

ARIZONA HOUSE OF REPRESENTATIVES  
Fiftieth Legislature – Second Regular Session

**COMMITTEE ON BANKING AND INSURANCE**

Minutes of Meeting  
Monday, February 13, 2012  
House Hearing Room 5 -- 2:00 p.m.

Chairman McLain called the meeting to order at 2:40 p.m. and attendance was noted by the secretary.

**Members Present**

Ms. McCune Davis  
Mr. Seel

Mr. Smith D  
Mr. Williams

Mr. Dial, Vice-Chairman  
Mrs. McLain, Chairman

**Members Absent**

Mr. Miranda R (excused)

**Committee Action**

HB2323 - DPA (5-0-0-2)  
HB2344 - DPA S/E (6-0-0-1)  
HB2394 - DPA S/E (5-0-0-2)

HB2664 - DPA (4-2-0-1)  
HB2739 - DP (6-0-0-1)  
HB2778 - DPA (6-0-0-1)

**CONSIDERATION OF BILLS:**

**HB2323 - home equity credit line; release - DO PASS AMENDED**

**Vice-Chairman Dial moved that HB2323 do pass.**

Chairman McLain announced that a motion will be made to waive the Committee Rules to allow for an amendment that was not prepared in time.

**Vice-Chairman Dial moved that the Banking and Insurance Committee suspend its Committee Rules to allow for the adoption of the McLain four-page amendment dated 2/10/12 (Attachment 1). Without objection, the motion carried.**

**Vice-Chairman Dial moved that the McLain four-page amendment dated 2/10/12 be adopted (Attachment 1).**

Sarah Wharton, Majority Research Analyst, explained that HB2323 requires the lender of a Home Equity Line of Credit to close the line and release the security interest upon receipt of

payment in full, or a written request from the escrow agent or borrower (Attachment 2). She reviewed the McLain four-page amendment dated 2/10/12 which makes the following changes (Attachment 1):

- Changes the title of the statute being created.
- Directs the secured lender to suspend the line of credit for a minimum of 45 days upon receipt of a request for payoff demand statement from a licensed escrow agent, rather than closing the line.
- Defines the term “*suspend*” as forbidding the borrower from increasing or incurring any additional debt on the revolving line of credit.

Mr. Seel asked whether these changes will help administer the escrow in the sale of real property. Ms. Wharton replied that is her understanding.

Larry Phelps, Legislative Committee Chair, Land Title Association of Arizona, in favor of HB2323, advised that this legislation is the result of negotiations between the Land Title Association and bankers. He said this bill will be productive and help both lenders and escrow agents on credit line deeds of trust. He explained that the industry has experienced heavy title insurance losses when borrowers continue to use their lines of credit, even after they sold the residence that secures the loan, causing title problems for the new owner of the residence.

In reply to Mr. Seel's question whether this reduces fraud, waste and abuse in the escrow process, Mr. Phelps answered that is the intent.

Vice-Chairman announced the names of those who signed up in support of HB2323 but did not speak:

Ryan Harper, Land Title Association of Arizona

Chairman McLain announced the names of those who signed up as neutral on HB2323 but did not speak:

Stacey Langford, Vice President, Member Services, Arizona Bankers Association

Wendy Briggs, Lobbyist, Arizona Bankers Association

**Question was called on the motion that the McLain four-page amendment dated 2/10/12 be adopted (Attachment 1). The motion carried.**

**Vice-Chairman Dial moved that HB2323 as amended do pass. The motion carried by a roll call vote of 5-0-0-2 (Attachment 3).**

**HB2394 - unlawful practices; motor vehicle repair - DO PASS AMENDED S/E**  
**S/E: separate segregated funds; solicitations**

**Vice-Chairman Dial moved that HB2394 do pass.**

**Vice-Chairman Dial moved that the McLain four-page strike-everything amendment dated 2/9/12 be adopted (Attachment 4).**

Traci Long, Majority Intern, explained that the proposed McLain four-page strike-everything amendment dated 2/9/12 (Attachment 4) to HB2394 eliminates the limitation on written

solicitations for contributions from insurers, and allows licensed insurance producers to solicit persons with whom they have a contract to produce insurance business and their families (Attachment 5).

Kerry Hayden, Government Affairs Representative, Farmers Insurance Group of Companies, stated support for HB2394. She related that Farmers insurance producers are exclusive agents. They are independent contractors and give Farmers first right of refusal on business. If Farmers does not write the business, the insurance producers can place that business elsewhere. They are not employees and Farmers would like the ability to treat them as such. Trade associations, cooperatives and unions have the ability to solicit business unlimited times per year. She asked for Members support.

Chairman McLain announced the names of those who signed up in support of HB2394 but did not speak:

Karlene Wenz, Government Affairs Specialist, Property Casualty Insurers Association of America

Jim Drake, Assistant Secretary of State, Secretary of State's Office

J. Michael Low, Attorney, American Family Insurance

Chairman McLain announced the names of those who signed up as neutral on HB2394 but did not speak:

Andrew Carlson, Executive Assistant for Policy Affairs, Arizona Department of Insurance

**Question was called on the motion that the McClain four-page strike-everything amendment dated 2/9/12 be adopted (Attachment 4). The motion carried.**

**Vice-Chairman Dial moved that HB2394 as amended do pass. The motion carried by a roll call vote of 5-0-0-2 (Attachment 6).**

#### **HB2664 - credit card agreements - DO PASS AMENDED**

**Vice-Chairman Dial moved that HB2664 do pass.**

Chairman McLain noted that the Dial 15-line amendment was not distributed in time; she asked that the Committee Rules be suspended to allow for consideration of the amendment (Attachment 7).

**Vice-Chairman Dial moved that the Banking and Insurance Committee suspend its Committee Rules relating to the distribution of amendments for the purposes of allowing the Dial 15-line amendment dated 2/9/12 to be considered (Attachment 7).**

Ms. McCune Davis called point of order. She said that, generally, changes in procedure would be done without objection or by a motion that requires a majority of the vote. She stated objection to the amendment because it was posted late, and gives inadequate time to analyze it. She asked that the amendment not be offered.

Chairman McLain expressed regret that it was not offered in a timely manner. She believes the amendment should be considered.

Ms. McCune Davis asked whether the amendment was the product of stakeholder meetings that involved all parties. Vice-Chairman Dial answered in the affirmative. Ms. McCune Davis queried whether any consumer groups were involved in the discussions. Vice-Chairman Dial advised that this was worked through with the bankers and no concerns were raised. Ms. McCune Davis noted that a number of people signed in as being opposed to the bill. She wondered whether the William E. Morris Institute for Justice and any other attorneys who handle consumer debt issues were invited to the stakeholder meetings. Vice-Chairman Dial said he was not approached with any concerns.

Ms. McCune Davis asked when this language was made available to the public so that the verbiage could be reviewed. Vice-Chairman Dial stated that people who signed in are okay with the bill with the addition of the amendment.

**Question was called on the motion to suspend the Committee Rules to allow for consideration of the Dial 15-line amendment dated 2/9/12 (Attachment 7). The motion carried.**

**Vice-Chairman Dial moved that the Dial 15-line amendment dated 2/9/12 be adopted (Attachment 7). The motion carried.**

Casaundra Wallace, House Majority Staff Intern, advised that HB2664 adds language to Title 44 of the Arizona Revised Statutes pertaining to credit card agreements (Attachment 8). She reviewed the provisions of the bill:

- Stipulates that the cardholder accepts the credit card agreement by providing a written signature or if the credit card agreement states that use of the credit card constitutes acceptance of the agreement and the cardholder uses the card.
- States that a cardholder is personally liable for charges and interest on the credit card account when the cardholder or an authorized user makes purchases with the card or any other person makes charges with the credit card that benefit the cardholder.
- Allows a creditor to establish a presumption of the amount of debt owed on a credit card through a copy of the issuers final billing statement or by electronic data maintained by the issuer that represents the amount owed.
- Enables a creditor to establish a contracted interest rate for a credit card account through terms and conditions that contain a stated or variable interest rate or a billing statement generated by the issuer that contains a stated or variable interest rate.

Ms. Wallace explained that the Dial 15-line amendment dated 2/9/12 amends the definition of credit card and allows an electronic signature to establish the acceptance of the credit card agreement (Attachment 7).

Mr. Seel asked questions about electronic signatures. He referred to lines 3 and 4 of the amendment, and asked whether this section authorizes the use of digital signatures in a contract. He wondered whether the other two provisions will be triggered if the cardholder does not have a digital signature on an agreement. Ms. Wharton said that is her understanding.

Vice-Chairman Dial noted the reason for the bill is because some people go online and get credit cards but, when payment becomes due, they assert that they do not actually owe the amount, and this raises the costs to other consumers.

Richard Reed, Arizona Creditor Bar Association, in favor of HB2664, advised that he is an attorney specializing in collections law. The proposal modernizes the way credit card contracts are executed.

Mr. Seel brought up the fraud statutes. Mr. Reed stated that most credit card agreements will not fall under the fraud statutes because of the low amount of the debt.

Mr. Reed replied to Mr. Seel's questions about signatures. Mr. Seel expressed concern about the requirement for the signature and that it accommodates open lines of credit. He said his major concerns are that a credit card agreement would be valid merely by using the card or by a credit card company sending a card to an individual who did not request it. He said he finds it challenging in that it changes the statute and lowers the standard of offer, acceptance and valuable consideration. The problem is that a line of credit will be opened without an electronic or digital signature. He mentioned that in the Fair Debt Collection Practices Act, a company has to show validity of the origination of debt. He said this proposal will change Arizona statutes where companies will not have to demonstrate that the cardholder actually signed either the application or the agreement. He said this proposal attempts to circumvent A.R.S. Section 44-7007 by not requiring an electronic or digital signature. He asserted that there are too many loopholes in this legislation.

Ms. McCune Davis asked whether this bill benefits debt buyers in the state. Mr. Reed answered that it would be unconstitutional to say that debt buyers would not be entitled to equal protections under the law. Ms. McCune Davis stated her understanding that 99.39 percent of debt buyers are out-of-state companies.

In response to Chairman McLain, Ms. McCune Davis explained that a debt buyer purchases an unpaid debt. Debt buyers are companies who buy debt after it has been written off by a bank or a credit card company, knowing that the chances of collecting are less than 100 percent, and then file collection suits in justice courts where they get default judgments that keep the consumers in debt for long periods of time.

Ms. McCune Davis opined that this is a very different bill from what was explained by Mr. Reed, and the implications are much more significant. This proposal debt collectors to operate without a written signature; it shifts the benefit away from Arizona residents. She maintained that this is anti-consumer legislation. Mr. Reed pointed out that there is a mechanism if the individual is wronged by a debt collector. He said this bill asks the Legislature to honor the types of agreements allowed by federal law.

Vice-Chairman Dial asked whether this will lower rates for other cardholders. Mr. Reed said he does not know; the expectation is that it will. He stated that HB2664 promotes creditors' rights.

Vice-Chairman Dial queried whether it will be more difficult to obtain a credit card if this bill does not pass. Mr. Reed replied that is the fear.

Discussion ensued on identity theft and federal and state laws concerning debt collection companies.

Mr. Seel said he believes the problem could be solved by requiring a signature rather than holding the cardholder liable simply because the card was used. Mr. Reed maintained that if a consumer uses the credit card, the consumer accepts the terms of the agreement. This bill is in compliance of federal law.

Kevin Fallon McCarthy, representing himself, in opposition to HB2664, advised that he is an attorney who represents many consumers who find themselves sued by credit card companies and debt buyers. This bill allows debt buyers and credit card companies to establish a consumer's acceptance of a line of credit without a written or digital signature. It allows these companies to impose terms and conditions on a consumer without proving they actually sent terms and conditions to the consumer prior to the time the consumer receives the credit card. It also allows them to prove a claim against an Arizona consumer without providing any accounting of the charges. If this bill becomes law, a debt buyer, bank or credit card company can win a judgment for \$10,000 by submitting nothing more than a credit card receipt for \$10, a credit card agreement that makes no mention of the consumer by name, address, social security number or account number, and a billing statement for \$10,000 with no record of the charges that were made, the interest rate that was charged and an accounting of the payments that were made. He asserted that this bill is unfair to the consumer. The banks, credit card companies and debt buyers are in total control of this process. This legislation is a huge change from existing law. Currently, there is a fairly level legal playing field between the creditors and the consumers; this proposal tilts the playing field away from the consumer and towards the credit card issuer. In addition, there is concern whether this legislation is in conflict with the Fair Debt Collection Practices Act which prescribes certain behavior by collection agencies and debt collectors. He opined that passage of this legislation will result in more lawsuits. He urged Members to vote against HB2664.

Ellen Katz, Litigation Director, William E. Morris Institute for Justice, testified against HB2664. She said that while most of the comments have focused on creditors who issue the initial credit card, the wording of the bill is much broader. She pointed out that the definition of *creditor* includes "the commercial enterprise that owns the credit card account" and that is why the discussion of the debt buyer is so important. These debt buyers typically do not get a lot of proof of what the debt is. They often get a computer printout which lists the name of the debtor and the amount owed. She said this bill rewrites the law on credit card debt to say there is a presumption of the amount due if the suing party comes forward with a final billing statement or electronic data, so if a debt collector has a printout that says the debtor owes a certain amount, that is all the proof needed. This provision is troubling because it lowers the evidence needed to establish the debt. Ms. Katz pointed out there is no requirement in the bill to prove that the credit card agreement was received or the terms understood and agreed to. She said this totally upsets Arizona's contract law. She maintained that creditors should not be able to sue if they do not bother to get a signature. Additionally, the bill shifts the burden of proof so that a debtor must prove his defense rather than requiring the creditor to establish that the debt is owed. She stated that this bill is bad for consumers.

Discussion ensued on proof of debt.

Ms. McCune Davis commented that the change in the definition of *creditor* makes her uneasy. She said the interest language is also troubling because it appears to be extremely broad. Ms. Katz agreed with Ms. McCune Davis.

Chairman McLain announced the names of those who signed up in opposition to HB2664 but did not speak:

Kelly Griffith, Deputy Director, Center for Economic Integrity

Seth Apfel, representing self

Chairman McLain announced the names of those who signed up as neutral on HB2664 but did not speak

Stacey Langford, Vice President, Member Services, Arizona Bankers Association

Wendy Briggs, Lobbyist, Arizona Bankers Association

John Kaites, Arizona Creditors Bar Association, expressed support of HB2664. The intent of the bill is to create some accountability for people who order and use credit cards. This bill tries to clarify the statutes. He answered questions relating to debt collector companies benefiting from this legislation, expanding the law to allow for any electronic information to be evidence, and presumption concerns.

**Question was called on the motion that the Dial 15-line amendment dated 2/9/12 be adopted (Attachment 7). The motion carried.**

**Vice-Chairman Dial moved that HB2664 as amended do pass. The motion carried by a roll call vote of 4-2-0-1 (Attachment 9).**

**HB2344 - trade or commerce; technical correction - DO PASS AMENDED S/E**  
**S/E: regional government; self insurance**

**Vice-Chairman Dial moved that HB2344 do pass.**

**Vice-Chairman Dial moved that the McLain 11-line strike-everything amendment dated 2/9/12 be adopted (Attachment 10).**

Sarah Wharton, Majority Research Analyst, explained that the McLain 11-line strike-everything amendment dated 2/9/12 (Attachment 10) to HB2344 adds regional council of governments in this state to the definition of a public agency in order to allow them to participate in a self-insurance pool (Attachment 11).

Representative Russ Jones, sponsor, advised that this proposal was brought to him by the Western Arizona Council of Governments (WACOG) and will apply to all Council of Governments (COGs) in the state. COGs are not considered a political subdivision even though they provide essential services to government, so they are unable to join the pool for insurance purposes. This will save them a considerable amount of money if their employees are allowed within the same pool as cities and other entities they serve. This is a cost efficiency and budget issue.

Brian Babiars, Executive Director, Western Arizona Council of Governments (WACOG), in favor of HB2344, testified that this bill allows employees of COGs to participate in health consortiums throughout the state. It will save money on high health care costs. He noted that high health insurance costs have had an impact on recruiting potential employees and retaining employees. He asked Members to support this measure.

Chairman McLain queried whether any of the municipalities are willing to let COGs participate in their plans. Mr. Babiars replied that a consortium was contacted; WACOG must first be eligible to participate and then a decision will be made to decide whether WACOG would be a good partner.

In answer to Mr. Seel, Mr. Babiars related that WACOG's Board of Directors consists of 16 local elected officials, representing the areas counties and cities. The organization is involved in social services programs.

**Question was called on the motion that the McLain 11-line strike-everything amendment dated 2/9/12 be adopted (Attachment 10). The motion carried.**

**Vice-Chairman Dial moved that HB2344 as amended do pass. The motion carried by a roll call vote of 6-0-0-1 (Attachment 12).**

### **HB2739 - health insurance; vaccines - DO PASS**

**Vice-Chairman Dial moved that HB2739 do pass.**

Sarah Wharton, Majority Research Analyst, stated that HB2739 provides that stock or mutual insurers, health care services organizations, disability group disability insurers, blanket disability insurers or accountable health plans that enter into or renew a contract with a health care provider on or after January 1, 2013 must reimburse the health care provider for the cost of child and adolescent immunizations (Attachment 13).

Dr. Mike Perlstein, Arizona Chapter of the American Academy of Pediatrics, in support of HB2739, stated that he is a private practice pediatrician. He advised that it has become extremely difficult and cost prohibitive for pediatricians and family physicians to continue to provide vaccines to families with private health insurance. Concern over the payment of vaccine issues has eliminated many of the family practice offices from providing routine vaccines. National vaccine data has predicted that within the U.S, vaccines have saved \$42 billion in health care costs. In a 2008 National Academy of Pediatrics study, the average pediatric patient accounts for a cost of \$49 per member per month of the annual premium. Vaccines have represented only \$4.68 of that total. In contrast, vaccines in his practice amounted to 41 percent of his expenditures last year. He maintained that pediatricians should not have to subsidize the cost. Since discussions on this issue started four years ago, very limited progress has been made. He acknowledged that UnitedHealthcare and Blue Cross Blue Shield have made significant strides over the past years to help providers, as has Health Net; however, many of the other plans have made limited changes or no changes. He noted that the primary objection to the bill is that it is an insurance mandate, specifically to payment. He does not see this as an insurance mandate for payment, but as a baseline to ensure that vaccine services can continue to be provided by primary care offices with no further financial disincentive. In reply to questions, he discussed

mandated payments, scheduling vaccine appointments, cost to purchase vaccines and immunizations administered by health clinics. He opined that if this bill does not pass, costs could be shifted to the taxpayers.

Chairman McLain read into the record comments made by Dr. Bob England, Director, Maricopa County Department of Public Health:

“Private health care providers are increasingly being forced to send patients to county health departments for immunizations. This fragments care and weakens the level of immunity in the population upon which we all rely to prevent outbreaks. When insured patients are sent to us, the public is forced to pay for vaccines that people are entitled to receive through their own insurance. Private providers should not have to choose between serving their patients' interest or losing money. Most importantly, local health departments cannot possibly provide all needed vaccines. We need the help of private providers, who are in the best position to provide vaccines to their own patients. All these private providers ask is that the cost of doing so is covered.”

Jennifer Tinney, Program Manager, The Arizona Partnership for Immunization, expressed support of HB2739. In discussions with the health care community relating to barriers to immunizing children, reimbursing private physicians for the cost of vaccines was a major issue, leading to the referral of patients to public health clinics. She said her organization would like to keep immunizations in the physicians offices rather than in the public health sector. She noted that in the next year, there will be a change to the funding in the county health departments which will prevent children from being immunized in many public health clinics, and that will leave insured children in Arizona without a place to receive immunizations to prevent diseases.

Ms. McCune Davis questioned where children who are insured will go to receive their vaccines. Ms. Tinney stated that the changes in funding are coming but, at this point, she does not know where that safety net will be for an insured child in Arizona.

In reply to Chairman McLain, Ms. Tinney advised that the funding is part of discretionary funds that Arizona receives from the Centers for Disease Control and Prevention (CDC) that supplies vaccines to public health departments. She said that if the private provider is not supplying the vaccine to children, regardless of the insurance coverage, they will not be able to get it.

Mr. Seel asked the number of insured children under six years of age who are in this situation. Ms. Tinney said that last year 76,000 children went to the Department of Public Health in Maricopa County; of which 12 percent were insured. She provided a handout on the cost of vaccine refusal (Attachment 14).

Wendy Briggs, representing Cigna, in opposition to HB2739, agreed that vaccines are invaluable and serve a very important purpose. Currently, Cigna does not use CDC price lists for reimbursement. Cigna uses the wholesale acquisition costs plus 12 percent. The costs are updated quarterly and do not separate administrative costs as a separate cost. Cigna's concern continues to be about mandates. There are 30 mandates currently in Arizona law related to various conditions; this will add to that list of mandates. Cigna is happy to continue to participate in stakeholder meetings, but she opined that legislation is not the right way to address this issue. In response to Chairman McLain, Ms. Briggs said she believes most plans cover some of the costs of vaccines; she believes the issue is whether they adequately cover the costs.

Jake Logan, Vice President, UnitedHealth Group, UnitedHealthcare of Arizona, testified against HB2739. He agreed that United recognized there was a problem and was one of the companies that raised its reimbursement rates outside of the legislative process. He said he shares Ms. Briggs concern about legislating this issue. His hope is for other carriers to continue to have a dialog with the pediatricians instead of legislation being passed.

Vice-Chairman Dial queried why this issue has not been worked out. Mr. Logan said the challenge is that there are many different carriers who want to work this out; however, every company has a different comfort level on how to accomplish this.

Ms. McCune Davis asked what options the pediatricians have, other than legislation. Mr. Logan said he believes everyone is willing to work this out and he asked that dialog continue. He said he is concerned about being prescriptive in law when talking about these kinds of issues.

Kathryn Busby, representing Health Net Insurance Company, against HB2739, deferred her time to Nic Hiner, Health Net Pharmacy Director.

Nic Hiner, Pharmacy Director, Health Net Insurance Company, testified against HB2739. He thanked Dr. Perlstein for acknowledging that Health Net stepped forward in 2008 to work with the pediatric group in Arizona to resolve some of the issues and concerns they had. In 2009, Health Net adopted the CDC pricing list. He said he does not understand how the Arizona pediatricians arrived at their reimbursement rate of 17 to 28 percent which was proposed by their national organization. In conclusion, he does not believe that establishing a specific arbitrary and unsupported reimbursement rate for pediatric vaccines is warranted. He said it creates confusion and administrative waste. He believes the rates should be arrived at through competitive negotiations. While opposed to HB2739, Health Net is committed to working with the pediatric group.

Linda Cooper, Regional Government Relations Director, Aetna, spoke against HB2739. She advised that Aetna is a national carrier and its policies are made on a national basis. Making a change solely for one state is difficult. Aetna was part of the stakeholder group last year and did make changes. Aetna remains willing to continue the dialog with the Pediatric Academy. It acknowledges that there is a problem but does not believe legislation is the way to resolve it.

Chairman McLain announced the names of those who signed up in opposition to HB2739 but did not speak:

Jim Norton, President, UnitedHealthcare of Arizona

Kathi Beranek, Government Relations Coordinator, Blue Cross Blue Shield of Arizona

Karlene Wenz, Government Affairs Specialist, America's Health Insurance Plans

Adam McAnally, Public Affairs & Economic Development Coordinator, Greater Phoenix Chamber of Commerce

Chairman McLain announced the names of those who signed up as neutral on HB2739 but did not speak:

Andrew Carlson, Executive Assistant for Policy Affairs, Arizona Department of Insurance

Chairman McLain announced the names of those who signed up in support of HB2739 but did not speak:

Amanda Weaver, Executive Director, Arizona Osteopathic Medical Association

Matt Jewett, Research Associate, Children's Action Alliance

Beth Lewallen, Maricopa County Board of Supervisors

Norman Moore, Attorney, Pfizer

Seth Apfel, representing self

Pat VanMaanen, representing self

Laura Hahn, Executive Vice President, Arizona Academy of Family Physicians

Kelly Ridgway, CEO, Arizona Pharmacy Alliance

Bob England, Director, Maricopa County Department of Public Health

Beth Mulcahy, State Director of Program Services and Public Affairs, March of Dimes

Tara Plese, Arizona Association of Community Health Centers

Susan Cannata, Attorney, Arizona Academy of Family Physicians

David Landrith, Vice President of Policy & Political Affairs, Arizona Medical Association, in favor of HB2739, stated that this is an issue that everyone wants to solve. He urged Members to pass this legislation and keep negotiations going forward. He believes that the Legislature needs to make a statement that, as a matter of public policy, vaccinations are important.

Dr. Jeff Couchman, representing self, expressed support of HB2739. He related that he is a pediatrician in private practice. He maintained that the free market is not working in this situation. He advised that the 21 percent reimbursement rate covers the cost of the vaccine as well as the administration cost. He reiterated that stakeholders have been meeting for four years and pointed out that some of the insurance carriers have been working with the pediatricians but others have not. He noted that there are only one or two manufacturers for most vaccinations, so pediatricians have to accept what they charge. He advised that pediatricians are reimbursed at the rate that insurance companies want to pay, and pediatricians have to accept what the carriers pay. He stressed that insurance companies need to act responsibly. If private physicians keep losing money, more pediatricians will stop vaccinating and more people will go to the public health system. He advised that significant overhead costs are associated with carrying vaccination products, estimated to be between 17 to 28 percent above the cost of vaccinations, and stated that the issue of reimbursement costs is a topic of discussion taking place across the country. He answered questions.

Ms. McCune Davis explained that the policy of purchasing vaccines differs in each state. She said she understands that the State of Arizona purchases the vaccines and makes them available to the physicians at no cost.

**Question was called on the motion that HB2739 do pass. The motion carried by a roll call vote of 6-0-0-1 (Attachment 15).**

**HB2778 - state board of appraisal - DO PASS AMENDED**

**Vice-Chairman Dial moved that HB2778 do pass.**

Traci Long, Majority Intern, explained that HB2778 outlines requirements and guidelines for members on the State Board of Appraisal, and addresses areas involving Continuing Education, inactive licenses, disclosure of fees and prohibited practices (Attachment 16).

Chairman McLain advised that this proposal is still a work in progress. She said she expects additional amendments will be made to the bill.

Joanna Conde, Arizona Association of Real Estate Appraisers, in support of HB2778, related that there will be another meeting to discuss the three-day minimum turnaround time from the day the appraisal is ordered until the day of inspection. The Association believes this legislation will benefit the appraisers as well as the public. To protect the public, appraisers have to be able to operate in an environment where they do not feel pressured to come up with a value.

Chairman McLain announced the names of those who signed up in support of HB2778 but did not speak:

Keith Russell, Maricopa County Assessor, representing self  
Bill Barnes, Arizona Association of Real Estate Appraisers  
David Thomas, Appraiser, representing self  
James E. O'Donnell, Appraiser, representing self  
Lisa Headley, Appraiser, representing self  
Bobbi-Jo Carter, Appraiser, representing self

Chairman McLain announced the names of those who signed up as neutral on HB2778 but did not speak:

Ben Alteneder, Coalition of Arizona Appraisers  
Stacey Langford, Vice President, Member Services, Arizona Bankers Association

Ann Susko, Government Relations, Coalition of Arizona Appraisers, neutral on HB2778, thanked the Chairman for working with the Coalition and encouraging the stakeholder meetings. The Coalition believes some verbiage needs to be changed, and will be happy to work with the stakeholders to amend the language.

Debra Rudd, Vice Chairperson, Arizona Board of Appraisal, testified that the Board is neutral on HB2778, and is looking forward to working with the stakeholders to resolve areas of disagreement.

Ms. McCune Davis commented that appraisers have had a difficult time due to the economic situation. She said it is nice to see them coming back with suggestions on keeping their industry working well.

Chairman McLain said this is an industry that also will be affected by federal regulations that have been passed. The law has been passed but the rules are still being written, which makes it difficult to decide how to proceed.

**Question was called on the motion that HB2778 do pass. The motion carried by a roll call vote of 6-0-0-1 (Attachment 17).**

Without objection, the meeting adjourned at 6:29 p.m.

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Joanne Bell, Committee Secretary  
February 28, 2012

(Original minutes, attachments and audio on file in the Chief Clerks Office; video archives available at <http://www.azleg.gov>)