharmacy Alliance, said they contract with 80% of pharmacies, including Walgreens and CVS, to process worker's compensation prescriptions. He said this makes up only 1 to 2 % of the prescriptions they fill but they are very arduous and time consuming. He said there were concerns regarding the risk involved. He suggested holding hearings and allowing public comments. He said the majority of the costs come from the manufacturers, not the pharmacists. He also said they are opposed to Section 4 because there is no opportunity for pharmacy constituents to have any input. Judge Hall responded that Mr. Lewis was welcome to come to their meetings.

Senator Pearson asked if requests for the physical, psychological and psychiatric evaluations are from the employer or the employee. Judge Hall said the employer but the employee has the right to one independent medical evaluation. She said it is done now either by rule or by practice. Senator Pearson said he has a problem with that. He said he wants to strike the provision as he doesn't believe he understands it enough to be comfortable with it. Senator Chapman asked if the employee can be forced to be tested. Judge Hall said yes, just the same as is done now. Senator Chapman asked what the protection for the employee is. Judge Hall said the results of the evaluations are weighed against the facts. Senator Rogers made a motioned to **Table** the bill, seconded by Senator Pearson. The motion passed unanimously. Senators Pearson and Rogers said they must leave as they have a meeting with the Governor.

Due to the loss of a Quorum, the meeting adjourned at 3:26 p.m.

/s/ Senator Hudgens, Chairman

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

April 12, 2007

Room MEZZ

Members Present:

Hudgens (47) Chairman	Harbison (15)
Shafer (48) Vice-Chair	Murphy (27)
Moody (56) Secretary	Pearson (51)
Golden (8)	Ramsey (43)

Senator Hudgens called the meeting to order at 2:10 p.m. and welcomed committee members, staff and visitors. He called upon Senator Murphy to open the meeting with a prayer.

HB 242 (Knox, 24th) Insurance; certain high deductible health plans; provide exemption

Representative Knox explained this bill allows a tax exemption for certain high deductible health plans in connection with a health savings plan. He said it will enhance the marketability of this product. Senator Ramsey arrived at 2:13 PM. Senator Judson Hill said he came to support the bill but asked if he could offer an amendment. Senator Hudgens agreed to accept the amendment. Senator Moody arrived at 2:15 PM. Senator Hill explained the amendment replaces Section 3 and allows for a Georgia income tax credit not to exceed \$250.00 as long as the health insurance is made available to all of the employees by the employer. He said he believed it helps to make the insurance more affordable. Senators Golden and Pearson arrived at 2:17 PM. Senator Hudgens asked if this requires a fiscal note. Senator Hill replied yes, it will. Senator Hudgens asked if the lack of a fiscal note causes this bill to receive a negative response, will Senator Hill agree to remove the amended wording. Senator Hill replied yes. Senator Harbison made a motion to Do Pass the amendment, seconded by Senator Shafer. The amendment passed unanimously. Senator Shafer made a motion to **Do Pass as Amended**, seconded by Senator Murphy. The bill passed unanimously.

HB 408 (Knox, 24th) Insolvency funds exclusion; certain companies; provide exception

Representative Knox presented his bill, explaining it allows companies that have been reorganized under Chapter 3A of Title 33 to participate in the Georgia Insolvency Fund. He said the bill is supported by the Department of Insurance. Senator Moody made a motion to **Do Pass**, seconded by Senator Harbison. The bill passed unanimously.

HB 648 (Knox, 24th) Long-term care insurance; changes to certain definitions; provide

Representative Knox explained this bill will bring the law up to Federal standards and the NAIC model legislation with respect to long-term care policies. He said it helps to protect assets. Senator Moody made a motion to **Do Pass**, seconded by Senator Golden. The bill passed unanimously.

SR 619 (Murphy, 27th) Prescription Drugs; create Senate Study Committee

Senator Murphy presented his resolution explaining that he wants to study the decisions of pre-approval with prescriptions. He said he was concerned that insurance companies are getting into the practice of medicine. Senator Hudgens said the committee would consist of 5 Senators with a maximum of 5 meeting days. Senator Murphy said yes, that was how the committee was to be structured. Senator Moody made a motion to **Do Pass**, seconded by Senator Ramsey. The motion passed unanimously.

HB 424 (Coan, 101st) Workers' compensation; claim filings; benefits; examinations; provisions

Senator Golden made a motion to take HB 424 off the table, seconded by Senator Pearson. The motion passed unanimously. Senator Hudgens presented a substitute, saying it only added Senator Goggans' alligator language. He then recognized Representative Coan to speak to the bill. Representative Coan said the Workers' Compensation Advisory Board consisted of 100 people who keep Georgia's workers' compensation at a stable rate. He said they were serious about keeping the system consistent and stable. He said they put a lot of work into this bill and that all were in agreement although not everyone was happy. Representative Coan urged the committee to approve the legislation without any further amendments as the bill has been thoroughly vetted.

Senator Murphy offered an amendment to strike 5 years and insert 3 years on line 24 of page 2 and line 27 of page 2. Representative Coan restated his opposition to the amendment. Bill Clark, GTLA, said he was opposed to this amendment as this change would affect a lot of current cases and would jeopardize the work and the compromise that has been reached between the stakeholders. Senator Murphy made a motion to accept the amendment, seconded by Senator Pearson. Senators Shafer, Pearson, and Murphy voted Yes. Senators Moody, Golden, Harbison, and Ramsey voted No. The amendment failed 3 to 4.

Senator Shafer offered an amendment to require the Workers' Compensation Advisory Board to cooperate with insurers and to respond to inquiries from such insurers. Judge Hall, Workers' Compensation Advisory Board, voiced her opposition. She said that confidentiality would be a problem. Representative Coan asked if it would require a fiscal note due to the increased administrative costs. Senator Hudgens said the committee could address the question without a fiscal note. Judge Hall said the Advisory Board would address Senator Shafer's question in a normal Advisory Board meeting. She said they would be happy to work with Senator Shafer or with a study committee.

Roy Bowen, GTMA, said he appreciates the intent of Senator Shafer's amendment but he also would prefer to consider it at an Advisory Board meeting. He said they needed to consider the cost and if it would need to be passed on to the employers. He said this is a complex issue. Alan Hayes spoke in support of the amendment. He said he believed there would not be an increase in costs since the language does not say how the board will have to respond. Bobby Potter, State Farm, said he has been on the Advisory Board for 21 years. He said he is against the amendment as he felt it was better handled by the Advisory Board. John Poole, GSIA, and Mike Bagley also said they were against the amendment. Senator Shafer made a motion to accept the amendment, seconded by Senator Murphy. Senators Shafer, Pearson, and Murphy voted Yes. Senators Golden, Harbison, Moody and Ramsey voted No. The amendment failed 3 to 4. Senator Shafer motioned **Do Pass by Committee Substitute**, seconded by Senator Pearson. Senators Shafer, Moody, Pearson, Murphy, Harbison, and Golden voted Yes. Senator Ramsey voted No. The motion passed 6 to 1.

There being no further business before the committee, the meeting adjourned at 3:34 p.m.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

November 8, 2007

The Honorable Bob Ewing
Secretary of the Senate
353 State Capitol
Atlanta, Georgia 30334

Dear Mr. Ewing:

Enclosed is the Minutes Book for the Senate Insurance and Labor Committee for the 2007 Session.

Also, enclosed are the following bills upon which no action was taken during the 2007 Session of the General Assembly:

[SB 13](#)

[SR 140](#)

[SB 28](#)

[SR 387](#)

[SB 166](#)

[SB 167](#)

[SB 241](#)

[SB 265](#)

[SB 268](#)

[SB 294](#)

[SB 304](#)

Sincerely,

/s/ Leah Tatum-Dick
Recording Secretary
Senate Insurance and Labor Committee