

**Insurance and Labor Committee Members
2008 Session**

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 Chip Pearson (51st) **Ex-Officio**

P.O. Box 209
Dawsonville, GA 30534

Insurance & Labor Committee

Rules

2008 Session

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 Meeting

January 15, 2008

Mezz

Members Present:

Hudgens (47) Chairman	Harbison (15)
Moody (56) Secretary	Rogers (21)
Brown (26)	Murphy (27) Ex-Officio
Golden (8)	Pearson (51) Ex-Officio

Senator Hudgens called the meeting to order at 1:35 PM and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

Senator Hudgens introduced Commissioner Oxendine who welcomed everyone and said that he, his staff and their resources were ready to assist the committee and anyone that needed their assistance this legislative session.

Senator Hudgens introduced Judge Caroline Hall and Judge Warren Massey of the Workers Comp Advisory Board and requested they explain what the board is and what it does. Judge Hall explained that Georgia has a no fault system that determines benefits; that members of all of the committees attached to the board are volunteers. She continued saying that in 1992 members got together to find the best way to work together to get good legislation; to be more efficient and to manage change in a thoughtful way. She said they have individual committees that meet throughout the year with a large group meeting in October. Judge Hall gave out a handout that included the names of all the committees attached to the Workers Comp Advisory Board and their members. Judge Hall said that Georgia now has an A rating on their Workers Compensation claims; that they have paid out around \$1.2 billion in claims. She said their goal is to be fair and competitive and to get workers back to work. She stated that the board works by consensus, not by voting. Senator Hudgens asked if the consensus had to be unanimous. Judge Hall responded that yes it does. Judge Hall continued, saying that Georgia is doing things pretty efficiently; that the committees meet in April, May, June and July and that the system is in good shape this year so they have no legislation to present for this Session.

Judge Warren Massey stated that he spent 8 years in the Georgia General Assembly as a State Representative but he was not aware of the Advisory Council; that it was a very pleasant surprise to him, once he became a Judge, to discover its existence. He said the Council discusses the issues; that there is a lot of give and take and time to reach a consensus so the Legislators don't have to fight over the issues. He said all the stakeholders have to agree on the bill before they present it. He said they work very hard and they invite everyone who has an interest in legislation regarding Workers Compensation to come to the board and work together; that you don't have to be a member to bring them an idea. He said the Board presents legislation so the Legislators don't have to. Senator Hudgens pointed out that the board cannot introduce legislation; that is still the job of the members of the Georgia General Assembly. Senator Pearson left at 1:50 PM. Roy Bowen, GTMA, said he is part of the Advisory Council and they do recognize the difference between the Advisory Council and the Legislators. He said they welcome suggestions from all interested parties. John Pool, GA Self Insurers Assoc., stated that Georgia has stable premiums because of the work done by all the volunteers on the council.

Senator Hudgens called upon Senator Jack Murphy to give an update on his Study Committee on Prior Approvals for Prescription drugs. Senator Murphy said his committee's goal was to discover if there was a problem. He said he received a lot of testimony from Doctors, insurance companies and pharmaceutical companies. He said that, based on this testimony, his committee has determined that prior authorization is ultimately approved between 87 and 99 percent of the time. He said he believed this only reinforces the opinion that prior authorization is not only unnecessary but it is also an inconvenient burden and cost to providers, pharmacists, insurers and patients. He also said that generics are only required to have 81 percent of the bioavailability of the name brand and that many newer drugs are developed so as to provide fewer and less damaging side effects than the original. He said his committee believes that the best drug is most often selected by the provider and not by the insurer or PBM. Senator Murphy ended by saying he has introduced legislation and that it should be assigned to this committee tomorrow.

There being no further business before the committee, the meeting adjourned at 2:05 PM

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

January 30, 2008

450 CAP

Members Present:

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

Senator Hudgens called the meeting to order at 4:10 PM and welcomed committee members, staff and visitors. He called upon Senator Pearson to open the meeting with a prayer.

SB 230 (Mullis, 53rd) State Personnel Board Merit System

Senator Mullis introduced his bill explaining that it seeks to clarify and redefine 'classified service' and 'unclassified service' under the State Merit System. He went on to say that 75% of the state workforce consists of unclassified employees. He then introduced Commissioner Steve Stevenson, State Personnel Administration, who said that human resource departments across the state have established different rules, different pay structures but all of their members are employed by the state. He explained that this bill will allow his department to establish core policies for every department. Senator Mullis said he introduced this bill last year but didn't press it because of last year's workload. Senator Hudgens asked the difference between classified and unclassified employees. Commissioner Stevenson replied that classified employees have the right of appeal but unclassified employees are employed at-will. Senator Harbison asked if this affects the classified employee's current rights. Commissioner Stevenson replied no, it does not. Senator Rogers made a motion to **Do Pass**, seconded by Senator Murphy. The bill passed unanimously.

SB 346 (Hudgens, 47th) Compensation for Providing Services

Senator Hudgens said he is pulling this bill from the agenda as he feels there are unintended repercussions that need to be addressed.

SB 347 (Hudgens, 47th) Software as Admitted Asset

Senator Hudgens introduced this bill explaining that, when determining the financial condition of an insurer, the electronic and mechanical machines and software will be considered an asset. Senator Shafer arrived at 4:20 PM. Senator Hudgens called upon Robert Lystad and Joel Williams, Powell Goldstein, to further explain the bill. Mr. Lystad said that this bill addresses the fact that insurance will not cover some assets such as computer software which can be very expensive. Mr. Williams said that if this bill passes, software will be considered to be an asset if the cost does not exceed 10% of admitted assets or \$7,500,000.00 whichever is less. Senator Hudgens asked if the bill allows for depreciation. Mr. Lystad replied yes, from 3 to 5 years. Jim Martin, Insurance House voiced his company's support of this bill. Senator Shafer asked if this applied to certain types of software. Senator Hudgens recognized Ron Jackson, Deputy Commissioner, State Insurance Department who replied yes, that it was defined in the bill. He went on to say that the Insurance Commissioner supported this bill. Senator Murphy made a motion to **Do Pass**, seconded by Senator Moody. The bill passed unanimously.

SB 348 (Hudgens, 47th) Imposition of Fees for Services Provided by Counties/ Municipalities

Senator Hudgens introduced his bill, explaining that this bill resulted from his reading a newspaper article that said cities and counties are billing people and insurance companies for cleaning up after accidents. He said that cities and counties already receive 2.5% of the local Premium Tax to compensate them for this type of expense. He said it was wrong for them to bill insurers or insurance companies. Senator Hudgens read from both a copy of an Ordinance from the City of Albany, where they stated their Fire Department has experienced substantial run activity for motor vehicle accidents and that the city would seek to be reimbursed for these expenses, and from a copy of a bill from the city of Albany to Southern General, billing for clean-up after a car accident. Senator Hudgens said this bill will stop that practice.

Jim Martin, Insurance House (Southern General), said that that bill was one of several they had received but Insurance House has been sending out letters saying they would not pay these types of charges. He said they felt this was an attempt by these cities and counties to find additional revenue sources. Joel Williams, Powell Goldstein, voiced his support of the bill. Senator Rogers asked if insurance companies were charged to put out a house fire. Mr. Williams responded that the Premium Tax covers Hazmat clean-up. He went on to say a case like that went before the Supreme Court and they ruled that extra fees could not be charged.

James Grubiak, General Council, Association of County Commissioners, voiced opposition to this bill. He stated that his association is worried the bill is too broad. He believed there was good intent behind the bill but it is taking things too far. Senator Moody asked if Senator Hudgens had considered catastrophic events or, maybe considered a level of expenses where costs could be recouped. Senator Hudgens said that things like truck accidents are regulated by the PSC and they are required to carry insurance to cover catastrophic events.

Senator Murphy said that, in Forsyth County, there was a propane fire that was covered by insurance. Senator Rogers asked if you could be billed if it wasn't your fault. Mr. Martin replied yes, but they would not pay. Senator Rogers asked isn't this a benefit to the community to have the road cleaned up. Senator Hudgens replied that he is paying Premium Taxes on his property. He said there have not been any accidents but still he pays the tax. Senator Chapman said isn't there wording that states how the Premium tax can be spent, like to be used to roll back millage rates. Senator Hudgens replied yes, that is correct. Senator Shafer asked if Senator Hudgens was happy with the wording of the bill. Senator Hudgens replied yes he was. Senator Rogers made a motion to **Do Pass**, seconded by Senator Chapman. The bill passed unanimously.

There being no further business before the committee, the meeting adjourned at 5:05 PM

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

February 06, 2008

125 CAP

Members Present:

Hudgens (47) Chairman	Golden (8)
Shafer (48) Vice-Chairman	Harbison (15)
Moody (56) Secretary	Rogers (21)
Chapman (3)	Pearson (51) Ex-Officio

Senator Hudgens called the meeting to order at 4:00 PM and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

SB 348 (Hudgens, 47th) Imposition of fees for services provided by County/Municipalities

Senator Hudgens explained that this bill has been returned to the committee from the Senate Rules Committee at his request. He went on to say that he has encountered some opposition to the bill so he will be having a meeting next Wednesday of all interested parties to see if they can come to an agreement before he brings this bill back before the committee.

SB 304 (Senator Stoner, 6th) State Funded/Administered Health Care Program

Senator Stoner explained that this bill requires that people who apply for health benefits under any state funded health program will be required to identify who they work for. Senator Pearson asked what this information will be used for and Senator Stoner answered that it will help the state know who gets benefits and where the money is going. Senator Rogers asked if this is asking for employment status and Senator Stoner responded no, just the name of the employer. Senator Moody asked what happens if someone refuses to give this information. Senator Stoner responded there is no penalty.

Mark Trail, Director of Medicaid, Department of Community Health, said that DCH is only allowed to ask questions that are in the Federal Statute. He continued, saying that only about one third of the people don't give their employer's name but since they do require validation of income, they get the employer's name that way. Senator Hudgens asked what can you present to validate income; a copy of a tax return? Mr. Trail answered yes; tax returns are used about 25 percent of the time. He went on to say that DCH checks with the Department of Labor to see if it matches their records. Senator Harbison asked if this information is given to the Federal Government. Mr. Trail replied no, they are not allowed to give out this information. Mr. Trail requested more time to have his people study the bill. Senator Hudgens put the bill in a Subcommittee consisting of Senator Shafer, Senator Golden and Senator Rogers, as the Chairman, and requested they work out any problems DCH has.

SB 403 (Senator Henson, 41st) Prompt payment of wages to employee following resignation/discharge

Senator Henson explained that this bill deals with employers not giving out last paychecks to people who have resigned or are discharged. He said that all but five states have already passed legislation dealing with this problem already. He said this bill would require that employers pay former employees their final check on or before the next regular payday or no later than ten days following the date of discharge or there would be a fine of up to 30 days' pay or full wages. He said he felt that this would give employers an incentive to do the right thing. He said that although a majority of companies already do the right thing, too many employers do not. Senator Hudgens asked if this would allow people to bypass small claims court. Senator Henson replied that it will not. Senator Shafer asked if this bill has the same penalties as a previous bill that

came through the committee that didn't pass. Senator Henson responded no, the previous bill had much harsher penalties. Senator Pearson asked what happens if the employee has company owned equipment that hasn't been returned and that is the reason for holding the last check. Senator Henson replied that the company can file a countersuit in small claims court.

Roy Bowen, GA Manufacturers Association, says he is pleased that Senator Henson said a majority of the companies do the right thing. He went on to say that he is concerned about the 10 day time requirement since many employees are paid every two weeks, not weekly. He also stated his concern that his bill would require more litigation in our courts. He ended by saying he believed the bill required more study. Senator Hudgens said he felt that 10 days was not too short a time to pay out a last check but wording could be added to say... 'or regular pay period'. Senator Hudgens said he is going to give this bill a week to allow interested parties to look at it closer and give Senator Henson a chance to work out any problems. He said it would be on the agenda at our next committee meeting.

There being no further business before the committee the meeting adjourned at 4:14 PM.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

February 13, 2008

Mezz

Members Present:

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

Senator Hudgens called the meeting to order at 4:10 PM and welcomed committee members, staff and visitors. He called upon Senator Rogers to open the meeting with a prayer.

SB 403 (Henson, 41st) Prompt payment of wages to employee following resignation/discharge

Senator Henson presented a substitute bill explaining this bill worked out the problems with different employers having different pay periods. Senator Hudgens explained that substitutes are to be given to the committee at least 24 hours before the committee meeting so this bill would not be voted on at this time. He requested Senator Henson go ahead and explain the bill. Senator Ramsey and Senator Murphy arrived at 4:15 PM. Senator Henson said this bill also takes into consideration that employees might have equipment that belongs to their employer and that the value of the equipment can be deducted from the last check. Senator Murphy asked if this conflicts with current federal law. Senator Henson responded no. Les Schneider, Wimberly, Lawson, Steckel, Nelson & Schneider, P.C., said that page 1 line 25 is most important as it states an employer's written policy on how they will deal with the last check upon resignation or discharge supersedes this legislation. Senator Hudgens said this bill will be voted upon at our next committee meeting.

SR 140 (Hill, 32nd) U.S. Congress; urged to enact legislation that would amend Medicare

Senator Judson Hill presented his resolution explaining it urges Congress to enact legislation amending the Medicare program to allow for the creation of a system of individual medical accounts which allows individuals to build a fund over their working careers that will provide the resources to pay for their healthcare needs in retirement. Senator Hudgens asked if this is like a Healthcare Savings Account. Senator Hill replied yes, but it only applies to Medicare. Senator Rogers made a motion to **Do Pass**, seconded by Senator Golden. The bill passed unanimously.

SB 383 (Hill, 32nd) GA Affordable HSA Eligible High Deductible Health Plan; Insurance Commissioner; Adopt policies to promote, approve and encourage

Senator Hill presented a substitute bill explaining it will help reform healthcare by allowing people to go online and shop around for the health insurance that they want. That way, if they lose their job, they will not lose their health insurance. Senator Rogers left at 4:35 PM. Senator Hill said this was part of comprehensive healthcare reform. He said there was a bill sitting in the house dealing with the tax implications. Dave Raynor, NFIB, expressed his support of the bill. David Cook, MAG, commended Senator Hill for his work on the bill. Mr. Cook said Senator Hill had several work group meetings which he was a part of. He said he supported this bill. Senator Hudgens said this bill would be voted on at the next committee meeting since it was not presented 24 hours prior to the committee meeting.

There being no further business before the committee, the meeting adjourned at 4:45 PM.

/s/ Senator Ralph Hudgens, Chairman

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

February 20, 2008

The Mezz

Members Present:

Hudgens (47) Chairman	Harbison (15)
Shafer (48) Vice-Chairman	Rogers (21)
Moody (27) Secretary	Murphy (27) Ex-Officio
Chapman (3)	Pearson (51) Ex-Officio

Senator Hudgens called the meeting to order at 4:05 PM and welcomed committee members, staff and visitors. He called upon Senator Chapman to open the meeting with a prayer.

SB 403 (Henson, 41st) Prompt payment of wages to employee following resignation/discharge

Senator Hudgens asked Senator Henson to just explain the difference between the original bill and the substitute since the bill was discussed during last week's committee meeting. Senator Henson explained that this bill requires employers to pay former employees their final paycheck on or before their next regular period although an employer's written policy on how they will deal with the last check upon resignation or discharge supersedes this legislation. He said that if the employee has property that belongs to the employer than the value of the property can be deducted from the last check.

Senator Pearson said he has a problem with the employer having to pay thirty days of pay as a penalty when only one pay period is missed and he has a problem with the \$1,000 fine. Senator Henson replied that these are intended as a punishment and that the \$1000 was less than other states charged but he is willing to change the bill to see it pass. Senator Moody arrived at 4:15 PM. Senator Pearson made a motion to change 30 days to 15 days and change the fine from \$1000 to \$500, seconded by Senator Rogers. The motion passed unanimously. Senator Rogers made a motion to **Do Pass by Committee Substitute**, seconded by Senator Harbison. The motion passed unanimously.

SB 348 (Hudgens, 47th) Imposition of Fees for services provided by Counties/Municipalities

Senator Hudgens presented a substitute bill and explained that this bill passed out of the committee at an earlier meeting but he requested its return from the Rules Committee because a number of people had expressed concerns about it so he wanted to address those concerns. He said he worked with those interested in the bill and he felt this substitute bill addressed those concerns. He then asked 'do you agree' and named Jim Martin, Insurance House, who responded yes; James F. Grubiak, ACCG, who gave a "thumbs-up"; Joel Williams and Robert Lystad, Powell Goldstein, who both replied yes. Senator Harbison made a motion to **Do Pass by Committee Substitute**, seconded by Senator Rogers. The motion passed unanimously.

SB 383 (Hill, 32nd) GA Affordable HAS Eligible High Deductible Health Plan

Senator Hudgens called for Senator Hill to explain the Substitute bill in 1 minute or less. Senator Hill responded this bill requires the Insurance Commissioner to develop guidelines for HAS High Deductible Insurance Plans. Senator Hudgens explained that this late arriving substitute bill was fully explained in the last committee meeting but since it was not presented 24 hours before the meeting it was not voted on at that time. He asked if anyone wanted to make a motion. Senator Rogers made a motion to **Do Pass by Committee Substitute**, seconded by Senator Murphy. The motion passed unanimously.

SB 338 (Murphy, 27th) Prohibits prior authorization for a prescription drug which manufacturer provides to community pharmacy

Senator Murphy presented a substitute bill explaining it is a short bill that does away with prior approval for prescription drugs in Georgia. Senator Shafer arrived at 4:25 PM. Senator Murphy went on to say his study committee met and spoke with many people and groups and this is the result of those meetings. He said that the prescribed drugs were approved 87 to 99 percent of the time. Senator Murphy went on to say that patients should not have to wait two weeks for medication that they need and that a doctor has prescribed. He said his daughter takes drugs for a medical condition. She went to get a refill, under the State Health Plan, and was told she needed prior approval. Her physician gave her samples to take while waiting for prior approval. It took 3 weeks to get the prescription. He said the study committee found that prior approval was inconvenient for the patient, the doctor, and the pharmacies involved. Senator Harbison asked if this would only allow for generic forms of the drugs. Senator Murphy replied no, it would not. Senator Shafer asked what this means for Medicaid patients. Senator Murphy replied that the bill included an exemption for Medicaid patients. Senator Shafer asked to be shown where the exemption was written in the bill. Alex Azarian, Senate Research, explained the bill, in its current form, did not exempt or include Medicaid so the bill needed to be rewritten to include it. Senator Pearson asked where experimental drugs fall under this bill. Senator Murphy replied that experimental drugs will still require prior approval.

Senator Hudgens recognized Dr. Jack Chapman, President of MAG, who stated his belief that the time to require prior approval had passed because of the amount of time it takes. He further stated that people are sometimes prescribed many different drugs until one is found that is effective and, because of that, it already takes a lot of time so he didn't believe more time needed to be added to the process. Robert Highsmith, Holland and Knight, said that 84.7% of prior approval prescriptions are filled. He said that, because of prior approval, fifty million dollars has been saved and, since the state pays 76% of all prescriptions in Georgia, this is good for the state. Senator Shafer asked what happens to the 15% who do not get approved for their drugs. Mr. Highsmith replied that different drugs are tried to see if they will be approved. Senator Rogers and Senator Pearson left at 4:55 PM. Senator Chapman asked what happens to that same 15% if this bill passes. Mr. Highsmith replied that they will be approved. Senator Moody and Senator Shafer left at 5:00 PM.

Mr. Kirk McGee, GA Association of Health Plans, said that no one doubts that there are problems with the system but that prior approval is a tool to stop people who don't need certain drugs. He also asked, if this is such a problem, why is Medicaid out of the bill; do poor people not matter? Senator Harbison said he is fed up with going to the pharmacy and not being able to get medication that has been prescribed. Mr. McGee replied that this is a problem with society and not with insurance. Mr. Dubberly, PharmD, MBA, stated he is against the bill. He said that the State Health Benefit Plan could lose between \$12.8 Million to \$37.6 Million if prior approval is prohibited. He said that prior approval helps solve problems such as parents putting their children on Atorall so they themselves can take it. He also said that, in the month of January, all but 33 prescriptions that required prior approval were filled in one day. Senator Chapman asked if they have repeat problems with some doctors and Mr. Dubberly replied that some doctors just refuse to do prior approval requests completely. Senator Hudgens said this bill is not ready to vote on as it needs a new substitute written.

There being no further business before the committee, the meeting adjourned at 5:25 PM.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

February 27, 2008

The Mezz

Members Present:

Hudgens (47) Chairman	Ramsey (43)
Shafer (48) Vice-Chairman	Rogers (21)
Moody (56) Secretary	Murphy (27) Ex-Officio
Chapman (3)	Pearson (51) Ex-Officio

Senator Hudgens called the meeting to order at 2:50 PM and welcomed committee members, staff and visitors. Senator Moody opened the meeting with a prayer.

SB 338 (Murphy, 27th) Prohibits prior authorization for a prescription drug which manufacturer provides to community pharmacy

Senator Murphy said that he does not trust the numbers on how much money is spent and saved on prescription drugs so he has requested a fiscal note. Senator Hudgens said we will hold the bill until the fiscal note has been acquired.

SB 425 (Grant, 25th) Insuring/Indemnification; Commissioner of Admin. Services; amend certain provisions; establish incentive programs

Senator Grant explained that this bill will give the Department of Administrative Services the power to set up incentive programs for state agencies. Senator Grant then introduced Mr. Jo Kim, Department of Administrative Services, who said this bill will allow his agency to help set up incentive programs based on loss control programs so agencies that have lower losses will receive lower premiums. Senator Chapman arrived at 3:02 PM. Senator Rogers made a motion to **Do Pass**, seconded by Senator Shafer. The motion passed unanimously.

SB 468 (Williams, 19th) Insurance; require all insurers authorized to do business in this state shall publish certain information on annual basis

Senator Steve Thompson explained that this bill is intended to make insurance companies annually publish a summary statement of their financial health and condition and include a summary of the insurer's rate filings in a newspaper once a year. He said he feels that this would be a check and balance system on insurance companies for the public. Senator Rogers said he doesn't always get to read the newspaper and knows that many other people don't either. He said that maybe this bill needs an amendment to put the rate information on a web site where it could be viewed by more people. Senator Hudgens asked Senator Thompson if the rate information is already on the web and he answered that it is not on any company's site but it is available on NEIC's site. Danny Orrock, Georgia Watch, spoke in favor of the bill. Senator Chapman left at 3:10 PM. Joe Cregan, Mag Mutual Insurance Company, said that there is already legislation dealing with this and that a new law might contradict laws already on the books. He went on to say that the NEIC website is linked with insurance companies' websites and that rate information is on file for three years. Senator Hudgens asked if, under current law, small town newspapers would count if published there. Mr. Cregan replies that yes it would. Senator Ramsey made a motion to **Do Pass**, seconded by Senator Rogers. Senators Ramsey, Murphy, Rogers, Pearson and Shafer voted yes and Senator Moody voted no. The motion passed 5 to 1.

SB 470 (Hudgens, 47th) Property and Casualty Actuarial Opinion Law; provide for submission of annual statement

Senator Hudgens introduced this bill explaining it is NEIC model legislation that requires property and casualty insurance companies to annually submit the opinion of an appointed actuary. Senator Murphy made a motion to **Do Pass**, seconded by Senator Rogers. The motion passed unanimously.

SB 471 (Hudgens, 47th) Insurance; provide regulator financial examinations of domestic insurers every five years

Senator Hudgens introduced the bill explaining it provides for regulator financial examinations of domestic insurers every five years. He said it used to be every 5 years but was changed to every 3 years in the 80's. This bill changes it back to 5 years which will coordinate with other states. Marty Wilson, The Progressive Corp and GA Association of Life Insurance Companies, voided his support of the bill. Senator Rogers made a motion to **Do Pass**, seconded by Senator Murphy. The motion passed unanimously.

SB 499 (Hudgens, 47th) Life Settlements Act; license requirements for providers/brokers

Senator Hudgens introduced a substitute bill explaining it is based on NCOIL model legislation. Senator Rogers left at 3:35 PM. Senator Hudgens said the bill establishes oversight and regulation of life settlement contracts. He said his NCOIL committee worked very hard on this piece of legislation and that they brought everyone to the table to work out everyone's issues. He said the bill takes Georgia Code and conforms it to NCOIL's suggested language. Senator Shafer says he must leave to present his own bill at another meeting so he would like to go ahead and call for a vote as he has full confidence in Senator Hudgens work. Senator Shafer made a motion to **Do Pass by Committee Substitute**, seconded by Senator Moody. The motion passed unanimously.

There being no further business before the committee, the meeting adjourned at 3:36 PM.

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

March 04, 2008

450 CAP

Members Present:

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

Senator Hudgens called the meeting to order at 8:36 AM and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

SB 504 (Hill, 32nd) Religious Nonprofit Organizations; Health Care Cost Sharing

Senator Hill presented a substitute, explaining that it allows nonprofit organizations that enter into healthcare cost sharing arrangements with their members. He said this arrangement is one where a group of people pool their money together in case someone gets sick. He said they would not be considered insurance companies. He went on to say that Commissioner Oxendine supported this bill. Senator Hudgens said we would hold the bill until the committee had a quorum.

SB 518 (Rogers, 21st) Include Contracts, Agreements; Removal of Dents in Motor Vehicle

Senator Rogers presented a substitute, explaining the bill allows for the removal of dents to motor vehicle and windshield repairs to be offered as an extended warranty to be sold as a product. He said that a body shop could sell a contract that would allow for a set number of dents or windshield repairs to be pre-paid as a contract. Senator Murphy arrived at 8:41 AM. Senator Pearson made a motion to **Do Pass by Committee Substitute**, seconded by Senator Moody. The motion passed unanimously.

SB 504 (Hill, 32nd) Religious Nonprofit Organizations; Health Care Cost Sharing

Senator Hudgens asked for a motion on this bill. Senator Moody made a motion to **Do Pass by Committee Substitute**, seconded by Senator Pearson. The motion passed unanimously.

SB 338 (Murphy, 27th) Prohibits prior authorization for a prescription drug which manufacturer provides to community pharmacy

Senator Murphy explained to the committee that he just received the fiscal note and hasn't been able to examine it, so he needed time to read it before the bill goes any farther. Senator Hudgens said the bill would continue to be held until Senator Murphy calls for it.

SB 380 (Thomas, 54th) Provide for Filing Requirements for Health Insurance Rates

Senator Hudgens said that this would be a hearing only for this bill. Senator Don Thomas introduced Commissioner Oxendine to help present his bill. Senator Thomas explained that he believed something needed to be done about insurance rates. He said he has talked to moms who have gone back to work to pay for health insurance for their families. He said we are in a serious crisis. Commissioner Oxendine says that this bill addresses the insurance code and fixes some of its flaws. He said it is not designed to fix everything; that there is no 1 solution to fix all the problems. He explained that this bill provides for filing requirements for health insurance rates and also requires insurers that offer comprehensive accident and sickness insurance to group markets must offer customers a choice between at least two policies, one of which must be a high-deductible consumer driven plan. He said it also prohibits an insurer from issuing or renewing any health insurance policy until it has filed a copy of the rating manual and schedule with his office. He said that even one person can be a company, so he wants the definition of a

small company to change from '2 to 50 employees' to '1 to 99 employees.' He went on to say that an insurance company needs to show why rates go up and that thirteen states have rate review and others already allow sole proprietors to be small businesses. Senator Rogers left at 8:55 AM. Senator Hudgens asked the Commissioner how much more staff he will need to be able to handle the workload. The Commissioner replied that more staff would be helpful but was not necessary.

There being no further business before the committee, the meeting adjourned at 9:06AM

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

March 19, 2008

Mezz

Members Present:

Hudgens (47) Chairman	Golden (8)
Shafer (48) Vice-Chairman	Rogers (21)
Moody (56) Secretary	Murphy (27) Ex-Officio
Chapman (3)	Pearson (51) Ex-Officio

Senator Hudgens called the meeting to order at 4:17 PM and welcomed committee members, staff and visitors. He opened the meeting with a prayer.

Senator Hudgens said that HB 798 Substitute and HB 544 Substitute would be held until the next meeting as people are coming a long way to speak and are unable to be here today.

Senator Hudgens said we would vote on a Consent Agenda first. All bills that had no opposition will be voted on first:

HB 864 (Knox, 24th) Insurance; group life policy coverage; remove participation requirement

Senator Hudgens presented this bill explaining that current law allows group life coverage to be extended to the dependents of employees if at least 75 percent of the eligible employees are covered. This bill removes the 75 percent requirement. He asked if anyone wanted to speak against the bill. There was no opposition. **Do Pass**

HB 1221 (Maxwell 17th) Insurance contracts; corporations; employees covered; change minimum number

Senator Hudgens introduced the bill explaining that a corporation, to carry life insurance coverage for its employees, is required to cover a minimum of 100 employees. This bill reduces that minimum to 2 employees. He asked if anyone wanted to speak against the bill. There was no opposition. **Do Pass.**

HB 673 (Hembree, 67th) Insurance; third party's lienholder; provisions

Senator Hudgens introduced the bill explaining that this legislation adds a disclaimer to the loss estimate when payment is made to a third party stating, "Failure to use the insurance proceeds in accordance with a security agreement between you and a lienholder, if any, may be a violation of Code Section 16-8-4 of the OCGA. If you have any questions, contact your lending institution." He said this does not apply if the insurer does not prepare the loss estimate or it is done outside of Georgia. He asked if anyone wanted to speak against the bill. There was no opposition. **Do Pass.**

HB 1121 (Willard, 49th) Condominiums; associations; insurance coverage; change certain provisions

Senator Hudgens introduced the bill explaining it requires condominium homeowners' associations to purchase property insurance and a commercial general liability insurance policy for their property. He asked if anyone wanted to speak against the bill. There was no opposition. **Do Pass.**

HB 1186 (Coan, 101st) Subsequent Injury Trust Fund; assessment payments; change certain provisions

Senator Hudgens introduced the bill explaining that current law requires workers' compensation insurers and self-insurers to fund the Subsequent Injury Trust Fund through assessments. This bill says that, starting in 2010; total assessments must not exceed \$100 million. The bill allows the fund's administrator to reduce or suspend assessments when an actuarial survey shows further assessments are not needed for bona fide claims. He asked if anyone wanted to speak against the bill. There was no opposition. **Do Pass.**

Senator Hudgens asked for a motion. Senator Murphy made a motion to **Do Pass** all the bills on the Consent Agenda, seconded by Senator Moody. The motion passed unanimously.

HB 472 (Meadows, 5th) Insurance; policies; languages other than English; provide

Representative Meadows introduced the bill explaining that he has worked on it for 2 years. He said that it will make the English version of a contract the controlling language when policies and other materials are provided in a language other than English and there is a dispute or complaint. Representative Meadows explained that agents, not knowing another language, rely on interpreters to translate and don't know if the interpreter correctly relays the information so English rules. Senator Murphy said you already have the printed policy in the other language so this is for the court. Representative Meadows replied yes. Senator Hudgens asked is it legal to issue insurance in other languages. He called for Ron Jackson, Deputy Commissioner, Insurance Department, to answer. Mr. Jackson replied he didn't know but the company might have a rule. Senator Hudgens asked if issued in another language and there is a dispute, does it have to be in the other language if there is a contract. Bobby Potter, State Farm, said he worked on this bill and it is a simple bill; if there is any dispute then it will be settled in English.

Senator Moody asked if he was saying we have tried to solve issues in other languages. Mr. Potter replied no, we are trying to prevent this. Senator Rogers asked why say material on one line and policy on another; all policy is English and material is everything else. Senator Shafer arrived at 3:39 PM. Senator Hudgens asked if the English version was provided to the clients. Mr. Potter said yes. Senator Shafer asked does policy include riders. Mr. Potter responded he thought it did but doesn't have that in front of him. Senator Shafer said he felt this was 2 issues, policy and advertisement. Senator Golden arrived at 3:45 PM. Senator Rogers said if you strike lines 13 to 16 where it said "in the event", wouldn't it still do the same thing. Mr. Potter said he had no problem with it but he didn't know how it would sound in the Code. Representative Meadows said he had no problem with it either. Senator Chapman left at 4:51 PM. Senator Rogers made a motion to strike lines 13 to 15 and pick up at "in the event" on line 16 seconded by Senator Murphy. The motion Passed unanimously. Senator Rogers made a motion to **Do Pass by Committee Substitute**, seconded by Senator Murphy. The motion passed unanimously.

HB 798 (Scott, 153rd) Pharmacy Consumer Protection and Transparency Act

Representative Stevens explained this bill requires that PBM's (Pharmacy Benefit Managers) answer to someone and can be regulated. He said they had tried to place them under the Board of Pharmacies but they were not pharmacists. He said there was no one to complain to when there is a problem because they are not regulated by anyone. He continued by saying they clearly belong under the Department of Insurance. Senator Murphy said PBM's are not regulated at all so now they can be with this legislation. Representative Stevens asked to be excused for House Rules. Senator Hudgens excused him. Donald Palmisano, MAG said that MAG supports this bill. Gary Purcell, said this bill is good for Georgia. Senators Shafer, Moody, Rogers and Pearson left at 4:57 PM. Mr. Purcell continued, saying PBM's process over 2 billion prescriptions a year. They are the middle manager. They buy and sell drugs and negotiate with drug manufacturers. He said

that the state should regulate this as it affects the citizens of Georgia, including senior citizens who have trouble affording their medication. Senator Hudgens asked how does this bill rectify the problem. Mr. Purcell replied that PBM's aren't being regulated by the Pharmacy Board so this will at least allow the Commissioner of Insurance to regulate them. Senator Hudgens responded that that makes it Commissioner Oxendine's problem. Mr. Purcell said this will not solve all the problems but it is a good first step. Senator Hudgens asked Ron Jackson, Deputy Commissioner, Insurance Department, to stand up. He then asked him how does the Commissioner feel about this. Mr. Jackson responded he supported the bill. He said there has been a lot of discussion about it. He also commented that TPA laws needed amending also. Senator Pearson returned at 5:17 PM.

Sharon Sherra, Pharmacist, spoke in favor of the bill. She said she has been practicing for 30 years in SW Georgia and she had had many problems determining what drugs are allowable since they change rapidly. She said she spends a lot of time working with physicians to find acceptable alternative drugs. She said she had a mother whose child was issued a prescription in the emergency room and was told the prescription could only be filled by mail-order. The mother ended up paying the full price for the prescription out of her pocket rather than have her child go without the prescribed medication. She said she felt like PBM's were practicing medicine but they were not doctors. Senator Hudgens asked her what would this bill do for her. She replied that she would have a place to take her problems. Former Senator Eddie Madden voiced his support for the bill. He said the original bill was longer but compromises had been made. He said the bill would not license out-of-state providers; it would give authority to the state to regulate PBM's; it would not license internet providers.

Sharon Montgomery, United Healthcare said that they are against this bill. She said the PBM's help rein in costs and they do only what is asked of them. Senator Hudgens asked if it's so transparent, why object to regulation. Ms. Montgomery replied that they would have to open all deals to the public and this would hinder their ability to make deals. That information is not for everyone to know. Robert Highsmith, representing various interests, said that hardly anything was actually made by the free market system except PBM's. They are paid by employers and the government who decided they needed help in negotiation with large pharmaceutical companies to enable them to afford to offer prescription drugs to their employees. He said employers are against this bill. Due to a lack of a quorum the bill was tabled.

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

/s/ Senator Dan Moody, Secretary

/s/ Leah Tatum-Dick, Recording Secretary

Insurance and Labor Committee Meeting

March 27, 2008

MEZZ

Members Present:

Hudgens (47) Chairman	Ramsey (43)
Shafer (48) Vice-Chairman	Hill, (32) Ex-Officio
Chapman (3)	Murphy (27) Ex-Officio
Golden (8)	Pearson (51) Ex-Officio

Senator Hudgens called the meeting to order at 8:57AM and welcomed committee members, staff and visitors. He opened the meeting with a prayer. Senator Judson Hill is appointed as an Ex-Officio member for the purpose of a quorum for this meeting.

HB 798 (Scott, 153rd) Pharmacy Consumer Protection and Transparency Act

Representative Scott introduced a substitute bill, saying the committee needed to remove subsection H, page 3 and re-letter the rest of the page. He also said that hospital pharmacies have been exempted on page 1 lines 20-23. He said he had 15 years as a licensed insurance agent. Senator Ramsey arrived at 8:59 AM. Representative Scott continued saying that PBM's are the only people in the medical field who do not have to be licensed. He said that they are simply asking the state to take steps to license them. He continued saying they (PBM's) have requested to be licensed as TPA's but he (Rep. Scott) is against that because of ERISA practices. Senator Golden arrived at 9:01 AM. Senator Hudgens ask him to specify where they would fall under TPA's. Representative Scott replied they would need their own category. Senator Hudgens said the bill would have to be amended to do this. Representative Scott replied that is correct but he is against that. Representative Stephens spoke in support of the bill saying that people are doing business in good faith; don't allow PBM's to walk away. He said that there is no one to call so give the people somewhere to go with complaints.

Robert Highsmith, representing various interests, said there is some truth in what Representative Scott said; everyone does have a license. He continued saying that PBM's are the only thing in healthcare created by the marketplace. Large payers, having difficulty keeping prices low, went to consultation management people and said help us. They said band together and go to the large pharmaceutical companies and negotiate. Senator Golden arrived at 9:05 AM. Mr. Highsmith continued saying that PBM's are regulated by many agencies; that various agencies like DHR, the Federal Trade Commission; State Medicaid Agencies, HHS Office of Inspector General to name some of them. Senator Murphy asked if someone called the Insurance Commissioner, would he be able to help. Mr. Hightower replied yes, they would help solve any problems. Senator Murphy asked Ron Jackson, Deputy Commissioner, GA Department of Insurance, would the Commissioner be able to help. Mr. Jackson replied he thinks they would try to help but they would not have clear authority. Senator Hudgens asked if this bill passes, would they have clear authority. Mr. Jackson replied yes.

Ryan Mahoney, GA Chamber of Commerce, expressed the Chamber's opposition to the bill. He said that employers who have PBM's are not asking for this bill. Senator Hudgens asked Senator Scott to clarify; just strike subsection H. He continued saying his intent is to accept the substitute bill; no conference committee. He said he didn't want to add or change anything; that he would ask the House to remove H. Senator Murphy made a motion to **Do Pass by Committee Substitute**, seconded by Senator Golden. Senators Shafer, Chapman, Golden, Ramsey, Murphy and Pearson voted yes and Senator Hill voted no. The motion passed 6 to 1.

HB 544 (Hembree, 67th) Multiple Employer Self-Insured Health Plans

Senator Hudgens asked for Representative Hembree but he was not present. Senator Judson Hill said he would speak on the bill for Representative Hembree if anyone had any questions. Senator Hudgens asked if anyone was here to speak against the bill. No one responded. Senator Ramsey made a motion to **Do Pass by Committee Substitute**, seconded by Senator Hill. The motion passed unanimously.

HB 1328 (Peake, 137th) State Employees' Health Insurance Plan; Consumer Choice Options

Representative Peak introduced his bill saying it was requested by the DCH and it eliminates the Consumer Choice Option from the State Health Benefits Plan as there is little interest by enrollees for this option. Senator Chapman made a motion to **Do Pass**, seconded by Senator Hill. The motion passed unanimously.

HB 1235 (Scott, 153rd) Motor Vehicles; Fleet Policies; Insurance Issuance Requirements

Representative Scott explained that this bill was brought about because of 2 separate incidents of cars covered under fleet policies with ID cards impounded by the police because they did not come up in the insurance data base. He continued saying that current law states a valid insurance card will serve as proof of insurance for any vehicle covered under a fleet policy. This bill will make the law enforcement officer or agency be liable for the costs associated with impounding of the car. Senator Hudgens said that is the data base that is called the 'geek system'; what does the officer see when he puts in the VIN number. Representative Scott replied nothing if insured under a fleet policy. The officer is supposed to accept a fleet policy ID card as proof of insurance. Senator Hudgens asked what the cost would be. Representative Scott said hopefully they will not tow the car. Senator Hudgens asked if this would cover a rental car. Representative Scott said the intent is the tow and impound fee. Senator Ramsey asked why is the information on fleet cars not in the state insurance data base. Senator Hill left at 9:27 AM. Representative Scott said that, because of the large numbers of cars on a fleet policy and the fact that they are changed out rapidly, the VIN numbers are not listed. Senator Ramsey said, on line 22, would add 'so don't have to pay for a rental car.' Representative Scott replied fine.

Ted Baggett, GA Municipal Association said his association is against the bill. He said the VIN number is not on the card, just says something like Ted's Company so the cops still have to make judgment calls. He said he thought the state should require the VIN numbers be entered into the system instead rather than possibly allow the person to drive without insurance. He also expressed concern about the liability of cities and counties to lawsuits. He said the Association of County Commissioners of GA agreed with them on this issue. Senator Pearson asked if anything in the bill allowed the officer to just write a ticket. Mr. Baggett said you could add that. Senator Murphy said that, rather than put a Band-Aid on it; maybe they should fix the system. There would be no harm to the companies.

Bill Prather, Anderson, Walker & Reichert, LLP; said there was a bill last year to fix the 'geek system.' Senator Hudgens asked if it was fixed. Mr. Prather said some of it but they have had to go back a handful of times to make changes. Representative Scott referred in his closing to the 2 people from Turner City who were driving vehicles in Atlanta and were stopped and their cars impounded even though they were properly insured. Senator Hudgens asked if Representative Scott had any objections to addressing the concerns of the counties and cities about their immunity to lawsuits. Representative Scott replied no and he had no problem with changing the word 'cost' to 'fees.' But he didn't believe it was necessary. Mr. Baggett said his association would drop their objections if the changes were made. Senator Ramsey made a motion to change line 22: after 'liable for' and add 'and limited to the fees of the wrongful impoundment or towing of the vehicle, which in no way waives or diminishes any sovereign immunity of such

governmental entity' seconded by Senator Murphy. Senators Murphy, Ramsey, Chapman and Golden voted yes with Senator Pearson voting no. The motion passed 5 to 1. Senator Murphy made a motion to **Do Pass by Committee Substitute**, seconded by Senator Ramsey. The motion passed unanimously

There being no further business before the committee, the meeting adjourned at 9:47 AM.

/s/ Senator Ralph Hudgens, Chairman

/s/ Leah Tatum-Dick, Recording Secretary

October 11, 2008

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 2008 Session.

Also, enclosed are the following bills upon which no action was taken during the 2008 Session of the General Assembly:

<u>SB 13</u>	<u>SB 338</u>
<u>SB 28</u>	<u>SB 346</u>
<u>SB 151</u>	<u>SB 380</u>
<u>SB 166</u>	<u>SB 392</u>
<u>SB 167</u>	<u>SB 403</u>
<u>SB 241</u>	
<u>SB 265</u>	
<u>SB 268</u>	<u>SR 387</u>
<u>SB 294</u>	
<u>SB 304</u>	

Sincerely,

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