

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – Second Regular Session

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
3-9-16

COMMITTEE ON INSURANCE
Report of Regular Meeting
Wednesday, March 9, 2016
House Hearing Room 4 – 10:00 A.M.

Convened 10:23 A.M.

Recessed

Reconvened

Adjourned 11:06 A.M.

Members Present

Mr. Coleman
Ms. Larkin
Mr. Lovas
Mr. Livingston, Vice-Chairman
Ms. Fann, Chairman

Members Absent

Ms. McCune Davis
Ms. Otondo
Mr. Robson

Agenda

Original Agenda – Attachment 1

Request to Speak

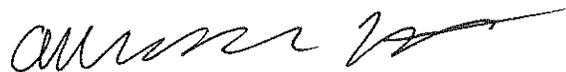
Report – Attachment 2

Presentations

<u>Name</u>	<u>Organization</u>	<u>Attachments (Handouts)</u>
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Committee Action

<u>Bill</u>	<u>Action</u>	<u>Vote</u>	<u>Attachments</u> <u>(Summaries,</u> <u>Amendments, Roll Call,</u> <u>Attendance)</u>
SB1363	DP	5-0-0-3	3, 4
SB1494	DPA	5-0-0-3	5, 6, 7
	Committee Attendance		8



Adrian Luth, Chairman Assistant
March 9, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

CONV: 10:23A.M.
AJJ: 11:06A.M.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON INSURANCE

DATE Wednesday, March 9, 2016

ROOM HHR 4

TIME 10:00 A.M. NOTE TIME CHANGE
9:00 A.M.

Members:

Mr. Coleman
Mr. Larkin
Mr. Lovas

Ms. McCune Davis
Ms. Otondo
Mr. Robson

Mr. Livingston, Vice-Chairman
Ms. Fann, Chairman

Bills	Short Title	Strike Everything Title
SB1363	<u>DP</u> insurance coverage; telemedicine (Griffin, Barton, Stevens, et al)	
	<u>5-0-0-3</u> INS, RULES	
SB1494	<u>DPA</u> insurance; prohibited inducements; exceptions (Farnsworth D, Bradley, Dalessandro, et al)	
	<u>5-0-0-3</u> INS, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

AL
3/3/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

Information Registered on the Request to Speak System

House Insurance (3/9/2016)

SB1363, insurance coverage; telemedicine

Testified in support:

Michael Keeling, representing self; Ronald Weinstein, MD, representing self; Roger Downey, representing self; daniel roe, representing self

Testified as opposed:

Rebecca Hafner-Fogarty, representing self

Support:

Joseph Abate, AZ PSYCHIATRIC SOCIETY; Pete Wertheim, Arizona Osteopathic Medical Association; Dianne McCallister, Arizona Technology Council; Steven Zylstra, representing self

All Comments:

Roger Downey, Self: Expanding reimbursement for telemedicine to the entire state is important for access to quality healthcare for residents in rural AND urban areas.; Rebecca Hafner-Fogarty, Self: Will suggest amendment

SB1494, insurance; prohibited inducements; exceptions

Testified in support:

Chuck Bassett, Blue Cross Blue Shield Of AZ

Support:

David Childers, FARMERS INSURANCE GROUP OF COMPANIES, Geico Insurance, Nationwide Insurance Co., Liberty Mutual Insurance Co., PROPERTY CASUALTY INSURERS ASSOC OF AMERICA; Amanda Rusing, American Insurance Association

All Comments:

David Childers, FARMERS INSURANCE GROUP OF COMPANIES, Geico Insurance, Nationwide Insurance Co., Liberty Mutual Insurance Co., PROPERTY CASUALTY INSURERS ASSOC OF AMERICA: Support the bill as amended



HOUSE OF REPRESENTATIVES

SB 1363

insurance coverage; telemedicine
Prime Sponsor: Senator Griffin, LD 14

X Committee on Insurance

Caucus and COW

House Engrossed

OVERVIEW

SB 1363 expands *health care services* that insurers are required to cover that are provided through telemedicine to services received in the state rather than services received only in a rural region of the state.

PROVISIONS

1. Requires beginning January 1, 2018, a health service corporation, a health care services organization, a disability insurer, or a group or blanket disability insurer to provide the required insurance coverage for health care services that are administered through telemedicine to services received in this state.
2. Adds pulmonology as a covered health care service.
3. Removes the definition of *rural region* relating to health care services administered through telemedicine.
4. Contains a delayed effective date of January 1, 2018.
5. Makes conforming changes.

CURRENT LAW

Title 20, A.R.S., defines *health care services* as services provided for the following conditions or in the following settings: 1) trauma, 2) burn, 3) cardiology, 4) infectious diseases, 5) mental health disorders, 6) neurologic diseases including strokes, and 7) dermatology.

Additionally, defines *telemedicine* as the interactive use of audio, video or other electronic media for the purpose of diagnosis, consultation or treatment; however, does not include the sole use of an audio-only telephone, a video-only system, a facsimile machine, instant messages or electronic mail.

ADDITIONAL INFORMATION

Pulmonology is a branch of medicine concerned with the anatomy, physiology, and pathology of the lungs.

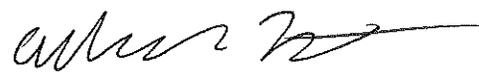
ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON INSURANCE BILL NO. SB 1363

DATE March 9, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Coleman		X			
Mr. Larkin		X			
Mr. Lovas		X			
Ms. McCune Davis					X
Ms. Otondo					X
Mr. Robson					X
Mr. Livingston, Vice-Chairman		X			
Ms. Fann, Chairman		X			
		<u>5</u>	<u>0</u>	<u>0</u>	<u>3</u>



 COMMITTEE SECRETARY

APPROVED:


 KAREN FANN, Chairman
 DAVID LIVINGSTON, Vice-Chairman

ATTACHMENT 4



HOUSE OF REPRESENTATIVES

SB 1494

insurance; prohibited inducements; exceptions
Prime Sponsor: Senator Farnsworth D, LD 16

X Committee on Insurance
Caucus and COW
House Engrossed

OVERVIEW

SB 1494 allows a life or disability insurer to offer an incentive to a policyholder to participate in a feedback effort conducted by a third party.

PROVISIONS

1. Allows an insurer to retain an independent third party to conduct a customer feedback effort for the purpose of improving the quality of the insurer's products or services.
2. Permits an insurer to offer a reasonable incentive of up to \$200 to an insured business or individual for participation in the feedback effort.
3. Prohibits an insurer from offering, referencing, or promoting an incentive or feedback effort that is connected with an application for or renewal of insurance coverage.
4. Defines *feedback effort* as activities that are designed to elicit customer perceptions on predetermined set of topics that are related to the insurer's products or services, including in person, telephonic or online surveys, polls, focus groups, interviews, questionnaires and other recognized opinion gather mechanisms.

CURRENT LAW

An insurer is prohibited from paying or giving, or offering to pay or give, directly or indirectly, any rebate of premiums, or any special favor or advantage in the dividends or other benefits as an inducement to such insurance policy or annuity contract (A.R.S. § 20-449 and A.R.S. § 20-451).

Pursuant to A.R.S. § 20-452, an insurer or insurance producer cannot offer, sell, buy, or give any of the following as an inducement to insurance or in connection with any insurance transaction:

- a. Employment,
- b. Shares of stocks or other securities,
- c. Any contract providing or promising any special profits, or
- d. Any prizes, goods, or tangible property of an aggregate value of more than \$25.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1494

(Reference to Senate engrossed bill)

1 Page 1, between lines 26 and 27, insert:

2 "Sec. 2. Section 20-451, Arizona Revised Statutes, is amended to read:

3 20-451. Rebates on other than life or disability insurance;

4 definitions

5 A. No insurer or employee, insurance producer or representative
6 thereof shall knowingly charge, demand or receive a premium for any policy of
7 insurance, other than life or disability insurance, except in accordance with
8 any applicable filing on file with the director. No such insurer, employee,
9 insurance producer or representative shall offer, pay, allow or give,
10 directly or indirectly, as an inducement to insurance, or after insurance has
11 been effected, any rebate, discount, abatement, credit or reduction of the
12 premium named in a policy of insurance, or any special favor or advantage in
13 the dividends or other benefits to accrue thereon, or any valuable
14 consideration or inducement whatever, not specified in the policy of
15 insurance, except to the extent provided for in an applicable filing. No
16 insured named in a policy of insurance nor any representative or employee of
17 the insured shall knowingly receive or accept, directly or indirectly, any
18 such rebate, discount, abatement, credit or reduction of premium, or any such
19 special favor or advantage or valuable consideration or inducement. Nothing
20 in this section shall be construed as prohibiting the payment of commissions
21 or other compensation to duly licensed insurance producers nor as prohibiting
22 any insurer from allowing or returning to its participating policyholders,
23 members or subscribers dividends, savings or unabsorbed premium deposits. As
24 ~~used in this section~~

1 B. THIS SECTION DOES NOT PROHIBIT AN INSURER FROM RETAINING AN
2 INDEPENDENT THIRD PARTY TO CONDUCT A CUSTOMER FEEDBACK EFFORT INTENDED TO
3 HELP THE INSURER IMPROVE THE QUALITY OF ITS PRODUCTS OR SERVICES AND TO OFFER
4 AN INSURED BUSINESS OR INDIVIDUAL A REASONABLE INCENTIVE TO PARTICIPATE IN
5 THE FEEDBACK EFFORT. AN INCENTIVE IS PRESUMED REASONABLE IF IT DOES NOT
6 EXCEED TWO HUNDRED DOLLARS. AN INSURER MAY NOT OFFER, REFERENCE OR PROMOTE
7 AN INCENTIVE OR FEEDBACK EFFORT UNDER THIS SECTION IN CONNECTION WITH AN
8 APPLICATION FOR OR RENEWAL OF INSURANCE COVERAGE.

9 C. FOR THE PURPOSES OF THIS SECTION:

10 1. "FEEDBACK EFFORT" MEANS ACTIVITIES THAT ARE DESIGNED TO ELICIT
11 CUSTOMER PERCEPTIONS ON A PREDETERMINED SET OF TOPICS THAT ARE RELATED TO THE
12 INSURER'S PRODUCTS OR SERVICES, INCLUDING IN PERSON, TELEPHONIC OR ONLINE
13 SURVEYS, POLLS, FOCUS GROUPS, INTERVIEWS, QUESTIONNAIRES AND OTHER RECOGNIZED
14 OPINION GATHERING MECHANISMS.

15 2. "Insurance" includes suretyship and.

16 3. "Policy" includes bond."

17 Renumber to conform

18 Amend title to conform

KAREN FANN

1494FANN2
03/03/2016
01:57 PM
H: PB/rca

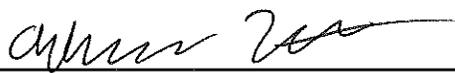
ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON INSURANCE BILL NO. SB 1494

DATE March 9, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Coleman		X			
Mr. Larkin		X			
Mr. Lovas		X			
Ms. McCune Davis					X
Ms. Otondo					X
Mr. Robson					X
Mr. Livingston, Vice-Chairman		X			
Ms. Fann, Chairman		X			
		5	0	0	3



 COMMITTEE SECRETARY

APPROVED:



 KAREN FANN, Chairman
 DAVID LIVINGSTON, Vice-Chairman

ATTACHMENT 7

ARIZONA STATE LEGISLATURE
 Fifty-second Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON INSURANCE

CHAIRMAN: Karen Fann VICE-CHAIRMAN: David Livingston

DATE	3/09/16	/16	/16	/16	/16
CONVENED	10:23A.m	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	11:06A.M.				
MEMBERS					
Mr. Coleman	X				
Mr. Larkin	X				
Mr. Lovas	X				
Ms. McCune Davis	exc				
Ms. Otondo	exc				
Mr. Robson	exc				
Mr. Livingston, Vice-Chairman	X				
Ms. Fann, Chairman	X				

√ Present --- Absent exc Excused