Chairman Lovas called the meeting to order at 2:41 p.m. and attendance was noted by the secretary.

Members Present

Mr. Livingston  Mr. Robson  Mr. Allen, Vice-Chairman
Ms. McCune Davis  Ms. Steele  Mr. Lovas, Chairman
Mr. Mendez  Ms. Townsend

Members Absent

None

Committee Action

SB1149 - DP (8-0-0-0)  SB1310 - DP (5-3-0-0)
SB1177 - DP (8-0-0-0)  SB1353 - DPA (8-0-0-0)
HB1178 - HELD

CONSIDERATION OF BILLS

SB1178 - ASRS: long-term disability - HELD

Chairman Lovas announced that SB1178 will be held.

SB1149 - technical correction; revenue bond authority(now: insurance; principle-based valuation; reserves) - DO PASS

Vice-Chairman Allen moved that SB1149 do pass.

Jeanine Jones, Majority Research Analyst, explained that SB1149 adopts and implements provisions of the Valuation Manual for principle-based reserves within Title 20 of the Arizona Revised Statutes (Attachment 1).

Chairman Lovas announced the names of those who signed up in support of SB1149 but did not speak:

Wendy Briggs, USAA
Chairman Lovas announced the names of those who signed up as neutral on SB1149 but did not speak:
Leonard Clark, TAB, representing self
Andrew Carlson, Executive Assistant for Policy Affairs, Arizona Department of Insurance

Question was called on the motion that SB1149 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 2).

SB1177 - insurance; accreditation; receivership liquidation fund - DO PASS

Vice-Chairman Allen moved that SB1177 do pass.

Jeanine Jones, Majority Research Analyst, explained that SB1177 conforms statutory provisions governing insurance accreditation to include requirements adopted by the National Association of Insurance Commissioners (Attachment 3).

Andrew Carlson, Executive Assistant for Policy Affairs, Arizona Department of Insurance, stated his support for SB1177 which enables the Department to maintain its accreditation with the National Association of Insurance Commissioners. He explained that statutory authority is now required to continue current practices.

Chairman Lovas announced the names of those who signed up in support of SB1177 but did not speak:
Lanny Hair, Executive Vice President, Independent Insurance Agents and Brokers of Arizona
Amy Cronkhite, Independent Insurance Agents and Brokers of Arizona
Susan Cannata, SCF Arizona
J. Michael Low, American Council of Life Insurers; Prudential
Kerry Hayden, Government Affairs Representative, Farmers Insurance Group

Question was called on the motion that SB1177 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 4).

SB1310 - special fund; workers' compensation - DO PASS

Vice-Chairman Allen moved that SB1310 do pass.

Chloe Love, Majority Intern, explained that SB1310 requires the publication of a report on the Special Fund for Workers' Compensation and the drafting of legislation for transfer of the Special Fund (Attachment 5).

David Childers, Property Casualty Insurers Association, explained his support for SB1310 which is proposed because of a decision to transfer the guaranty fund for workers' compensation to the Arizona Department of Insurance. The Department of Insurance guaranty fund covers losses for
claims filed against insurance companies found to be insolvent, but up to now workers' compensation claims have not been covered by the Fund. SB1310 asks Legislative Council to draft a bill implementing this transfer of the Special Fund for workers' compensation to the guaranty fund.

Ms. McCune Davis expressed concern that the special fund balance is not yet known and that SB1310 is crafting legislation for the next legislative session; she questioned why this is so. Discussion ensued. Mr. Robson stated that he has not seen such directive language either.

Jeanine Jones, Majority Research Analyst, stated that she spoke with Legislative Council and was told that, next session, a Member must sponsor the requested legislation.

Chairman Lovas announced the names of those who signed up in support of SB1310 but did not speak:
Susan Cannata, SCF Arizona
Gretchen Conger, Arizona Chamber of Commerce and Industry
Brett Jones, Vice President of Operations, Arizona Construction Association
Wendy Briggs, American Insurance Association
Chad Heinrich, Greater Phoenix Chamber of Commerce
J. Michael Low, Attorney, AIG
Doug Cole, Lobbyist, SCF Arizona
Kerry Hayden, Government Affairs Representative, Farmers Insurance Group

Chairman Lovas announced the names of those who signed up as neutral on SB1310 but did not speak:
Andrew Carlson, Executive Assistant for Policy Affairs, Arizona Department of Insurance
Scot Butler, Industrial Commission of Arizona

Question was called on the motion that SB1310 do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 6).

SB1353 - health insurance; telemedicine – DO PASS AMENDED

Vice-Chairman Allen moved that SB1353 do pass.

Vice-Chairman Allen moved that the Allen six-line amendment dated 03/11/2013 be adopted (Attachment 7).

Chloe Love, Majority Intern, explained that SB1353 requires health care insurers to cover services provided through telemedicine, if those services would be covered if provided in person (Attachment 8).

Ms. Love explained that the Allen six-line amendment defines rural regions as areas of a county with less than 900,000 people, or cities and towns in a county with 900,000 or more people and whose nearest boundary is more than 30 miles away from a city with a population of 500,000 or more.
Sara Presler, Maricopa County Medical Society, expressed her support for SB1353 which meets the goals of the Society and of the State of Arizona by increasing access to care through technology, as well as expanding patient services. She stressed that this is not a new system and that physicians must be credentialed at a hospital, but SB1353 will ensure equal payment for providers of telemedicine services.

Chairman Lovas asked if telemedicine is used a lot. Ms. Presler explained that it is actively used and gave the example of the remote village of Havasupai in the Grand Canyon which uses telemedicine for psychiatric services. Ms. Presler stressed that telemedicine provides a credentialed physician an opportunity to provide care to remote regions.

Mr. Robson asked why SB1353 does not expand this capability to all communities rather than just rural communities. Ms. Presler indicated that the purpose of this bill is to provide parity in reimbursement and that a physician would be better positioned to address that question.

In response to Ms. McCune Davis' question about narrowing eligibility, Mr. Allen stated that his amendment was a compromise reached in the Senate.

Michael Keeling, Arizona Telecommunications and Information Council, stated his support for SB1353 and explained that the bill with the amendment represents consensus language to move the bill forward and to address Pima County with a population just above 900,000. He stressed that all 13 of Arizona's rural counties are covered in SB1353 and that the stakeholders did not want large cities to be impacted. He stated that there is a perception that telemedicine is a rural solution and that SB1353 ensures parity in reimbursement to physicians.

Discussion ensued about applying this to all Arizona communities, but that the rural areas have a dearth of specialized medicine services.

Ms. Steele asked the limits of the kinds of treatment that can be provided by telemedicine. Mr. Keeling replied that there is a list of treatments enumerated in the bill for parity of payment which includes trauma, burns, cardiology, infectious disease, mental health disorders, neurological diseases including stroke, and dermatology; he added that just about any discipline can use telemedicine.

Senator Gail Griffin, sponsor, stated that all stakeholders have agreed with this bill as structured and that any change to include the entire state would result in a loss of support by the providers.

Ronald Weinstein, M.D., Director, Arizona Telemedicine Program, appeared in support for SB1353 and explained that the program was founded in 1996 and operates a very large network that includes urban telemedicine, such as that run by Banner Health. He informed the Members that other states do not differentiate between rural and urban, but that SB1353 addresses paying the doctors by the 47 insurance providers in Arizona.

Ana Maria Lopez, Arizona Telemedicine Program, testified in support of SB1353 which will allow for appropriate reimbursement for physicians. She stressed that the program will fail without this clarification.
Chairman Lovas announced the names of those who signed up in support of SB1353 but did not speak:
Roberta Munguia, representing self
Michael Stitzer, Director, Northern Arizona Neurology Service
Ralph Gierish, Arizona Telecommunications and Information Council
Joseph Abate, Arizona Psychiatric Society
Oris Friesen, representing self
Brandy Petrone, Dignity Health
Jon Adams, representing self
Steve Peters, representing self
Theodore Kraver, representing self
Kristine Erps, representing self
Joan Stauch, representing self
Michael Yardley, Director of Public Affairs, Mayo Clinic
Anna Graham, representing self
Tracy Skinner, representing self
Pete Yonsetto, representing self
Bruce Wildermuth, representing self
Gary Freiburger, representing self
Zaida Zalbideia, representing self
Angelette Holtrust, representing self
Barbara Fanning, Arizona Hospital and Healthcare Association
Mary Weinstein, representing self
Lisa Cummings, Copper Queen Community Hospital
Jim Dickson, Copper Queen Community Hospital
David Landrith, Arizona Medical Association
John MacDonald, Arizona Dental Association
Robert Burns, representing self
Bart Damaerschalk, representing self
Sue Sisley, M.D., University of Arizona College of Medicine
Nicole Olmstead, Government Relations Director, American Heart Association

Chairman Lovas announced the names of those who signed up as neutral on SB1353 but did not speak:
Andrew Carlson, Executive Assistant for Policy Affairs, Arizona Department of Insurance

Daniel Roe, M.D., Copper Queen Community Hospital, Bisbee, Arizona, appeared in support of SB1353 and described the benefits of telemedicine in his rural area. He explained that because his hospital is small, he often must send patients to Tucson for specialty care. He described telemedicine procedures and informed the Members about the cost savings of telemedicine compared to the cost of transporting a patient to Tucson. He also described the advantages to families of keeping patients at their local hospital and using telemedicine.

Dr. Roe stated that, at this time, physicians are paid perhaps fifty percent of the time when treating via teleconferencing.

Ms. McCune Davis stated her appreciation of Dr. Roe's statements about the impact on patients and families during times of crisis. She stated that she understands that insurers are worried
about their bottom line and that physicians must be compensated, but telemedicine can address the difficulties of separating families during medical situations.

Mr. Robson spoke about the population growth in Arizona and how telemedicine can provide relief to crowded hospitals.

Question was called on the motion that the Allen six-line amendment dated 03/11/2013 be adopted (Attachment 7). The motion carried.

Vice-Chairman Allen moved that SB1353 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 9).

Without objection, the meeting adjourned at 4:00 p.m.

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Jane Dooley, Committee Secretary
April 16, 2013

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