

**MINUTES OF THE HOUSE BUSINESS AND LABOR  
STANDING COMMITTEE**  
Room W010, West Office Building, State Capitol Complex  
February 8, 2007

**Members Present:** Rep. Stephen D. Clark, Chair  
Rep. Jim Dunnigan, Vice Chair  
Rep. Jackie Biskupski  
Rep. David Clark  
Rep. Carl W. Duckworth  
Rep. Ben Ferry  
Rep. Gage Froerer  
Rep. Kevin Garn  
Rep. Neil A Hansen  
Rep. Todd E. Kiser  
Rep. Michael T. Morley  
Rep. Paul Neuenschwander  
Rep. Mark Walker

**Staff Present:** Allison Nicholson, Policy Analyst  
Linda Error, Committee Secretary

**Note:** List of visitors and a copy of handouts are filed with committee minutes.

Chair S. Clark called the meeting to order at 8:05 a.m.

**MOTION:** Rep. Biskupski moved to approve the minutes of the February 6, 2007 meeting. The motion passed unanimously, with Rep. D. Clark, Rep. Kiser, and Rep. Morley absent for the vote.

**H.B. 163 Options for Health Care (Rep. J. Dunnigan)**

Rep. Dunnigan introduced the bill to the committee, with the assistance of Jennifer Cannaday, Regence Blue Cross and Blue Shield of Utah.

**MOTION:** Rep. Ferry moved to delete in title and body **H.B. 163** and replace it with **1st. Substitute H.B. 163**, and amend the bill as follows:

1. Page 2, Line 32:

32 31A-8-101, as last amended by Chapter 308, Laws of Utah 2002

= **31A-8-105, as last amended by Chapter 329, Laws of Utah 1998**

2. Page 4, Lines 110 through 114:

110 covered by an organization for which an enrollee is liable in the event of the organization's  
111 insolvency.]  
112 {+} {-(12)} (11) "Unusual or infrequently used health services" means  
those health services that  
113 are projected to involve fewer than 10% of the organization's enrollees' encounters with  
114 providers, measured on an annual basis over the organization's entire  
enrollment. {+}

Section 2. Section 31A-8-105 is amended to read:

**31A-8-105. General powers of organizations.**

**Organizations may:**

- (1) buy, sell, lease, encumber, construct, renovate, operate, or maintain hospitals, health care clinics, other health care facilities, and other real and personal property incidental to and reasonably necessary for the transaction of the business and for the accomplishment of the purposes of the organization;
- (2) furnish health care through providers which are under contract with the organization;
- (3) contract with insurance companies licensed in this state or with health service corporations authorized to do business in this state for insurance, indemnity, or reimbursement for the cost of health care furnished by the organization;
- (4) offer to its enrollees, in addition to health care, insured indemnity benefits, but only for emergency care, out-of-area coverage, unusual or infrequently used health services as defined in Section 31A-8-101, and adoption benefits as provided in Section 31A-22-610.1;
- (5) receive from governmental or private agencies payments covering all or part of the cost of the health care furnished by the organization;
- (6) lend money to a medical group under contract with it or with a corporation under its control to acquire or construct health care facilities or for other uses to further its program of providing health care services to its enrollees;
- (7) be owned jointly by health care professionals and persons not professionally licensed without violating Utah law; {and}
- = (8) offer to its enrollees a product that permits members the option of obtaining services from a noncontracted provider, which is a point of service or point of sale product; and
- {-(8)} (9) do all other things necessary for the accomplishment of the purposes of the organization.

The motion to amend and adopt the substitute passed, with Rep. D. Clark, Rep. Kiser, and Rep.

Morley absent for the vote.

Spoke for the bill: Brad Kuhnhausen, Vice President, Aim Administration, Inc. and Independent Insurance Health Underwriters

MOTION: Rep. Ferry moved to pass the substitute bill out favorably as amended. The motion passed unanimously, with Rep. D. Clark, Rep. Kiser, and Rep. Morley absent for the vote.

**S.B. 52 Health Regulations for Public Indoor Tanning Beds (*Sen. P. Jones*)**

Sen. Jones introduced the bill to the committee with the assistance of David Hansen, President Elect, Utah Society of Dermatology.

Spoke for the bill: Ben Tanner, Chief Operating Officer, Huntsman Cancer Institute  
Louis Garrett, Director, Davis County Health Department

MOTION: Rep. Hansen moved to amend the bill as follows:

1. *Page 2, Line 53:*

53 (18) commercial tanning facilities.

2. *Page 3, Lines 65 through 66:*

65 (c) "Tanning facility" means any commercial location, place, area, structure, or  
business which

66 provides persons access to any tanning device.

The motion to amend passed unanimously, with Rep. D. Clark, Rep. Dunnigan, Rep. Kiser, and Rep. Morley absent for the vote.

MOTION: Rep. Garn moved to amend the bill as follows:

1. Page 2 Delete lines 16-17
2. Page 3 Line 72, after warning, delete [and written consent required by Subsections (2) and (5)]
3. Page 3 Delete Lines 74-85b

The motion to amend failed, with Rep. S. Clark, Rep. Ferry, Rep. Froerer, Rep. Garn, and Rep.

Walker voting in favor. Rep. D. Clark, and Rep. Morley were absent for the vote.

MOTION: Rep. Biskupski moved to pass the bill out favorably as amended. The motion passed, with Rep. S. Clark, Rep. Ferry, Rep. Froerer, Rep. Garn, and Rep. Walker voting in opposition. Rep. D. Clark and Rep. Morley were absent for the vote.

### H.B. 127 Employee Verification, Procurement, and Incentives (Rep. S. Sandstrom)

Rep. Sandstrom introduced the bill to the committee.

MOTION: Rep. S. Clark moved to amend the bill as follows:

1. Page 4, Lines 92 through 109:

92 (2) (a) A state public procurement unit shall require as a condition of any  
93 agreement to procure  
94 supplies, services, and construction { that is the subject of a request for  
95 proposals} described in Subsection (2)(b) that an  
96 employer submit with that employer's response to a bid related to that agreement a  
97 certification that the employer:  
98 {(a)} (i) participates in the federal employment verification program; and  
99 {(b)} (ii) has not been found to violate the requirements of the federal  
employment  
verification program by:  
{(i)} (A) the United States Department of Homeland Security; or  
{(ii)} (B) the division.

(b) This section applies to an agreement to procure supplies, services, or construction that:

(i) is the subject of a request for proposals; and

(ii) has a total dollar value equal to or greater than \$25,000.

100 (3) (a) If the division learns that the employer does not participate in the federal  
101 employment verification program or an employer is found by the United States  
Department of  
102 Homeland Security to violate the requirements of the federal employment verification  
program {g} :

(i) the employer shall remedy the violation within 60 days of the earlier of:

(A) the day on which the division notifies the employer that the division learned that the employer is subject to this Subsection (3); or

(B) the day on which the employer notifies the division of the finding as required

by Subsection (3)(b); and

(ii) if the employer fails to remedy the violation within the 60-day period described in Subsection (3)(a)(i):

(A) for an agreement entered into on or after April 30, 2007, any agreement with a state public procurement unit that is in effect terminates on the day immediately following the day on which the 60-day period ends;

(B) the state public procurement unit has any remedy available under an agreement described in Subsection (3)(a)(ii)(A) for breach of that agreement; and

103 (C) the employer may not enter into a new agreement or renew an agreement to provide supplies,

104 services, or construction to a state public procurement unit for one year after the day on which the

105 finding described in ~~{this}~~ Subsection (3) (a)(i) becomes final.

106 (b) If an employer described in this Subsection (3) has an agreement to provide  
107 supplies, services, or contraction to a state public procurement unit, the employer shall  
notify the

108 division of the finding described in Subsection (3)(a) within five business days of the day  
on

109 which the finding described in Subsection (3)(a) is final.

The motion to amend passed, with Rep. D. Clark, Rep. Morley, and Rep. Walker absent for the vote.

Spoke to the bill: Roger Tsai, Attorney, Parsons Behle & Latimer (handout)

MOTION: Rep. Garn moved to proceed to the next item on the agenda. The motion passed, with Rep. Kiser voting in opposition. Rep. D. Clark was absent for the vote.

### **1st Sub. H.B. 126 Reporting of Fraudulent Insurance Acts (Rep. D. Aagard)**

Rep. Aagard introduced the bill to the committee.

MOTION: Rep. Dunnigan moved to amend the bill as follows:

1. *Page 3, Lines 62 through 71*  
*House Committee Amendments*  
*2-2-2007:*

62 (ii) the person is:  
63 { ~~(A) an insurer;~~  
64 ~~(B) a producer;~~  
65 ~~(C) a limited line producer;~~  
66 ~~(D) a customer service representative;~~  
67 ~~(E) a consultant;~~  
68 ~~(F) a managing general agent;~~  
69 ~~(G)~~ { ~~(A) an insurance adjuster;~~ (A) an insurer; or  
70 { ~~(H)~~ } (B) in relation to the business of title insurance, an auditor that is  
employed by a title  
71 insurer.

2. *Page 4, Lines 98 through 104:*

98 (3) The department { ~~shall~~ } may by rule made in accordance with Title 63,  
Chapter 46a, Utah  
99 Administrative Rulemaking Act, provide a process by which { ~~an insurer and an~~  
individual  
100 described in Subsection (1)(a)(ii) may comply with Subsection (1) by submitting a single  
report  
101 of an act described in Subsection (1)(a). } a person described in Subsection (1)(a)(ii)  
may comply with the requirements of Subsection (1) by reporting a fraudulent insurance  
act to the insurer with whom the person is employed, except that the rule shall provide  
that if the person reports the fraudulent insurance act to the insurer, the insurer is  
required to report the fraudulent insurance act to the department.  
102 (4) A person described in Subsection (1)(a)(ii) who in good faith makes a report under  
103 this section is immune from civil action, civil penalty, or damages for making that report in  
104 accordance with Section 31A-31-105.  
(5) This section does not apply to a fraudulent insurance act related to health  
insurance.

The motion to amend passed unanimously, with Rep. Biskupski and Rep. D. Clark absent for the vote.

MOTION: Rep. Dunnigan moved to amend as follows:

1. *Page 3, Lines 57 through 71:*

57 (1) (a) A person shall report a fraudulent insurance act to the department if:  
58 (i) the person has a good faith belief on the basis of a preponderance of the evidence

59 that ~~{an act that}~~ a fraudulent insurance act is being, will be, or has been  
committed [related to title insurance shall report  
60 the fraudulent act to the commissioner in a writing that provides] ~~{is a fraudulent~~  
insurance act} ;  
61 and

The motion to amend passed unanimously, with Rep. Biskupski and Rep. D. Clark absent for the vote.

MOTION: Rep. Kiser moved to pass the bill out favorably as amended. The motion passed unanimously, with Rep. Biskupski and Rep. D. Clark absent for the vote.

**S.B. 153 Malpractice Liability During Pandemic Event (*Sen. G. Bell*)**

Rep. Garn introduced the bill to the committee with the assistance of Dave Gibson, Utah Hospital and Health Association.

MOTION: Rep. Froerer moved to pass the bill out favorably. The motion passed unanimously, with Rep. Dunnigan and Rep. D. Clark absent for the vote.

MOTION: Rep. Ferry moved that **S.B. 153** be placed on the Consent Calendar. The motion passed unanimously, with Rep. Dunnigan and Rep. D. Clark absent for the vote.

**S.B. 150 Property Exempt from Execution (*Sen. L. Hillyard*)**

Sen Hillyard introduced the bill to the committee.

MOTION: Rep. Dunnigan moved to pass the bill out favorably. The motion passed unanimously.

MOTION: Rep. Dunnigan moved that **S.B. 150** be placed on the Consent Calendar. The motion passed unanimously.

MOTION: Rep. Neuenschwander moved to adjourn the meeting. The motion passed unanimously.

Chair S. Clark adjourned the meeting at 9:35 a.m.

---

Minutes of the Business and Labor Standing Committee  
February 8, 2007  
Page 8

Rep. Stephen D. Clark, Chair