

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 0072

10911 HOUSE LABOR & COMMERCE

RCW 19.190.020**Unpermitted or misleading electronic mail -- Prohibition.**

(1) No person may initiate the transmission, conspire with another to initiate the transmission, or assist the transmission, of a commercial electronic mail message from a computer located in Washington or to an electronic mail address that the sender knows, or has reason to know, is held by a Washington resident that:

(a) Uses a third party's internet domain name without permission of the third party, or otherwise misrepresents or obscures any information in identifying the point of origin or the transmission path of a commercial electronic mail message; or

(b) Contains false or misleading information in the subject line.

(2) For purposes of this section, a person knows that the intended recipient of a commercial electronic mail message is a Washington resident if that information is available, upon request, from the registrant of the internet domain name contained in the recipient's electronic mail address.

[1999 c 289 § 2; 1998 c 149 § 3.]

RCW 19.190.030**Unpermitted or misleading electronic mail -- Violation of consumer protection act.**

(1) It is a violation of the consumer protection act, chapter 19.86 RCW, to conspire with another person to initiate the transmission or to initiate the transmission of a commercial electronic mail message that:

(a) Uses a third party's internet domain name without permission of the third party, or otherwise misrepresents or obscures any information in identifying the point of origin or the transmission path of a commercial electronic mail message; or

(b) Contains false or misleading information in the subject line.

(2) It is a violation of the consumer protection act, chapter 19.86 RCW, to assist in the transmission of a commercial electronic mail message, when the person providing the assistance knows, or consciously avoids knowing, that the initiator of the commercial electronic mail message is engaged, or intends to engage, in any act or practice that violates the consumer protection act.

(3) The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A violation of this chapter is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying the consumer protection act, chapter 19.86 RCW.

[1999 c 289 § 3; 1998 c 149 § 4.]

RCW 19.190.040**Violations -- Damages.**

(1) Damages to the recipient of a commercial electronic mail message sent in violation of this chapter are five hundred dollars, or actual damages, whichever is greater.

(2) Damages to an interactive computer service resulting from a violation of this chapter are one thousand dollars, or actual damages, whichever is greater.

[1998 c 149 § 5.]

RCW 19.190.050

Blocking of commercial electronic mail by interactive computer service -- Immunity from liability.

(1) An interactive computer service may, upon its own initiative, block the receipt or transmission through its service of any commercial electronic mail that it reasonably believes is, or will be, sent in violation of this chapter.

(2) No interactive computer service may be held liable for any action voluntarily taken in good faith to block the receipt or transmission through its service of any commercial electronic mail which it reasonably believes is, or will be, sent in violation of this chapter.

[1998 c 149 § 6.]

Anchorage Daily News

Friday, December 27, 2002

ALASKA'S NEWSPAPER

Internet drowning in spam

■ **JUNK E-MAIL:** Deluge may keep people away from cyberspace, experts worry.

By **FRANK JAMES**
Chicago Tribune

WASHINGTON — A rising flood of irritating junk electronic mail tout-ing everything from get-rich-quick schemes to raunchy pornography, ink-jet cartridges and weight-loss drugs threatens to keep the Internet from reaching its full potential as a method of communication, experts say.

The deluge of unsolicited commercial e-mail, or spam, is clogging the electronic infrastructure and increasing the hassle factor of using e-mail.

"In September of 2001, we measured that 8 percent of all Internet e-mail was spam," said Linda Smith Munyan, a spokeswoman for Brightmail Inc., which provides companies with spam-blocking software. "For

ANCHORAGE COUPLE ARE SHIPPING OUT AGAIN



Father son fo holidays car th

■ **ONE ARRESTED:** Victim suspect, but a second esca

By **PETER PORCO**
Anchorage Daily News

Jace Bohn spent an angry C guy had made off with the famil that morning — brazenly snatchi his Mountain View driveway.

Yet police, in the view of the 18 nothing about it even though a r the incident.

"I got mad at them for not fi said, explaining why he urged hi themselves.

A few hours later, Jace and h Gary Bohn, had recovered the Esc way. In the process, they kicked young men found sitting inside it.

mail Inc., which provides companies with spam-blocking software. "For this year, it was 40 percent."

Technological and legal efforts to stop spammers have largely resulted in what's being called an Internet arms race that finds the junk e-mailers quickly adapting to overcome actions meant to thwart them.

"E-mail has become really a fundamental communications tool for many of us — in business, our social lives, in political activism, all facets of American society and other societies around the world," said John Mozena, spokesman for the Coalition Against Unsolicited Commercial Email, an organization devoted to stemming the tide of electronic junk mail.

However, he said, the volume of spam may push some people away from using e-mail.

"People don't see enough of a value ... to get around the downside of having to deal with all the spam, some of which is disturbing for some folks to look at," he said. "We're approaching a time when people are going to stop using e-mail."

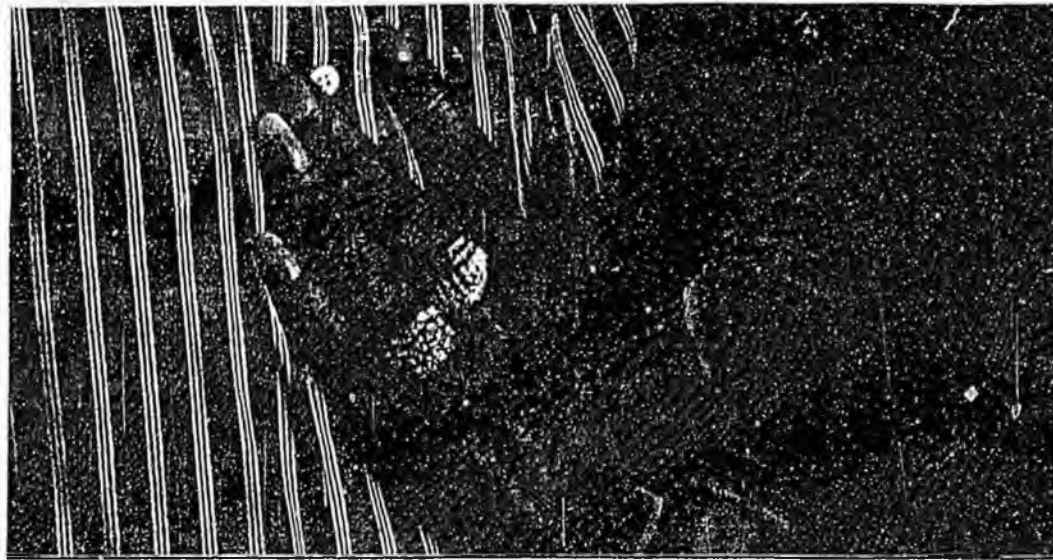
David Sorkin, an associate professor of law at John Marshall Law School in Chicago and a cyberlaw expert, said such a scenario is not far-fetched. During a recent visit to Japan he saw a glimpse of what could happen.

Ninety percent of the text messages the Japanese receive on their cell phones are spam for dating services, Sorkin said.

"People there are stopping their use of cell phones entirely because of it, and I don't think we're that far off from a situation like that with e-mail where people just give up. I think it would be a real shame."

John Easton, a Chicago public affairs professional, said he hardly uses an America Online account at

See Back Page, SPAM



MARC LESTER / The Associated Press

Fred Adkerson and his wife, Wiggles, will soon embark on their 80th cruise ship vacation. Fred and Wiggles, known for a contortionist act she performed for 40 years in nightclubs and carnivals, took their first cruise together in 1972 on the original Love Boat.

Cruisin' at 80

Fred and Wiggles have a bent for the sea

by SHELLA TOOMEY
Anchorage Daily News

Miss Wiggles, who turned 80 in October, is all booked up for her 80th cruise with Fred the bail bondsman, who is also her husband. The harmonic convergence of 80 years and 80 voyages is worth mentioning but, let's face it, if you're in good health and take three cruises a year, it was bound to happen.

Wiggles — she rarely uses her birth name, Velma — still hasn't decided if she'll perform her contortionist act for shipmates on this trip as she usually

does. It isn't that the lady can't twist and stretch like she did for 40 years in nightclubs and carnivals all over the world. Even at 80, she can sit on her living room carpet, spread her legs in a near split and touch her muscled stomach to the floor in front of her.

She can stand on her head on a chair in the middle of a stage, back to the audience, and flex her butt muscles until they undulate like a tsunami sea. She has performed on cruises with celebrities like Red Buttons and Tempest

See Back Page, 80TH CRUISE



A POWERBALL CHRISTMAS

Jackpot winner plans good works with \$314.9 million

Powerball jackpot winner Andrew "Jack" Whittaker Jr., left, listens as his granddaughter Brandl Bragg addresses the media at West Virginia Lottery headquarters. West Virginia



Contractor's \$100 in tickets pays off w

By GAVIN McCORMICK
The Associated Press

CHARLESTON, W.Va. — A 55-year-old contractor won the \$314.9 million Christmas Day jackpot, the biggest undivided lottery prize in history, and said the first thing he will do is turn over 10 percent to his church.

"I just want to thank God for letting me pick the right numbers — or letting the machine pick the right numbers," said Powerball winner Andrew "Jack" Whittaker Jr.

million first instaltery prize.

He said he plans to help his family, expand his business and maybe buy a helicopter.

"The very first thing I want to do is turn over 10 percent of the prize to my church," Whittaker said.

Whittaker, who lives in Charleston, West Virginia, and is

...the ESCORT and drove onto the
g it off.
when I made the first eye contact

truck behind the ESCORT, blocking it in with the
driver's side.
The Escort driver backed up, smashing the

backing off and letting them handle it.
"I didn't want to hurt nobody," he said. "I just
wanted my car back."



BOB BIRD / The Associated Press

...well, are introduced by West Virginia Gov. Bob Wise at a Thursday press conference.

Turns \$100 into \$314.9 million

...to go there. It's where Jesus
Whittaker said.

...also said he wants to help "peo-
better themselves to have a bet-

...g really excited because of the
can do with this money," he said.
le about buying luxuries for him-
a helicopter he said he had
for a while.

...i people laid off right now at
d I want more work so I can put
work," he said. He said he cur-
s 117 people

...was not a regular lottery player
00 in tickets because the jackpot

...was purchased at the C&L Su-

per Serve in Hurricane, a town of 5,200 people
25 miles west of Charleston.

Whittaker went back to the store Thursday
morning to fill up on gas and buy some bis-
cuits, as he does each day. The clerk was the
one who sold him the ticket. He told her he
won, but "she said, 'No you didn't, you're not
excited enough to win the lottery.' And she
just pushed me out the door," he said.

"It's so just that the poorest state in Ameri-
can wins the biggest Powerball in history,"
said Bob O'Dell of Hurricane.

West Virginia's per capita income actually
was second lowest to Mississippi's in 2000.

The jackpot was the largest ever for a sin-
gle winning ticket, West Virginia lottery
spokeswoman Nancy Bulla said. It also was
the fifth-largest jackpot in U.S. history.

Wiggles are sailing again

...es can make friends
with anyone.

air between two mountains in South America.
The repairman had to get cranked out on the
other car, then climb into theirs to fix it.

Fred said the tram company promised to
erect a sign warning future tourists: "Don't
take this ride if you have a weak heart."

These days cruise ships are 16 stories high
and carry 3,000 people, Fred said. And experi-

SPAM: Junk e-mail smothering users

Continued from A-1

home because "it's entirely filled with spam."

"It's stuff that would be scary to open," Easton said.
"Clearly, the bulk of it is from people I did not want to
hear from and hope never to meet."

As companies and home-computer users have
fought back by using filters to try to screen out junk e-
mails, spammers have gotten bolder, especially with
pornography. Where once an e-mail reader had to af-
firmatively click on a link to see pornographic images,
spammers now embed such photos in the e-mail,
shocking many, including children, who have e-mail
accounts.

That has also alarmed corporate lawyers and
human-resource officials nationwide, said Maureen
Caplan Grey of Gartner, a provider of technology-re-
lated research and consulting in Stamford, Conn. She
said senior executives worry that some employees
may feel so disgusted and even traumatized by porno-
graphic spam that they will accuse their companies of
failing to do enough to protect them from a hostile
work environment.

"I've heard organizations ask me this: Who is to
say one of the employees won't file a lawsuit saying
'You should have done something. You knew what
was going on.' It's a very difficult problem," she said.

Spam is also placing an increasing strain on corpo-
rations' computers and is taking a toll on worker pro-
ductivity as employees must take time to plow
through and delete unwanted e-mails.

AOL, the nation's largest Internet service
provider, and other such companies have aggressively
turned to anti-spam technology for help, as well as
to the courts.

In December, AOL won \$7 million in damages in
U.S. District Court in Alexandria, Va., against what
the company called a "spam ring." AOL said its inves-
tigation determined that about 25 percent of the junk
e-mails received by its members came from "parties
associated with CN Productions," a major junk e-mail
operation, said Nicholas Graham, an AOL
spokesman.

To win the case, originally filed in a Virginia state
court, the company argued that the spammers violat-
ed its private property rights by using AOL's servers
to send billions of unsolicited e-mails to its members.

AOL, like other Internet service providers, has al-
so resorted to ever stronger technological filters to
block spam from reaching its members. In the latest
version of its software, the company has included an
on-screen button to allow its 27 million U.S. members
to immediately report spammers to AOL so they can
be added to the blacklist for blocking. Microsoft's
MSN Internet service has built-in spam-filtering fea-
tures for the newest version of MSN software.

Brightmail and other technology companies use
sophisticated algorithms to spot e-mail with spam
characteristics and block them. Companies that han-
dle e-mail also trade blacklists of known spam ad-
resses.

But spammers have developed countermeasures.
They will sometimes use a nonsensical series of num-
bers or misspell words to throw off the anti-spam

es can make friends
with anyone.

— Fred Adkerson

made clothes for others. She
ual fashion shows.
and Wiggles started serious
hips were smaller, 600 to 800
nd less luxurious. But there
ortunities for adventure. Port
ren't as slick and packaged as

ia, they once rode army trucks
he jungle to see bull racing. The
running stamina from two
and a dozen eggs a day, Fred
gers didn't seem to be looking
t they really coveted that red
es' lips. Back home, she sent
f lipstick.

to China in 1982, to places
als had never seen a non-Chi-
Struck by her unusual appear-
asked Wiggles to bless their ba-
routinely the only black person
; and says she loved being con-

love the extra-thorough search-
guards suspicious of her color or
' maybe just her self-assurance,
let it ruin a trip.
an make friends with anyone,"

en in ships that had holes in
t bumped into a load of boat peo-
pt going. They've said no to scam
o sell them museum artifacts in-
ched as other tourists who said
red." They've docked at ports
all of horse manure was so pun-
les didn't want to get off the boat.
were on a tram that got stuck,
dangling thousands of feet in the

The repairman had to get cranked out on the
other car, then climb into theirs to fix it.

Fred said the tram company promised to
erect a sign warning future tourists: "Don't
take this ride if you have a weak heart."

These days cruise ships are 16 stories high
and carry 3,000 people, Fred said. And experi-
enced cruisers know the real danger is get-
ting assigned to a table with boring or un-
pleasant dinner partners.

Fred seems to take catastrophe in stride.
Of course, he has a good survival record. He's
the only Anchorage bail bondsman to last this
long without getting murdered by his clients.
He started his bail business in 1968 and has
long been a familiar fixture in the northwest
corner of town, where the courts and the
lawyers do business. He wears gold and dia-
mond jewelry and until recently drove only
big Cadillacs and Lincolns. He rode out the
1964 earthquake by clinging to the fins of the
Caddy he owned at the time.

Fred says the thing he likes most about
cruises is only having to unpack and repack
once. A ship is a 24-hour-a-day resort, with
lots of shore excursions for variety. Escape
and relaxation are his goals. He doesn't take
a cell phone on vacation and claims to never
have called home from a cruise.

"Why would I want to know we just had a
\$50,000 forfeiture?" he said.

Fred and Wiggles' 80th cruise, set for
February, is really two consecutive seven-day
trips on two different ships, one to the western
Caribbean and one to the eastern Caribbean.
Right now, the Adkersons are sticking rela-
tively close to the United States because of
terrorism worries. Of course, they've heard
about the flu problems, but they won't be
frightened into staying home. No way.

And the truth is, Wiggles will almost cer-
tainly relent and do her contortionist act on
talent night, Fred said. She's spent her life in
show business, and she just can't say no to
fans.

Reporter Sheila Toomey can be reached at
stoomey@adn.com or 257-4341.

sophisticated algorithms to spot e-mail with spam
characteristics and block them. Companies that han-
dle e-mail also trade blacklists of known spam ad-
dresses.

But spammers have developed countermeasures.
They will sometimes use a nonsensical series of num-
bers or misspell words to throw off the anti-spam
screening software. When screening software is look-
ing for a particular type of spam from the United
States, the junk e-mailers may route their messages
through an overseas server to defeat the screening.

Service providers have lobbied Congress and the
states to enact stronger laws to fight spam. While bills
introduced in Congress have not become law, 26
states have anti-spam laws, said Sorkin, the John
Marshall professor.

Although most e-mail users resent receiving spam,
getting laws passed hasn't been easy.

"It's partly been because of concerns about com-
mercial free speech," Sorkin said. "But it's also been
the power of the marketing lobby." Large, legitimate
companies that use e-mail have been afraid that any
ban on spam could also prevent them from using e-
mail for marketing purposes.

Despite laws and technology, however, experts say
spam is unlikely to go away and in some ways is more
pernicious than viruses. Virus creators generally
don't make any money, doing their misdeeds for the
challenge or thrill. But there are real financial incen-
tives for spammers.

It costs a fraction of a penny to send one e-mail —
much less than the costs of telemarketing and tradi-
tional direct mail — because thousands or even mil-
lions of messages can be sent at the push of a button.
And a response rate far less than the 2 percent target
of many direct-mail campaigns can earn a decent liv-
ing for a spammer, sometimes into six figures.

Nevertheless, e-mail providers are determined to
fight the rising spam tide.

"Spamming is the cyber-version of 'Whack a Mole,'"
Graham of AOL said, referring to the old carnival
game consisting of mechanical moles that players try
to hit on the heads with mallets, only to see them pop
up elsewhere. "But we're whacking the mole with ev-
erything we've got."



Powered by clickability

Study: Spam costs businesses \$13 billion

NEW YORK (AP) --All those junk e-mail messages may promise instant wealth, but they can be quite painful to the bottom line.

A study to be released this week attempts to quantify the annual cost of spam: \$8.9 billion for U.S. corporations, \$2.5 billion for European businesses and another \$500 million for U.S. and European service providers.

Marten Nelson, an analyst at Ferris Research, says that while most spam can be deleted in one second, occasionally someone is duped into clicking the message. It also takes time to track down legitimate messages mistakenly tossed by inaccurate spam filters.

Breaking down the costs

Figuring it takes 4.4 seconds on average to deal with a message, the messages add up to \$4 billion in lost productivity for U.S. businesses each year.

Another \$3.7 billion comes from companies having to buy more powerful servers and more bandwidth as well as divert staff time. The rest is attributable to companies providing help-desk support to annoyed users.

The costs are less in Europe because spam isn't as big of a problem, Nelson said. But in future calculations, Nelson said he may have to add the costs of wireless spam, a growing problem in Europe as text messaging gets more popular.

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<http://www.cnn.com/2003/TECH/biztech/01/03/spam.costs.ap/index.html>

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Study: Spam costs U.S. corporations \$8.9B per year

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Editorial Desk | September 13, 2002, Friday
Taking On Junk E-Mail

(NYT) 632 words
Late Edition - Final , Section A , Page 26 , Column 1

ABSTRACT - Editorial on scourge of e-mail spam, which some experts fear could so swamp systems that e-mail will become virtually unusable. It will come as no surprise to anyone with an e-mail account that the scourge of spam has reached near-intolerable levels. One new study estimates that this year 7.3 billion e-mail messages will be sent each day, and spam — bulk, commercial e-mail — will make up nearly one-third of it. Increasingly, opponents of spam are using federal and state law to fight back. This growing movement is worthwhile, and deserves support from Congress, federal agencies, state legislatures and the courts.

Spam is popular with direct marketers for obvious reasons. Junk mail requires U.S. postage, but junk e-mail can be sent almost without cost. Computer time is cheap, and CD's containing millions of e-mail addresses sell online for about \$150. For recipients, however, spam is far from free. Businesses report that unwanted e-mail is significantly reducing worker productivity and overloading computer-system capacity. Individuals are spending countless hours, both at the office and at home, sifting through their e-mail queues to weed out spam. Since this is an imperfect science, e-mail users often lose important, non-junk e-mail in the process.

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NEW YORK TIMES ENDORSES ANTI-SPAM EFFORT

Washington, DC, September 13, 2002 -- *The New York Times* today published an editorial strongly supporting TRAC's, and other, efforts to reduce spam.

The Times commented on the TRAC position as follows:

This month the Telecommunications Research and Action Center and other consumer groups petitioned the Federal Trade Commission to prohibit e-mail that disguises its commercial intent by using a phony subject line or by misrepresenting the sender. They are also asking the agency to require spammers to offer recipients a way to "unsubscribe" -- to get themselves removed from a spammers' list - and to make it illegal to ignore such requests. These proposed rules fall squarely within the F.T.C.'s mandate and deserve prompt action.

The full editorial can be viewed at <http://www.nytimes.com>.

TRAC urges all consumers to support its petition by going to <http://www.banthespam.org> and enlist in the battle against spam. Give us your stories on how you have been harmed by spam. We want to know in particular whether:

1. You had to spend more money on e-mail because of spam.
2. You had to create a new e-mail address or multiple addresses to avoid spam.
3. You had to cancel an account or open a new one because of the amount of spam.
4. You lost desired e-mail because of deleting spam.
5. You suffered adverse employment consequences because of spam on your machine.
6. You had any other loss, embarrassment or incident related to spam.

With your permission, TRAC will bring these examples to the Federal Trade Commission to help document the damages being suffered by consumers from unwanted commercial e-mail.

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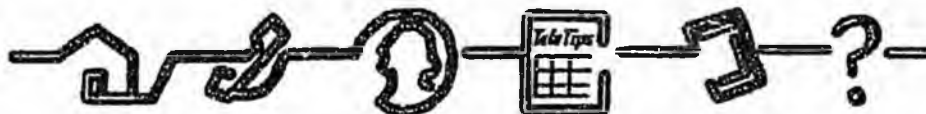
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Should I hit "remove"?

A lot of the spam that we get and that people write to us about comes with instructions on how to "remove yourself from our list". Yet, more often than not, the remove instructions don't work. Why is this?

Basically, you've just experienced what many call "rule #1": Spammers lie.

Remove lists don't work. Even the United States government has noticed this: "We are also working on (spam) cases that involve claims that you can opt out, when in fact what clicking on the link to unsubscribe will do is simply verify that you have a valid e-mail address, so that you can then get lots of spam instead of a little," said Howard Beales, director of the FTC's Bureau of Consumer Protection. In [this story](#), Computerworld of New Zealand documents an experiment in which they demonstrate that remove lists really don't work.

Don't waste your time trying to jump through the spammers' hoops. Plenty of people have documented the fact that not only do remove lists not work, they do exactly what Mr. Beales says: they verify to the spammer that your e-mail address is good, and so then they put it on the premium CD and sell it to the next spammer for even more money.

In one case, an anti-spammer went to a remove-list web site and noticed that he'd been removed from the list, supposedly, even though he hadn't given them his address. So, he went into debugging mode, using telnet to access the raw HTML of the server directly, and discovered that it just gave you the same answer no matter what. In other words, the whole thing was a complete and utter fraud. Some spammers put more effort into their fakery, but in the end it comes down to the same thing: it does you no good to follow the removal instructions.

Scott Hazen Mueller / [E-mail me](#)



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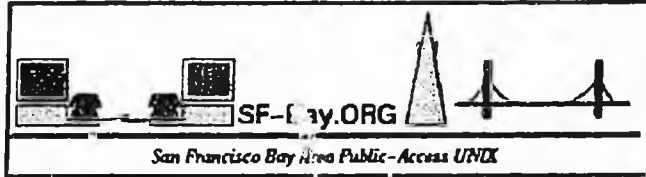
About this site

Our aim with spam.abuse.net is to provide the best collection of anti-spam links and resources to be found anywhere on the Internet. If you know of a page or site or story that would be of interest to the anti-spam community, don't hesitate to bring it to our attention. We also gladly accept new writeups, images and icons from the original creator(s) or with their permission.

Who are we? We're Internetters with a collective century-plus of experience in the online world. Our cast includes

- [Scott Hazen Mueller](#), Editor-in-Chief, Chairman and Founder of [CAUCE US](#), and Director of [International CAUCE \(iCAUCE\)](#);
- [Piete Brooks](#), pb@zorch.sf-bay.org, Tools Department;
- [John Levine](#), johnl@abuse.net, Scams Department;
- [Doug Muth](#), dmuth@zorch.sf-bay.org, Good Sites List;
- [Aliza Panitz](#), buglady@ability.net, News Flashes;
- [David Wright](#), dww@zorch.sf-bay.org, Other Voices.

This site is sponsored by [Scott Hazen Mueller](#) and is hosted by



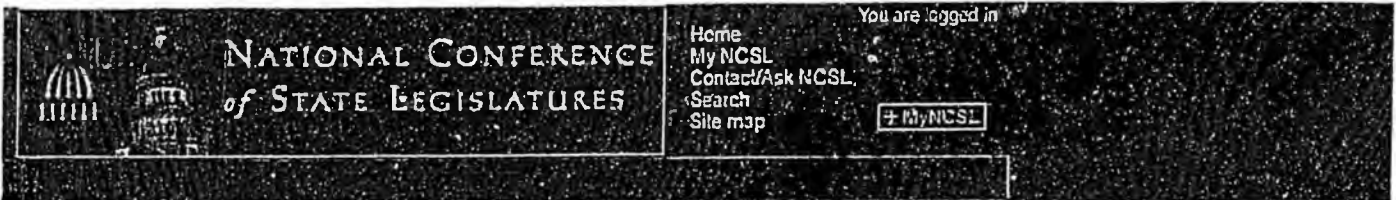
Oh, yeah. We get awards from time to time. About half of the places that have written to notify us about an award have disappeared to one degree or another. Here are the ones that are still extant as of 5 Mar 1999.



Cool Central Site of the Hour for Friday, November 1, 1996 at 3AM.



Cool Central Site of the Day for Thursday, January 8, 1998. Still waiting for that threepat, guys.



State Laws relating to Unsolicited Commercial or Bulk E-mail (SPAM)

August 2, 2002

Twenty-six states have enacted laws regulating unsolicited commercial or bulk electronic mail advertising. These laws generally:

- Prohibit misrepresenting or falsifying the origin of or the routing information on messages; using a third parties Internet address without permission, or including misleading information in the subject line of a message. Some states also prohibit the sale or distribution of software that is designed solely to falsify or forge the point of origin of or the routing information on e-mail messages.
- Require certain information, such as a toll-free telephone number or valid e-mail address, be included in the message so that recipients can opt out of receiving any future messages.
- Require labeling in the subject line of a message, to indicate whether the message contains an advertisement (e.g., ADV:) or materials that may only be viewed, purchased or possessed by adults (e.g., ADV:ADLT).

Arkansas	Ark. Stat. § 5-41-205
California	Calif. Business & Professions Code §§ 17538.4 to .45
California	Calif. Penal Code § 502
Colorado	Colo. Rev. Stat. §§ 6-2.5-101 to -105
Connecticut	Conn. Gen. Stat. § 53-451
Delaware	Del. Code tit. 11 §§ 937 - 938
Idaho	Idaho Code § 48-603E
Illinois	Il. Comp. Stat. 815 ILCS 511/1 to /15, 720 ILCS 5/16D-3
Iowa	Iowa Code §§ 714E.1, 714E.2
Kansas	2002 S.B. 467
Louisiana	La. Rev. Stat. §§ 73.1, 73.6

Maryland	Md. Code § 13-319 (2002 H.B. 915)
Minnesota	Minn. Stat. § 325F.694 (2002 S.B. 2908)
Missouri	Mo. Rev. Stat. §§ 407.1120, 407.1123, 407.1126, 407.1129, 407.1132
North Carolina	N.C. Gen. Stat. §§ 14-453, 14-458
Nevada	Nev. Rev. Stat. §§ 205.492, 205.511 to .513, 41.705 to .735
Ohio	Ohio Rev. Code §§ 2307.64, (2002 S.B. 8)
Oklahoma	Okla. Stat. tit. §§ 776.1, 776.2, 776.3, 776.4
Pennsylvania	Pa. Cons. Stat. tit. 18 § 5903 (1999 S.B. 262, Act. No. 25)
Rhode Island	R.I. Gen. Laws §§ 6-47-2, 11-52-4.1, 11-52-1, 11-52-2, 11-52-6
South Dakota	S.D. Codified Laws § 37-24-37 (2002 S.B. 183)
Tennessee	Tenn. Code §§ 47-18-1602, 47-18-1604, 47-18-2501, 47-18-2502
Utah	Utah Code §§ 13-34-101 to -104 (2002 H.B. 80)
Virginia	Va. Code §§ 18.2-152.4, 18.2-152.12
Washington	Wash. Rev. Code §§ 19.190.010 to .050
West Virginia	W. Va. Code §§ 46A-6G-1 to -6G5
Wisconsin	Wis. Stat. § 944.25



National Conference of State Legislatures
INFO@NCSL.ORG (autoresponse directory)

Denver Office:
7700 East First Place
Denver, CO 80230
Tel: 303-364-7700
Fax: 303-364-7800

Washington Office:
444 North Capitol Street, N.W., Suite 515
Washington, D.C. 20001
Tel: 202-624-5400
Fax: 202-737-1069

Visitor counts for this page.



SPAM with no
unsubscribe link

[Close Window](#)

From: helpmfa9w85nq4t8909191435@yahoo.com

To: lesgara@yahoo.com

Date: Thu, 19 Dec 2002 04:47:51 -0800

Subject: How to Find a Mortgage Lender

We have tried to reach you via phone and got no answer so we wanted to email and say your mortgage rate has been approved.

You have been selected for a 100% no cost to you Mortgage quote that could turn into 30/yr 5.9% Fixed Rates.

[Click Here](#)

>

>

>

How do you know

I got up to my little room and said my prayers

No one likes arrogance

[TE]



SPAM with no unsubscribe link

[Close Window](#)

From: "Alden Concepts" <offers@aldenconcepts.com>
To: lesgara@yahoo.com
Date: Wed, 8 Jan 2003 19:48:41 -0500

This is a great product for submitting your website to thousands of search engines! Easy to use and over 30,000 engines and links!

Benefits

- Register your pages with over 1000 search engines and Directories in minutes.
- Post your links to over 500,000 link pages.
- Submit as many of your URLs as you like at no additional cost.
- 48 Hour, Priority Paid Submission on Altavista, HotBot, Inktomi, LookSmart, MSN, Overture, Slider, whatUseek and many others.
- Analyze how well your web site ranks on major engines.
- Optimize your web pages to improve search engine ranking.

With over 1,500,000 copies downloaded, SubmitWolf PRO is the leading submission program on the internet today.

[CLICK HERE! SUBMIT WOLF PRO 5 !!](#)

=====DISCLAIMER=====

This E-mail is sent in compliance with strict anti-abuse and NO SPAM regulations. The message was sent to you as a response to your ad, an opt-in opportunity, your address was collected as a result of you posting to one of my links, reviewing your web site, you answering one of my classified ads, or you have sent me an E-mail, or you unknowingly had your E-mail added to an opt-in mailing list, or we purchased your name and E-mail address from an opt-in list that you signed-up for and requested more e-biz information.

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Alaska State Legislature



Rep. Tom Anderson, Chair
Rep. Bob Lynn, Vice - Chair
Rep. Nancy Dahlstrom, Member
Rep. Carl Gatto, Member
Rep. Norman Rokeberg, Member
Rep. Harry Crawford, Member
Rep. David Guttenberg, Member

State Capitol
Juneau, Ak 99801-1182
(907) 465-4954
Fax: (907) 465-2418

House Labor & Commerce Committee

MEMORANDUM

Date: February 12, 2003
To: Suzi Lowell, Chief Clerk
From: Representative Tom Anderson, Chairman *T.A.*
House Labor & Commerce Committee
Re: House Labor & Commerce Committee Schedule

The House Labor & Commerce Committee has scheduled to hear the following bills:

Wednesday, February 19th at 3:15 pm. Room 17

+ * HB 36 – Electronic Mail

+ * HB 85 – Credit Reports

Friday, February 21st at 3:15 pm. Room 17

+ * HB 91 – Retired Peace Off Cola/Medical Benefits

- + - Teleconferenced
- * - First Hearing in First Committee of Referral
- = - Bill was Previously Heard/Scheduled

HB

47

Memorandum

To: Representative Anderson
Labor and Commerce Chair


From: Olivia Powell for
Representative Chenault

Date: April 16, 2003

Re: House Bill 47


I just wanted to let you know that we will be using a sponsor substitute for this bill. As soon as we have it ready, we will get you a copy along with the rest of the committee packet.

If you have any questions please call.
465-3779




A Discussion On the Use of Credit Information and Scoring for Insurance

By
Eddy Lo




Topics

1. Introduction and Objectives
2. Fair, Isaac and Company, Inc.
3. Fair Credit Reporting Act
4. Predictiveness
5. Fairness
6. Accuracy
7. Inquiries
8. Current Operations

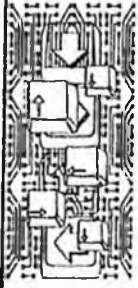


Topics


9. Statistical Correlation
10. Scoring Definitions
11. Scorecard Examples
12. Results
13. Usage of Insurance Bureau Scores
14. Summary
15. Questions & Answers




Introduction and Objectives




- Provide facts on the use of insurance bureau scores
- Answer questions on insurance bureau scores




Fair, Isaac & Company, Inc.




- Founded in 1956, by
 - William R. Fair
 - Earl J. Isaac
- Starting out
 - Better credit decisions by statistics than traditional judgmental methods
- Now
 - Better Decisions Through Data



Fair, Isaac & Company, Inc.




- Industries served
 - Insurance, Finance Services, Government, E-Business, Telecommunications
- Global experience
 - Offices and representations on 6 continents



Fair Isaac.


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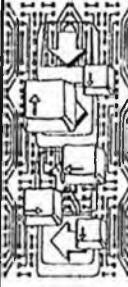


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Fair Credit Reporting Act (FCRA)

- Original statute in 1970
- Major amendments in 1996; effective September 30, 1997
- Requires "consumer reporting agencies" to adopt procedures governing accuracy, relevancy, access to and utilization of "consumer reports"
- Allows consumers access to their files and a complaint procedure




Fair Credit Reporting Act (cont'd)

- Requires users of consumer reports to certify the permissible purpose(s) and use only for certified (permissible) purpose(s); and to give FCRA adverse action notices
- Imposes accuracy-oriented obligations on furnishers of information




Fair Credit Reporting Act (cont')

- Permissible purposes
 - Court order or written instructions of consumer
 - Use in connection with a credit transaction involving the consumer; credit extensions/review of accounts/collections
 - Use for underwriting insurance
 - Employment




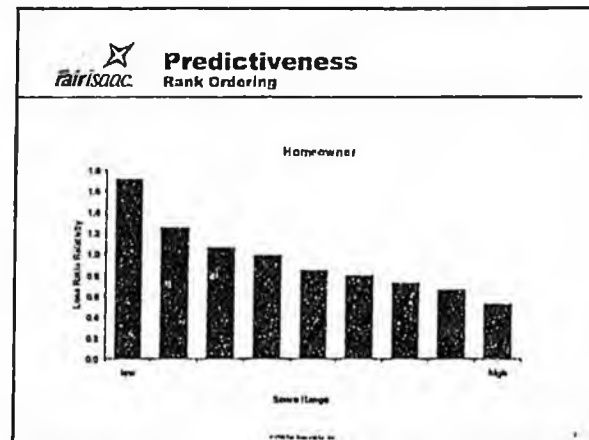
Fair Credit Reporting Act

- Permissible purposes (cont'd)
 - Use by person with other legitimate business need for information in connection with a business transaction initiated by the consumer, or to review an account to determine whether the consumer continues to meet the terms of the account




Fair Credit Reporting Act

- Permissible purposes (cont'd)
 - Prescreening: Use for "transaction not initiated by consumer" for "firm offer of credit or insurance"; permit conditioning the offer on verification of information in credit report or application to ensure that consumer still meets the prescreen criteria at time of acceptance; may also condition offer on information in application meeting pre-established criteria, or on the furnishing of required collateral as disclosed in the offer


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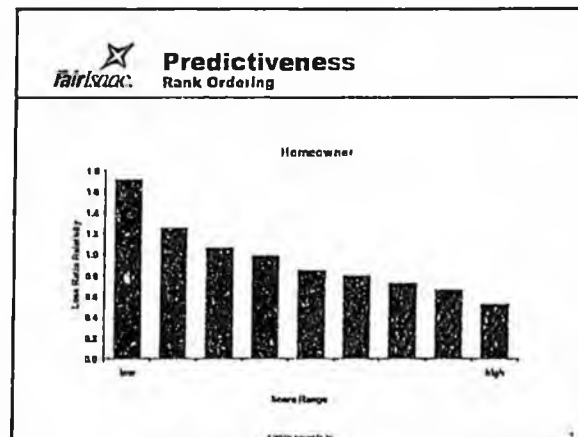
Fair Credit Reporting Act

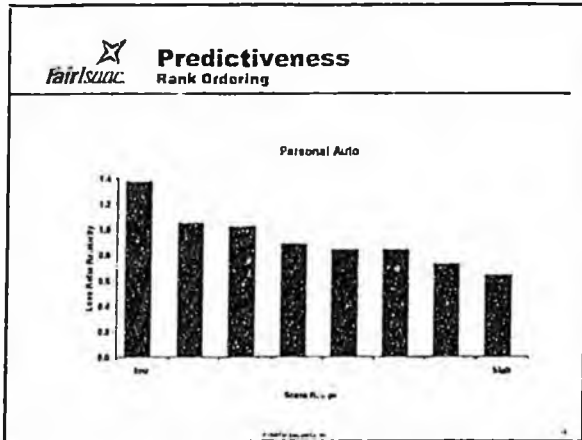
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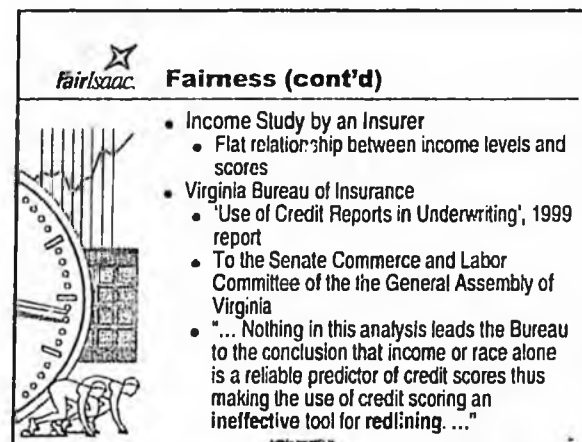
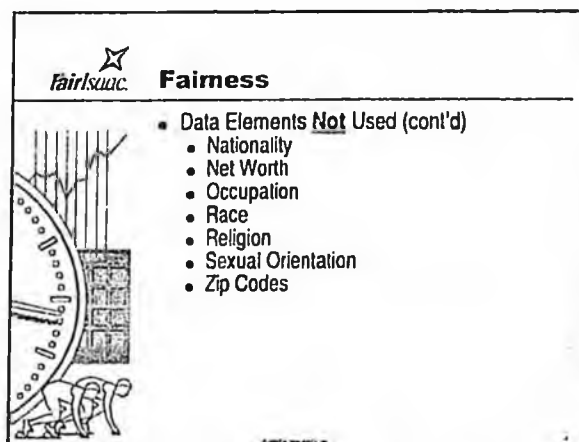
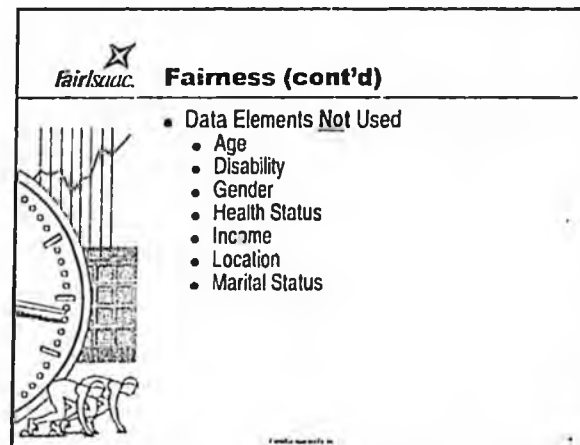
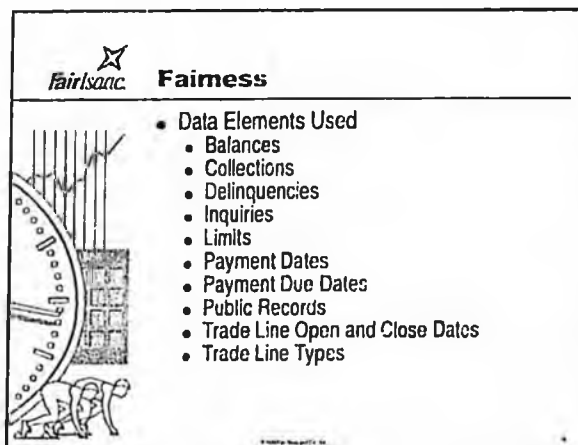
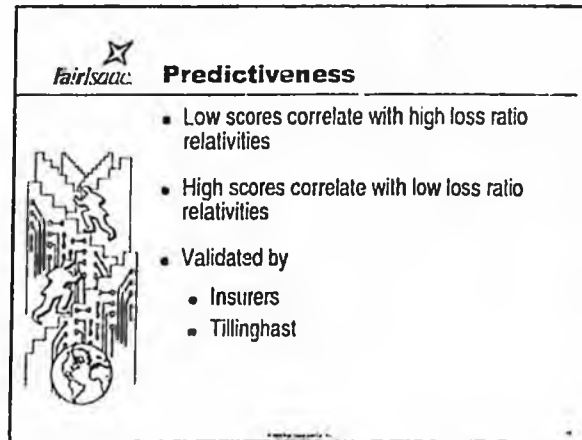
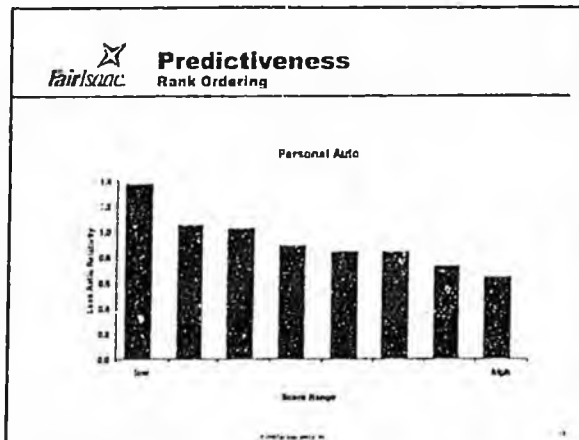
- Fair Isaac** **Predictiveness**
- Low scores correlate with high loss ratio relativities
 - High scores correlate with low loss ratio relativities
 - Validated by
 - Insurers
 - Tillinghast

- Fair Isaac** **Faimess**
- Data Elements Used
 - Balances
 - Collections
 - Delinquencies
 - Inquiries
 - Limits
 - Payment Dates
 - Payment Due Dates
 - Public Records
 - Trade Line Open and Close Dates
 - Trade Line Types

- Fair Isaac** **Faimess (cont'd)**
- Data Elements Not Used
 - Age
 - Disability
 - Gender
 - Health Status
 - Income
 - Location
 - Marital Status


- Fair Isaac** **Faimess**
- Data Elements Not Used (cont'd)
 - Nationality
 - Net Worth
 - Occupation
 - Race
 - Religion
 - Sexual Orientation
 - Zip Codes

- Fair Isaac** **Faimess (cont'd)**
- Income Study by an Insurer
 - Flat relationship between income levels and scores
 - Virginia Bureau of Insurance
 - 'Use of Credit Reports in Underwriting', 1999 report
 - To the Senate Commerce and Labor Committee of the the General Assembly of Virginia
 - "... Nothing in this analysis leads the Bureau to the conclusion that income or race alone is a reliable predictor of credit scores thus making the use of credit scoring an ineffective tool for redlining. ..."



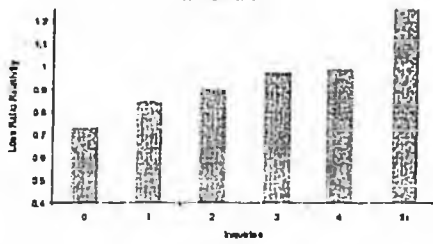
Fair Isaac Accuracy

- FCRA mandate correction process
- 1992 Study
 - Commissioned by Consumer Data Industry Association
 - Based on 15,202 declines
 - 2% dispute on declines
- MVR accepted by most regulators
 - higher error rates



Fair Isaac Inquiries

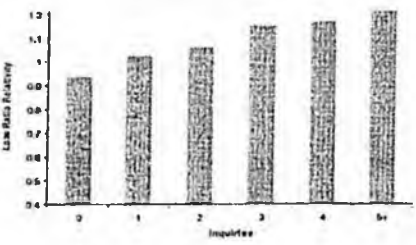
Homeowner



Inquiries	Loss Ratio Relativity
0	0.75
1	0.85
2	0.95
3	1.05
4	1.05
5+	1.25

Fair Isaac Inquiries

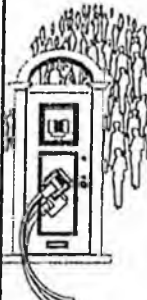
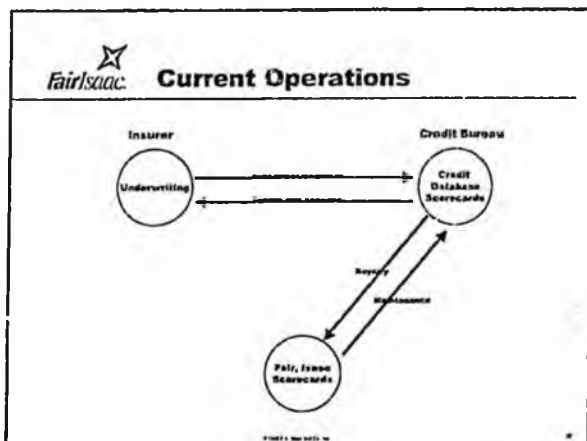
Personal Auto



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Fair Isaac Inquiries

- Predictive of loss ratio relativities
- Fair, Isaac includes consumer-initiated inquiries
- Fair, Isaac excludes inquiries for
 - Marketing / prescreening
 - Account reviews
 - Insurance


Fair Isaac Statistical Correlation

- Personal property
 - 230,000 policies with claims
 - 1,000,000 policies without claims
 - 11 archives



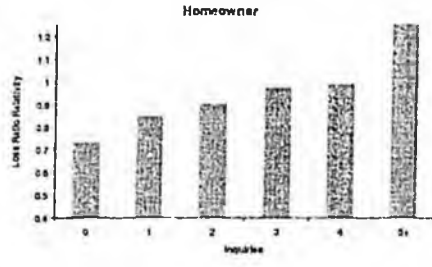
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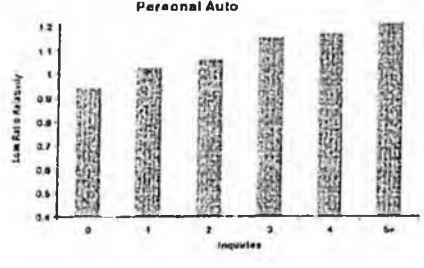
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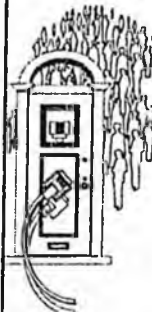
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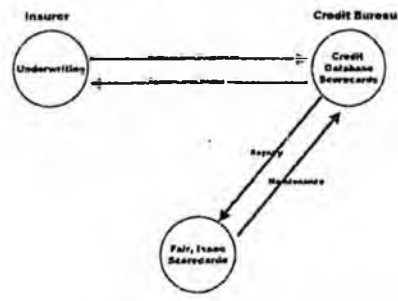
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FairIsaac. Current Operations




```

    graph TD
      Insurer((Insurer Underwrites)) -- Request --> CreditBureau((Credit Bureau Database Security))
      CreditBureau -- Response --> Insurer
      FairIsaac((Fair, Isaac Scorecards)) -- Request --> CreditBureau
      CreditBureau -- Response --> FairIsaac
    
```


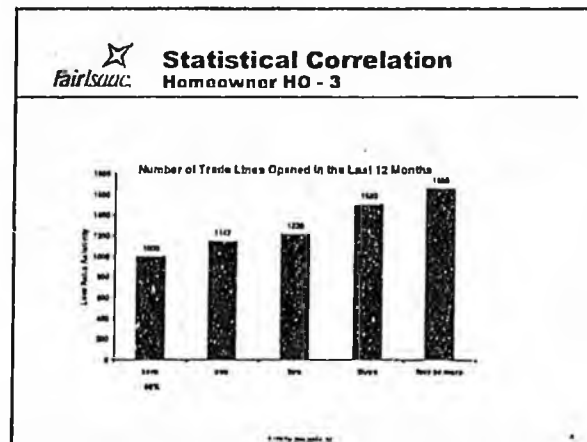
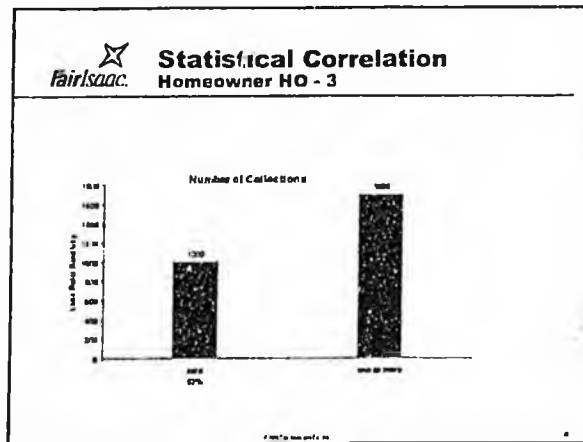
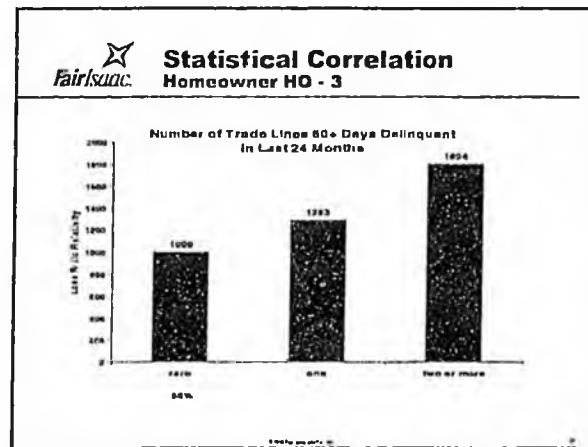
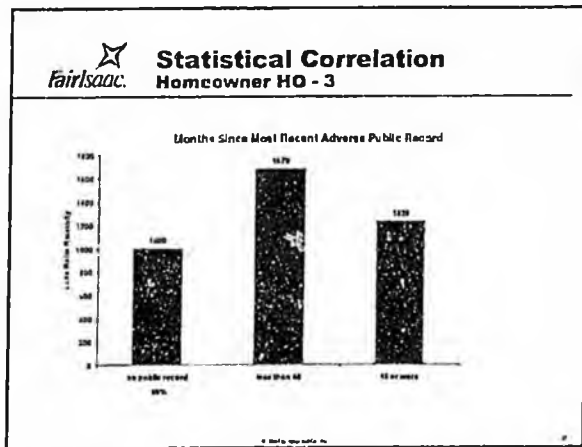
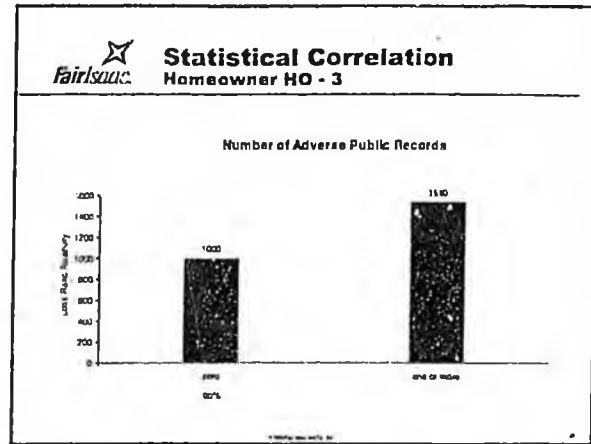
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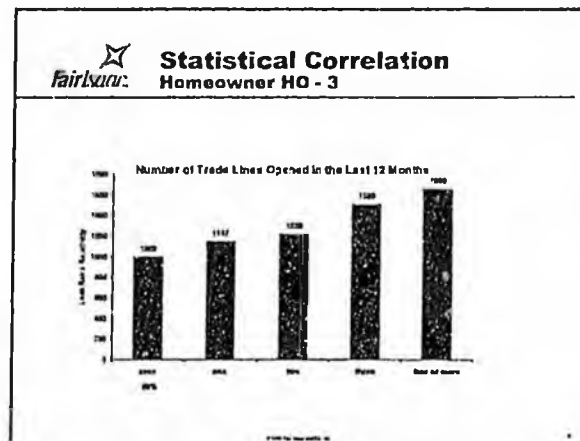
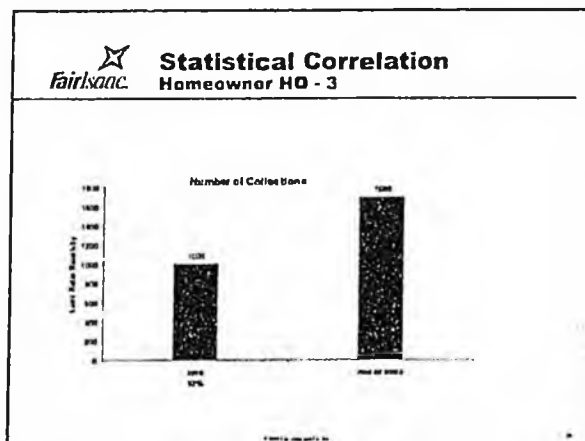
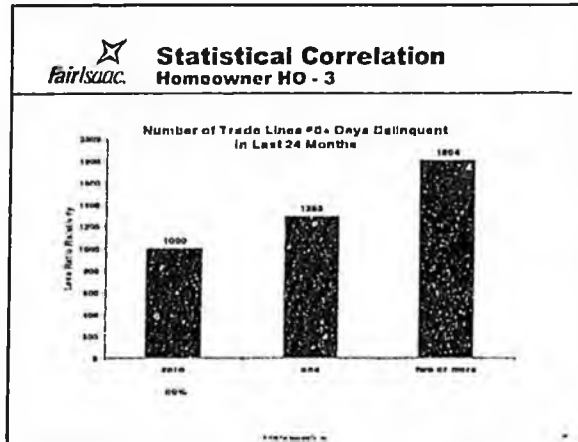
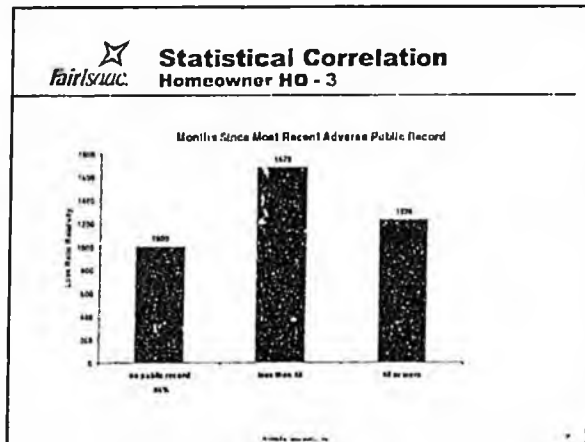
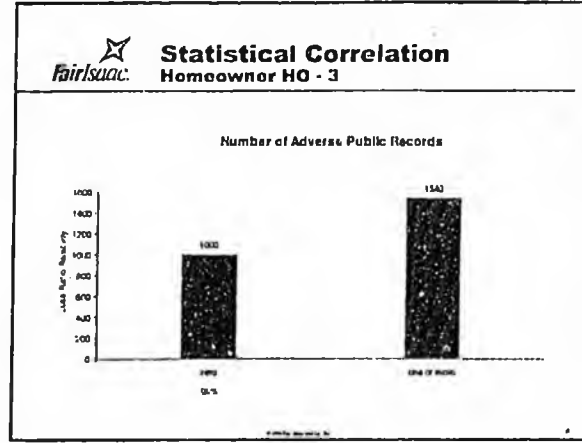
FairIsaac **Statistical Correlation (cont'd)**

- Homeowner univariate analyses
 - Number of adverse public records
 - Months since most recent adverse public record
 - Number of trade lines 60+ days delinquent in last 24 months
 - Number of collections
 - Number of trade lines opened in the last 12 months


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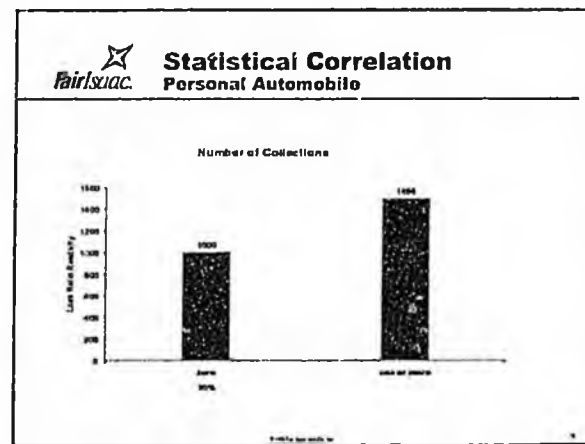
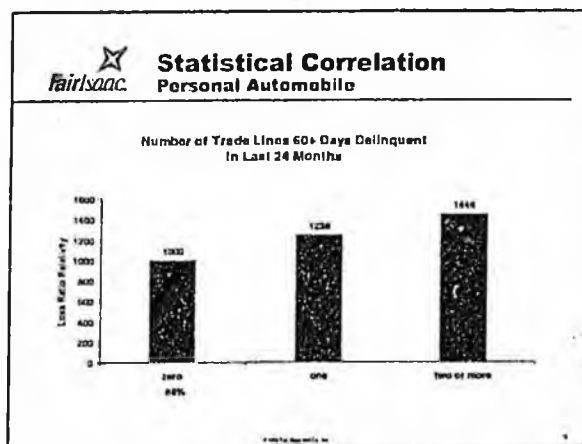
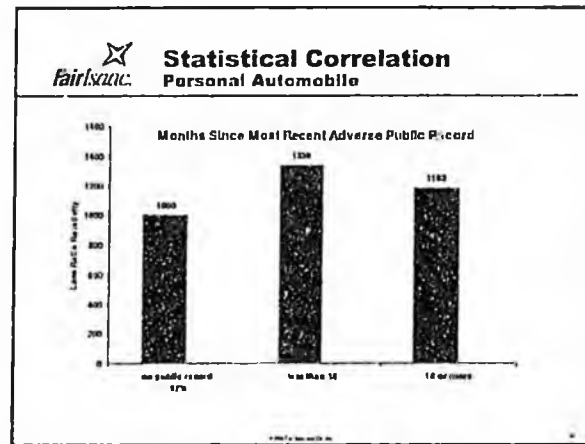
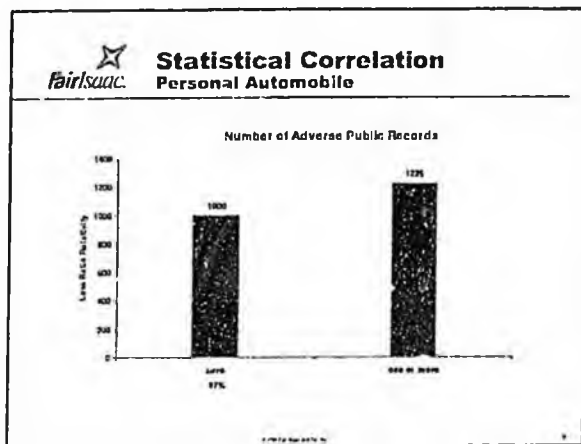
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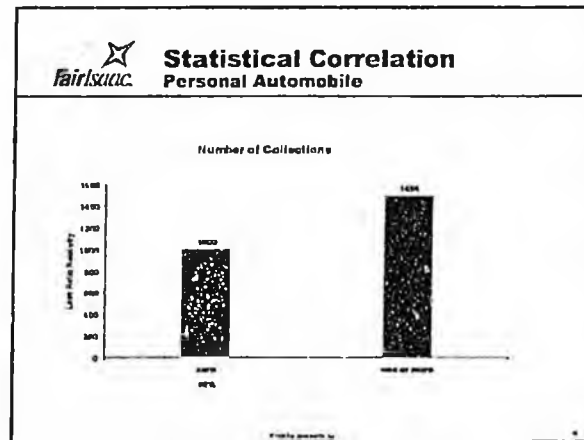
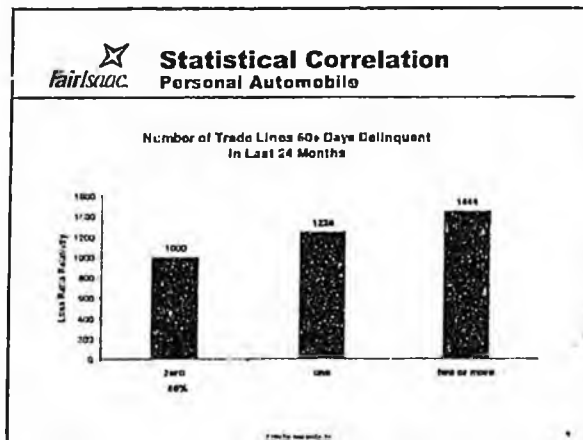
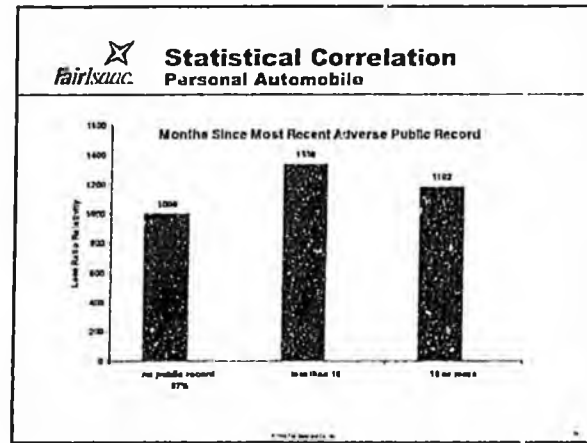
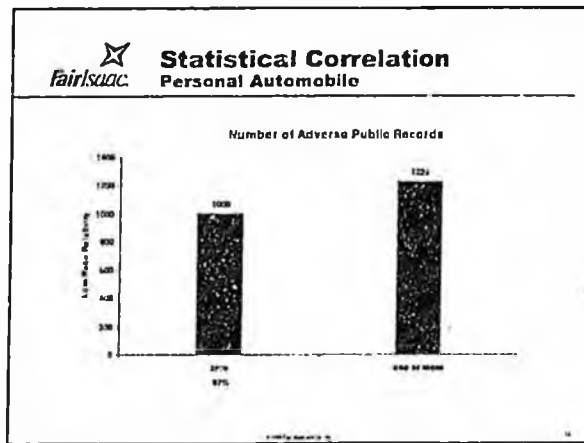
Fair Isaac **Statistical Correlation (cont'd)**

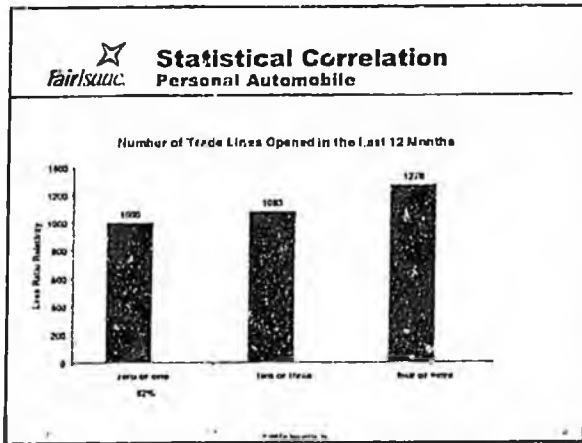
- Personal auto
 - 350,000 policies with claims
 - 1,000,000 policies without claims
 - 6 archives



Fair Isaac **Statistical Correlation (cont'd)**

- Personal auto univariate analyses
 - Number of adverse public records
 - Months since most recent adverse public record
 - Number of trade lines 60+ days delinquent in last 24 months
 - Number of collections
 - Number of trade lines opened in the last 12 months



- Fair Isaac** **Scoring Definitions**
- A score for an insurance risk
 - Is a numeric summary
 - Of the impact on loss ratio relativity
 - Based on a certain set of predictive characteristics of the risk
 - A model/scorecard is an algorithm, a table, or a piece of computer software
 - That will calculate a score
 - Based on a certain set of characteristics
 - Provided for a risk

- Fair Isaac** **Scoring Definitions (cont'd)**
- The 4 reason codes for a score are the 4 reasons that contributed most significantly, positively or negatively, to the calculation of a score

- Fair Isaac** **Scorecard Examples**
- Simple homeowner scorecard
 - Overlapping characteristics
 - weights adjusted

Fair Isaac **Scorecard Examples**
Simple Homeowner Scorecard

Number Adverse Public Records

zero	one or more
30	0

Months Since Most Recent Adverse Public Record

no public record	less than 48	48 or more
30	0	10

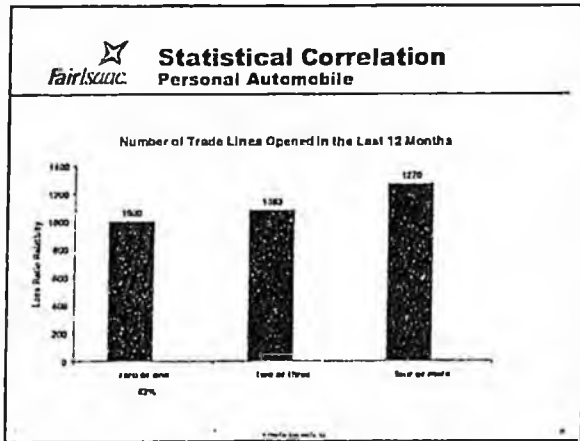
Fair Isaac **Scorecard Examples**
Simple Homeowner Scorecard

Number of Trade Lines 60+ Days Delinquent in Last 24 Months

zero	one	two or more
25	10	0

Number of Collections

zero	one or more
20	0



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 - Based on a certain set of predictive characteristics of the risk
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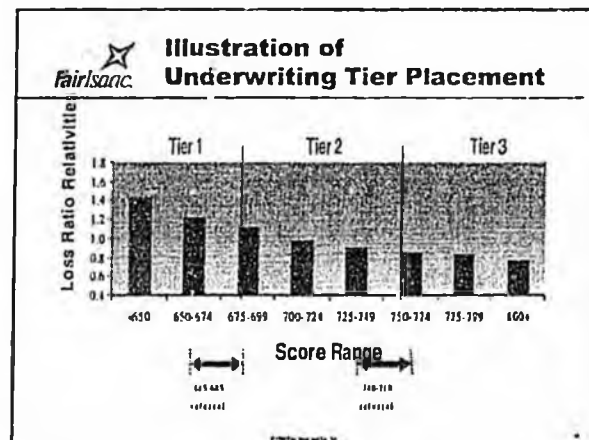
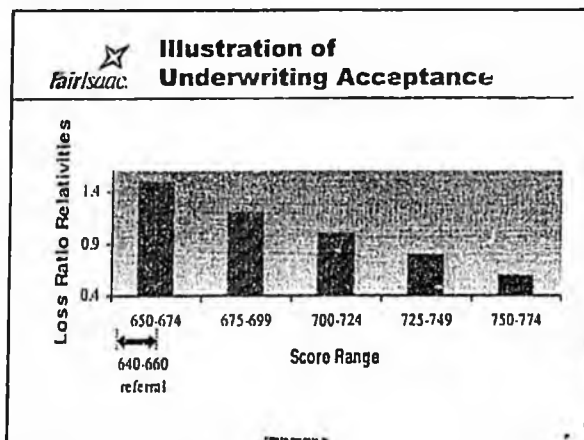
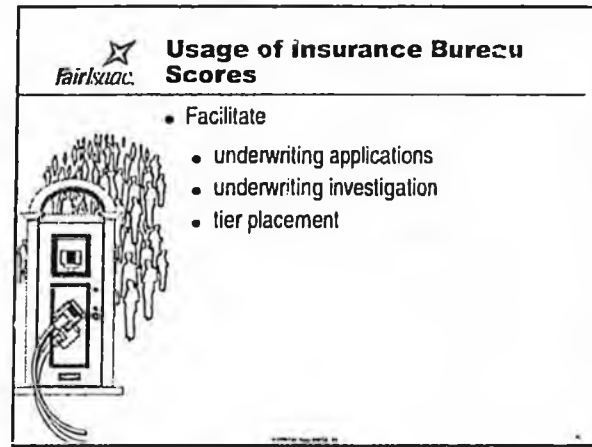
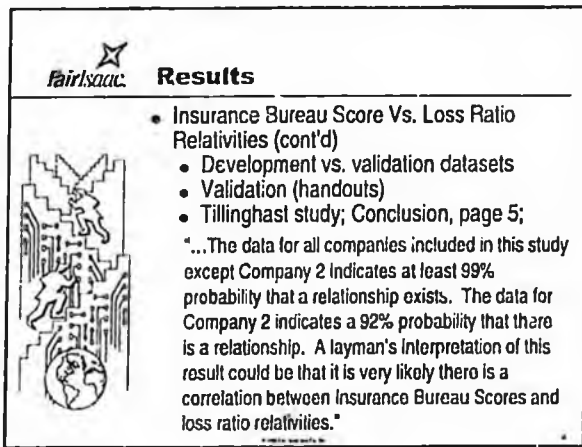
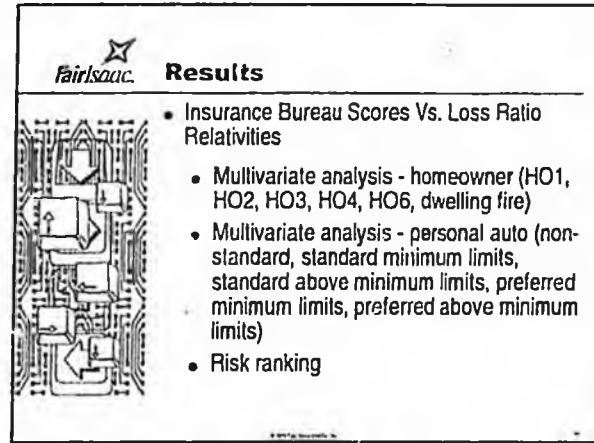
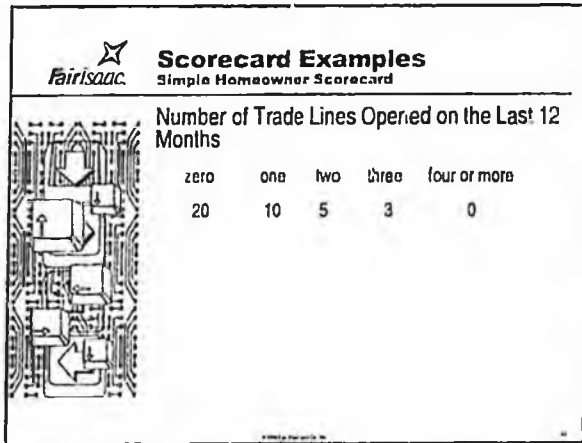
Number Adverse Public Records		
zero	one or more	
30	0	

Months Since Most Recent Adverse Public Record		
no public record	less than 48	48 or more
30	0	10

Fair Isaac **Scorecard Examples**
Simple Homeowner Scorecard

Number of Trade Lines 60+ Days Delinquent in Last 24 Months		
zero	one	two or more
25	10	0

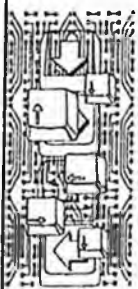
Number of Collections		
zero	one or more	
20	0	



Fair Isaac **Scorecard Examples**
Simple Homeowner Scorecard

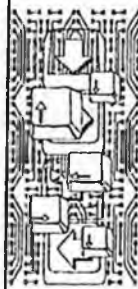
Number of Trade Lines Opened on the Last 12 Months

zero	one	two	three	four or more
20	10	5	3	0



Fair Isaac **Results**


- Insurance Bureau Scores Vs. Loss Ratio Relativities
 - Multivariate analysis - homeowner (HO1, HO2, HO3, HO4, HO6, dwelling fire)
 - Multivariate analysis - personal auto (non-standard, standard minimum limits, standard above minimum limits, preferred minimum limits, preferred above minimum limits)
 - Risk ranking



Fair Isaac **Results**


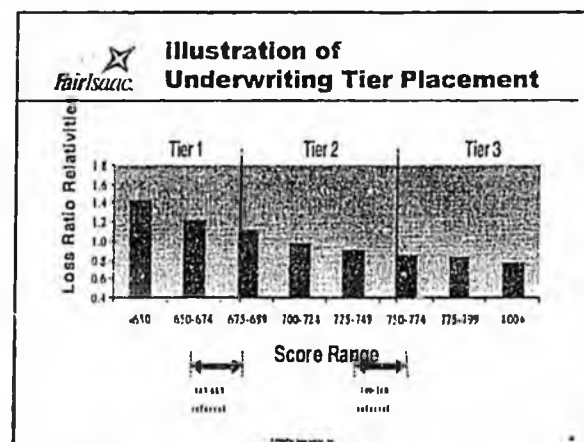
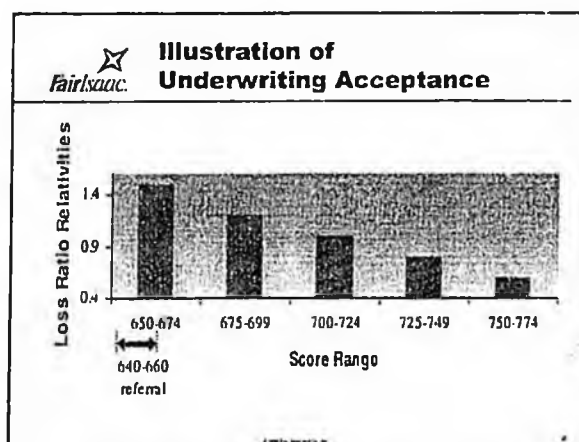
- Insurance Bureau Score Vs. Loss Ratio Relativities (cont'd)
 - Development vs. validation datasets
 - Validation (handouts)
 - Tillinghast study; Conclusion, page 5;


...The data for all companies included in this study except Company 2 indicates at least 99% probability that a relationship exists. The data for Company 2 indicates a 92% probability that there is a relationship. A layman's interpretation of this result could be that it is very likely there is a correlation between Insurance Bureau Scores and loss ratio relativities."




Fair Isaac **Usage of Insurance Bureau Scores**


- Facilitate
 - underwriting applications
 - underwriting investigation
 - tier placement





 **Summary**





- FCRA Makes Insurance Bureau Scores Usable for Insurance Underwriting and Marketing
- Poll says Insurance Bureau Scores are favored
- Tillinghast Study confirms loss ratio relativities and Insurance Bureau Scores relationship
- Credit reports more accurate than Motor Vehicle Reports
 - Credit report accuracy further enhanced by corrections

 **Summary**





- Insurance Bureau Scores summarize credit history succinctly and nothing else
- The relationship between how people maintain their credit and property is simply common sense
 - Good credit managers are good risk managers
 - Credit management reflected in Insurance Bureau Scores

 **Summary**





- Insurance Bureau Scores deliver a fair shake
 - Insurance Bureau Scores do not look at race, creed, gender, marital status, income, age, etc.
 - Insurance Bureau Scores do not worsen discrimination nor add to it
 - Scoring remedies discrimination
 - Insurance Bureau Scores can control discrimination
 - Insurance Bureau Scores do not unfairly discriminate

 **Summary**




- Insurance Bureau Scores help to open up markets
- Scoring leads to precision underwriting
 - Insurance Bureau Scores facilitate consistent underwriting
 - Insurance Bureau Scores don't make decisions, people do
 - Insurance Bureau Scores provide input to refine decisions
 - Insurance Bureau Scores provide more objectivity and accuracy


 **Summary**




- Insurance Bureau Scores help underwriters focus on risks needing attention most
- Insurance Bureau Scores help to reduce premium subsidies/inequity
- Insurance Bureau Scores strengthen insurer solvency
- Fair, Isaac expertise to share


 **Materials**


1. Training Guide – Credit Report
2. Scoring Factors - Reasons and Codes
3. Answers to Your Questions about Insurance Bureau Scores

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 fair Isaac.

Questions & Answers



Questions & Answers

FAIR, ISAAC INSURANCE BUREAU SCORES - EXPANDED SCORE REASON TEXT
(For Trans Union ASSIST 2.0)

Reason Code	Current Text	Expanded Reason Text
51	Current outstanding balances on accounts (-)	<p>The score measures how much you owe on the accounts that are listed on your credit bureau report. For revolving accounts (such as credit cards and bankcards), the total outstanding balance on your last statement is generally the amount that will show in your credit bureau report. Even if you pay off your credit cards in full every month, your credit bureau report may show the last billing statement balance on those accounts. Research reveals that consumers owing larger amounts on their credit accounts have greater insurance loss risk than those who owe less. You can improve your insurance bureau score by paying off your debts. Consolidating or moving your debt around from one account to another will not, however, raise your score, since the same amount is still owed. The best advice is to pay off your debts as quickly as you can.</p>
52	Recent delinquency (-)	<p>Analysis of consumer credit histories shows that consumers with previous late payments are much more likely to have greater insurance loss risk in the future. The insurance bureau score evaluates not only the presence of previous late payments, but also how recently the missed payments occurred. In general, the more recently a payment was missed, the greater the risk, and the lower the score. There is no "quick" fix to raise your score if the late payment on your credit bureau report is valid. Note that closing an account on which you had previously missed a payment does not make the late payment disappear from your credit bureau report. In order to improve your credit score over time, you need to pay your bills on time. The longer you pay your bills on time, the better the score. If you have late payments, get caught up on back payments and stay current. As time passes the importance of these previous late payments will gradually lessen and the score will increase – as long as you make your payments on time on all of your credit obligations, and use your available credit responsibly.</p>
54	Too many accounts with balances (-)	<p>Analysis finds that carrying balances on too many credit accounts at once is a predictor of future insurance loss risk. Even if you pay off your credit card balances in full every month, your credit bureau report may show the last billing statement balance on those accounts. In order to improve your insurance bureau score, pay down the balances on your credit obligations. For revolving accounts, once they are paid down keep your balances low. Note that consolidating your debt by transferring balances from many accounts onto fewer accounts will not necessarily raise your score, because the same total amount is still owed.</p>

FAIR, ISAAC INSURANCE BUREAU SCORES - EXPANDED SCORE REASON TEXT
(For Trans Union ASSIST 2.0)

Reason Code	Current Text	Expanded Reason Text
55	Too many consumer finance company accounts (-)	Research shows that consumers with consumer finance company loans appearing on their credit report represent higher insurance loss risk than those with no consumer finance company loans. (Note that after a consumer finance company account is closed, it will not disappear from the credit report immediately. Research shows that the presence of consumer finance company accounts on the credit report, whether open or closed, is still predictive of future insurance loss risk; thus they will still be considered by the score.) The best way to improve your insurance bureau score is by managing all of your accounts responsibly, not missing any payments, and not opening new credit accounts you don't need.
56	Too many recent credit checks (-)	This reason appears when your credit bureau report contains a large number of inquiries posted as a result of your applications for credit. Research shows that consumers who are seeking several new credit accounts have greater insurance loss risk than consumers who are not seeking credit. There are different types of inquiries that reside on your credit bureau report. The score only considers those inquiries that were posted as a result of your applications for credit. Other types of inquiries, such as promotional inquiries (where a lender has pre-approved you for a credit offer), account review inquiries (where a lender requests a report to review an existing account), consumer disclosure inquiries (where you have requested a copy of your own report) and insurance inquiries are not considered by the score. The scores can identify "rate shopping" in the mortgage- and auto-lending environment, so that one credit search involving multiple inquiries is usually only counted as a single inquiry. Typically, the presence of inquiries on your credit file has only a small impact on insurance bureau scores, carrying much less importance than late payments, the amount you owe, and the length of time you have used credit. As time passes the age of your most recent inquiry will increase, and your score will rise as a result, provided you do not apply for additional credit in the meantime. Typically inquiries are purged from the credit bureau files after two years. A common misperception is that every single inquiry will drop your score a certain number of points. This is not true. The impact of inquiries on your score will vary – depending on your overall credit profile. Inquiries will usually have a larger impact on the score for consumers with limited credit history and on consumers with previous late payments. The most prudent action to raise your score over time is by applying for credit only when you need it.
57	Too many new accounts (-)	Analysis finds that opening several credit accounts in a short period of time represents increased insurance loss risk in the future - especially for consumers who do not have a long credit history. Therefore, only apply for needed credit and wait before you apply for more. The best way to improve your insurance bureau score is by responsibly managing all of your accounts, including newly opened accounts, and not missing any payments.

FAIR, ISAAC INSURANCE BUREAU SCORES - EXPANDED SCORE REASON TEXT
(For Trans Union ASSIST 2.0)

Reason Code	Current Text	Expanded Reason Text
58	Proportion of revolving balances to revolving credit limits is too high or there are no revolving credit accounts (-)	Analysis of consumer credit behavior finds that owing a substantial balance on revolving accounts (such as credit cards and bankcards) relative to the amount of revolving credit available to you represents increased insurance loss risk. In fact, the level of revolving debt is one of the most important factors in the insurance bureau score. The score evaluates your total balances in relation to your total available credit on revolving accounts, as well as on individual revolving accounts. For a given amount of revolving credit available, a greater amount owed indicates a greater risk, and lowers the score. (For credit cards, the total outstanding balance on your last statement is generally the amount that will show in your credit bureau report. Even if you pay off your credit cards in full every month, your credit bureau report may show the last billing statement balance on those accounts.) Paying down your revolving account balances is a good sign that you are able and willing to manage and repay your debt, and this will increase your score. On the other hand, shifting balances among revolving accounts, opening up new revolving accounts, and closing down other revolving accounts will not necessarily improve your score, and could possibly decrease your score. This reason can also appear when no revolving accounts appear on the credit bureau report, or all such accounts are closed, or are no longer being reported by the lender.
59	Excessive amount owed on revolving accounts (-)	The score measures how much you owe on the revolving accounts (such as credit cards and bankcards) that are listed on your credit bureau report. For credit cards, the total outstanding balance on your last statement is generally the amount that will show in your credit bureau report. Even if you pay off your credit cards in full every month, your credit bureau report may show the last statement balance on those accounts. Research has shown that consumers owing larger amounts on their revolving credit accounts have greater future insurance loss risk than those who owe less. You can improve your insurance bureau score by paying off your debts. Consolidating or moving your debt around from one account to another will not, however, raise your score, since the same amount is still owed. The best advice is to pay off your debts as quickly as you can.
61	Delinquency date too recent (or date unknown) (-)	Analysis of consumer credit histories shows that consumers with previous late payments are much more likely to have higher insurance loss risk in the future. The insurance bureau score evaluates not only the presence of previous late payments, but also how recently the missed payments occurred. In general, the more recently a payment was missed, the greater the risk, and the lower the score. There is no "quick" fix to raise your score if the late payment on your credit bureau report is valid. (Credit account delinquencies stay on your report for up to seven years. Note that closing an account on which you had previously missed a payment does not make the late payment disappear from your credit bureau report.) In order to improve your insurance bureau score over time, you need to pay your bills on time. The longer you pay your bills on time, the better the score. If you have late payments, get caught up on back payments and stay current. As time passes the importance of these previous late payments will gradually lessen and the score will increase – as long as you make your payments on time on all of your credit obligations, and use your available credit responsibly. In rare cases, evidence of a past missed payment on a credit account is present on the credit report, but the date of the late payment cannot be determined exactly. An "undateable" credit account delinquency on a credit report still represents greater risk than never having missed a payment at all, and thus it will still affect the score.

FAIR, ISAAC INSURANCE BUREAU SCORES - EXPANDED SCORE REASON TEXT
(For Trans Union ASSIST 2.0)

Reason Code	Current Text	Expanded Reason Text
62	Insufficient length of credit history (-)	This reason is based on the age of the accounts on your credit bureau report (the age of the oldest account, the average age of accounts, or both). Research shows that consumers with longer credit histories have lower insurance loss risk than those with shorter credit histories. Also, consumers who frequently open new accounts have greater insurance loss risk than those who do not. Therefore, only apply for needed credit and wait before you apply for more. All other factors being equal, your score is likely to improve as your credit history ages.
63	Delinquency (-)	Research reveals that consumers with previous late payments are much more likely to have higher insurance loss risk in the future. The score evaluates not only the presence of previous late payments, but also how late the payments were. For example, a payment that was 90 days late correlates with greater risk than a payment that was 60 days late, if they occurred around the same time. There is no "quick" fix to raise your score if the late payment on your credit bureau report is valid. In order to improve your insurance bureau score over time, you need to pay your bills on time. The longer you pay your bills on time, the better the score. If you have late payments, get caught up on back payments and stay current. As time passes the importance of these previous late payments will gradually lessen and the score will increase – as long as you make your payments on time on all of your credit obligations, and use your available credit responsibly.
65	Past due balances (-)	This reason appears when there is evidence of recently missed payments on your credit bureau report. If one of your accounts is being reported in delinquent status, the amount past due on the account is indicated on your credit bureau report. Research demonstrates that the greater the past due amount, the higher the insurance loss risk. In order to improve your insurance bureau score you need to pay your bills on time. If you have missed payments, get caught up on back payments and stay current. The longer you pay your bills on time, the better your score. Closing an account on which a past due amount is still owed does not make it disappear from your credit bureau report.
67	Presence of collection account (-)	This reason appears whenever there is a collection agency reference on your credit bureau report. Studies reveal that consumers with collection agency references are much more likely to represent greater insurance loss risk in the future. There is no "quick" fix to improve the score if the collection item on your credit bureau report is valid. However, as these become older, their impact on the score will gradually decrease and eventually they will have no impact on the score. Note that satisfying or paying off the collection item will not remove this information from your credit bureau report. The fact that it occurred is still predictive of future insurance loss risk, and thus it will still be considered by the score.

FAIR, ISAAC INSURANCE BUREAU SCORES - EXPANDED SCORE REASON TEXT
(For Trans Union ASSIST 2.0)

Reason Code	Current Text	Expanded Reason Text
68	Too many revolving accounts with balances (-)	Research shows that carrying balances on too many revolving accounts (such as credit cards and bankcards) at once is a predictor of future insurance loss. Even if you pay off your balance in full every month, your credit bureau report may show the last billing statement balance on those accounts. In order to improve your insurance bureau score, pay down those revolving account balances. And once they are paid down, keep your balances lower on credit cards and other revolving debt. Note that consolidating your debt by transferring balances from many accounts onto fewer accounts will not necessarily improve your score, because the same total amount is still owed. Paying off your debt is the best way to raise your score.
69	Date of last credit check too recent or unknown (-)	This reason appears when your credit bureau report contains recent inquiries posted as a result of your applications for credit. Research shows that consumers who are seeking several new credit accounts have greater insurance loss risk than consumers who are not seeking credit. Inquiries are the only information lenders have that indicates a consumer is actively seeking credit. There are different types of inquiries that reside on your credit bureau report. The score only considers those inquiries that were posted as a result of your applications for credit. Other types of inquiries, such as promotional inquiries (where a lender has pre-approved you for a credit offer), account review inquiries (where a lender requests a report to review an existing account), consumer disclosure inquiries (where you have requested a copy of your own report) and insurance inquiries are not considered by the score. The scores can identify "rate shopping" in the mortgage- and auto-lending environment, so that one credit search involving multiple inquiries is usually only counted as a single inquiry. Typically, the presence of inquiries on your credit file has only a small impact on insurance bureau scores, carrying much less importance than late payments, the amount you owe, and the length of time you have used credit. As time passes the age of your most recent inquiry will increase, and your score will rise as a result, provided you do not apply for additional credit in the meantime. Typically inquiries are purged from the credit bureau files after two years. A common misperception is that every single inquiry will drop your score a certain number of points. This is not true. The impact of inquiries on your score will vary – depending on your overall credit profile. Inquiries will usually have a larger impact on the score for consumers with limited credit history and on consumers with previous late payments. The most prudent action to raise your score over time is by applying for credit only when you need it.
70	Insufficient time since most recent account established (-)	Research shows that consumers who have recently opened new credit accounts have greater insurance loss risk than those who have not. As with many other elements of the insurance bureau score, this component of the score will improve with time. To improve your score, avoid opening new credit accounts unless necessary. It is possible that opening additional new accounts may lower your score.

FAIR, ISAAC INSURANCE BUREAU SCORES - EXPANDED SCORE REASON TEXT
(For Trans Union ASSIST 2.0)

Reason Code	Current Text	Expanded Reason Text
71	Unfavorable number of installment loan accounts (-)	Your credit bureau report shows more installment loan accounts than other consumers with credit histories of similar length. Research has shown that consumers with a relatively large number of installment loan accounts appearing on their credit bureau report represent higher insurance loss risk than consumers with fewer installment loans. Therefore, avoid applying for installment loans that you don't need and pay down the balances on your existing installment loan obligations. (Note that closing your existing installment loans or paying them off in full will not necessarily make them disappear from your credit bureau report immediately.)
75	Proportion of loan balances to installment loan amounts is too high (-)	Simply having installment loans and owing money on them does not indicate higher insurance loss risk. To the contrary, paying down installment loans is a good sign that you are able and willing to manage and repay debt, and evidence of successful repayment weighs favorably on your insurance bureau score. The insurance bureau score examines many aspects of your current installment loan and revolving balances. One measurement is to compare the total outstanding installment balances against the total original loan amounts. Generally, the closer the loans are to being fully paid off, the better the score. Compared to other measurements of indebtedness, however, this has limited influence on the insurance bureau score. Your best strategy to improve your score is to pay down your installment loan or loans as quickly as possible.
82	Finance company account opened recently (-)	Research shows that consumers who have recently opened new consumer finance company accounts have greater insurance loss risk than those who have not. As with many other elements of the insurance bureau score, this component of the score will improve with time. To improve your score, avoid opening new credit accounts unless necessary.
87	Unfavorable number of revolving or open accounts (-)	This reason appears when your credit report shows more bankcard accounts (such as Visa, MasterCard, Discover, American Express, Diners Club, etc.) than other consumers with credit histories of similar length. Research has shown that consumers with a relatively large number of bankcard accounts appearing on their credit bureau report represent higher insurance loss risk than consumers with fewer bankcard accounts. Therefore, avoid applying for credit you don't need, or don't intend to use. This reason may also appear when no bankcard accounts appear on your credit report, or all such accounts are closed, or are no longer being reported by the lender. Opening a bankcard account might be a long-term strategy to improve your score. However, new account openings and the associated inquiries may lower your score in the short term. Over time you will build a history which demonstrates your ability to manage different types of credit.

FAIR, ISAAC INSURANCE BUREAU SCORES - EXPANDED SCORE REASON TEXT
(For Trans Union ASSIST 2.0)

Reason Code	Current Text	Expanded Reason Text
88	Unfavorable number of adverse public records (-)	This reason appears whenever there is a derogatory public record on your credit bureau report. While it may vary from state to state, in general derogatory public records include bankruptcies, foreclosures, suits, liens and judgments. Studies reveal that consumers with derogatory public records are much more likely to represent higher insurance loss risk in the future. There is no "quick" fix to improve the score if the derogatory public record on your credit bureau report is valid. However, as these become older, their impact on the score will gradually decrease and eventually they will have no impact on the score. Note that satisfying or paying off the derogatory public record will not remove this information from your credit bureau report. The fact that it occurred is still predictive of future insurance loss risk, and thus it will still be considered by the score.
89	Unfavorable number of accounts currently paid as agreed (-)	There are two possible reasons why this reason may appear on your credit report. The first possibility is if one or more of your accounts is presently being reported in delinquent status, or your report shows evidence of missed payments in the past. If you have missed payments, get caught up on back payments and stay current. The longer you pay your bills on time, the better your score. Second, if no missed payments appear on your credit report, and this reason appears, then your score would be improved by adding more successful repayment history to your record. Research shows that consumers with a moderate number of successfully paid accounts appearing on their credit bureau report have lower future insurance loss risk than consumers with just a few such accounts on file.
90	Recent collection (-)	For consumers with collection agency references on their credit bureau reports, a strong predictor of future insurance loss is the recency of the item. All other factors being equal, your insurance bureau score will improve with time as your collection item becomes older. There is no "quick" fix to raise your score if the collection item on your credit bureau report is valid. Your best course of action to improve your credit rating is to get caught up on back payments and stay current on all of your credit obligations. The longer you pay your bills on time, the better your score. Note that satisfying or paying off a collection item does not make it disappear from your credit report. Research shows that the fact that it occurred is still predictive of future insurance loss, and thus it will still be considered by the score.
91	Recent adverse public records (-)	For consumers with derogatory public records on their credit bureau reports, a strong predictor of future insurance loss is the recency of the item. While it may vary from state to state, in general derogatory public records include bankruptcies, foreclosures, suits, liens and judgments. All other factors being equal, your insurance bureau score will improve with time as your derogatory public record becomes older. There is no "quick" fix to raise your score if the derogatory item on your credit bureau report is valid. Your best course of action to improve your credit rating is to get caught up on back payments and stay current on all of your credit obligations. The longer you pay your bills on time, the better your score. Note that satisfying or paying off a derogatory public record does not make it disappear from your credit report. Research shows that the fact that it occurred is still predictive of future insurance loss, and thus it will still be considered by the score.

TransUnion ASSIST[®] 2.0 Scoring Factors

Positive Characteristics

Code		Code	
001	Favorable amount owed on accounts (+)	023	Favorable time since most recent installment loan established (+)
002	No recent delinquency (+)	024	Favorable number of accounts with large high credit amounts (+)
003	Presence of revolving credit accounts (+)	025	Proportion of loan balances to installment loan amounts is favorable (+)
004	Favorable number of accounts with outstanding balances (+)	026	Favorable number of real estate accounts (+)
005	Favorable number of finance accounts (+)	027	Favorable number of new or existing finance company accounts (+)
006	Favorable number of recent credit checks (+)	028	No delinquency ever on installment loans (+)
007	Favorable number of new accounts (+)	029	Favorable percentage of open revolving accounts to all other accounts (+)
008	Proportion of revolving balances to revolving credit limits is favorable (+)	030	Favorable number of accounts (+)
009	Favorable amount owed on revolving accounts (+)	031	No delinquency on open revolving accounts (+)
010	Favorable length of revolving credit history (+)	032	Favorable length of time since most recent finance company account opened (+)
011	No past delinquency or favorable length of time since last delinquency (+)	033	Favorable number of accounts (+)
012	Favorable length of credit history (+)	034	Favorable time since most recent retail account opened or none present (+)
013	No current or past delinquencies (+)	035	No finance company accounts or no recently active finance company accounts (+)
015	Minimal or no past due balances (+)	036	Favorable number of recently active accounts (+)
017	Absence of collection accounts (+)	037	Favorable number of revolving or open accounts (+)
018	Favorable number of revolving accounts with balances (+)	038	Favorable number of adverse public records (+)
019	Favorable time since last credit check (+)	039	Favorable number of accounts currently paid as agreed (+)
020	Favorable time since most recent account established (+)	040	Favorable time since last collection (+)
021	Favorable number of installment loan accounts (+)	041	Favorable time since last adverse public record (+)
022	Favorable number of installment loan accounts with outstanding balances (+)		

Negative Characteristics

Code		Code	
051	Excessive or unknown amount owed on accounts (-)	073	Insufficient time since most recent installment loan established (-)
052	Recent delinquency (-)	074	Too many accounts with high credit amounts (-)
053	Absence of revolving credit accounts (-)	075	Proportion of loan balances to installment loan amounts is too high (-)
054	Too many accounts with balances (-)	076	Unfavorable number of real estate accounts (-)
055	Too many finance company accounts (-)	077	Too many new or existing finance company accounts (-)
056	Too many recent credit checks (-)	078	Prior installment loan delinquency or no installment loans present (-)
057	Too many new accounts (-)	079	Unfavorable percentage of open revolving accounts to all other accounts (-)
058	Proportion of revolving balances to revolving credit limits is too high or there are no revolving credit accounts (-)	080	Presence of delinquency, public record or collection (-)
059	Excessive amount owed on revolving accounts (-)	081	Delinquency on open revolving accounts (-)
060	Insufficient length of revolving credit history (-)	082	Finance company account opened recently (-)
061	Delinquency date too recent (or date unknown) (-)	083	Unfavorable number of accounts (-)
062	Insufficient length of credit history (-)	084	Unfavorable length of time since most recent retail account opened (-)
063	Delinquency (-)	085	Too many recent active finance company accounts (-)
065	Past due balances (-)	086	Unfavorable number of recently active accounts (-)
067	Presence of collection accounts (-)	087	Unfavorable number of revolving or open accounts (-)
068	Too many revolving accounts with balances (-)	088	Unfavorable number of adverse public records (-)
069	Date of last credit check too recent or unknown (-)	089	Unfavorable number of accounts currently paid as agreed (-)
070	Insufficient time since most recent account established (-)	090	Recent collection (-)
071	Unfavorable number of installment loan accounts (-)	091	Recent adverse public record (-)
072	Too many installment loan accounts with outstanding balances (-)		

ASSIST® ALERT message occurs when a credit file contains one or more of the following: previous bankruptcy, derogatory public record, collection activity or an MOP of 7 or higher.

ASSIST NOT SCORED: DECEASED message occurs when the subject's Social Security number matches the Social Security Administration's deceased Social Security number file.

ASSIST NOT SCORED: INSUFFICIENT CREDIT message occurs when a credit file does not contain a tradeline reported for at least six months and a tradeline within the last six months.



TransUnion

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TransUnion™

The TransUnion Credit Report Training Guide



Credit Report

GOI duncan,elizabeth*2 9932,woodbine,chicago,il,60693*3 555,a,jackson,st,cleveland,ch,44123*5 002-02-2222*

FOR: (1) D248 SUB NAME: ABC DEPT STORE TRANSUNION CREDIT REPORT MKT SUB: 06 CH INFILE: 4774 DATE: 5/15/01 TIME: 09:36CT

SUBJECT: DUNCAN, ELIZABETH SSN: 001-01-0419 BIRTH DATE: 2/50
 ALSO KNOWN AS: COOK, ELIZABETH TELEPHONE: (555) 555-5555

CURRENT ADDRESS: 9932 WOODBINE, #9B, CHICAGO, IL. 60693 DATE RPTD: 1/00
 FORMER ADDRESS: 10 W. CAMINO, OAKLAND, CA. 94587 4/96

CURRENT EMPLOYER AND ADDRESS: ABC HOTELS POSITION: CONCIERGE VERF: 5/01 RPTD: 5/01 HIRE: 3/97
 9638 GRAND, ANYTOWN, IL.

SPECIAL MESSAGES

TRANS-ALERT: INPUT SSN DOES NOT MATCH FILE SSN**
 HAWK-ALERT: INPUT SSN NOT ISSUED BY SOCIAL SECURITY ADMINISTRATION
 FILE SSN ISSUED: 1936 - 1950; ST: NH**
 CONSUMER STATEMENT: SEE END RPT**

GEO CODE REPORT

CURRENT INPUT ADDRESS: 9932 WOODBINE, CHICAGO, IL 60693
 LATITUDE: 012.456789 STATE: 01 CENSUS TRACT: 1254 CENSUS TRACT SUFFIX: 67
 LONGITUDE: 254.678901 COUNTY: 125 CENSUS BLOCK: 2 MSA: 1254

FUTURE INPUT ADDRESS: 9942 WOODBINE, 19A, CHICAGO IL 60693-6070
 LATITUDE: 014.554789 STATE: 01 CENSUS TRACT: 3254 CENSUS TRACT SUFFIX: 79
 LONGITUDE: 234.173901 COUNTY: 137 CENSUS BLOCK: 2 MSA: 2137

MODEL PROFILE

TRANSCRIP NA: SCORE (550: 24, 21, 10, 07)

CREDIT SUMMARY

REVOLVING: \$500 HIGH CRED: \$1000 CRED LIM: \$1000 BALANCE: \$12.4K PAY DUE: \$1974 MONTHLY PAY AVAILABLE: \$300
 INSTALLMENT: \$16.0K \$12.4K \$1974 \$300
 TOTALS: \$16.4K \$1000 \$12.4K \$1974 \$300

PUBLIC RECORDS

SCRIPT TYPE	DATE	LIAB	ECOA	ASSETS	PAID	DOCKET#
CHAPTER 7 BANKRUPTCY	10/00F	\$12K	CHICAGO, IL	50		99B38521 D. WINSLOW
PAID CIVIL JUDGMENT	1/00F	\$2125	1		6,00	98M987654 WILLIAMS

COLLECTIONS

SUBNAME	SUBCODE	ECOA	OPENED	CLOSED	\$PLACED	CREDITOR	MOP
ADVANCED COL	Y 999C004	1	VERIFIED 5/97	5/97F	\$2500	ABC BANK	09F
12345			4/01A		\$1000	MAKING PAYMENTS	

TRADES

SUBNAME	SUBCODE	OPENED	HIGH CRED	TERMS	MADE	PAYPAT	MOP
ABC BK	B 6651001	7/99	\$16.0K	1/01	445544321111		10
1 AUTOMOBILE		5/01V	\$12.4K	\$1974 05	1111111111		
ABC RETAILER	D 3847002	3/99	\$500	MIRRO	111111111111		R01
321345678		5/01A	\$1000		111111111111		
C CREDITCARD			\$100			24 07 0/0	

INQUIRIES

DATE	SUBCODE	SUBNAME	DATE	SUBCODE	SUBNAME
5/15/01	DCH248	ABC DEPT STORE	3/7/01	BPH9999	TEST BANK

CONSUMER STATEMENT

NOTE THIS CONSUMER HAS BEEN A VICTIM OF FRAUD. CALL CONSUMER DIRECTLY AT 555-555-5555 BEFORE ISSUING CREDIT.

END OF CREDIT REPORT - SERVICED BY:
 TRANSUNION, PO BOX 1000, CHESTER, PA. 19022

TransUnion Credit Report Fields

1 Inquiry Information

Subscriber inquiry information is displayed at the top of the report.

1 On every TransUnion Credit Report the inquiring subscriber's TransUnion-assigned code, name, market area where the file resides within the TransUnion system, date the file was created, and inquiry date and time (Central Standard Time) of the inquiry are displayed.

2 Demographic Information

Helps verify consumer identification by providing:

- Consumer's name, plus any known aliases.
- Current address and date reported.
- Up to two previous addresses, date reported on first previous address.
- If available, telephone number, and most current and one previous employer (including addresses, position and date employment was verified, reported and/or hired).

2A Social security number (SSN) if available.

2B Date of birth if available.

2C Phone append.

Special Messages

Highlights specific credit file conditions that may include:

- Mismatched information as indicated by TRANS-ALERT or HAWK.
- Presence of consumer statement.
- No subject found.

2A A TRANS-ALERT message (optional) appears when the input address, SSN or surname does not match what is on file; or when a minimum of four inquiries have been made against the file within the last 60 days.

2B HAWK messages (optional) appear if address, SSN or phone number have been used in suspected fraudulent activity; or if the information is inappropriate on an application, such as a commercial or institutional address; or if the SSN has not been issued by the Social Security Administration or is that of a deceased person as reported by the Social Security Administration. For more information about HAWK, request a HAWK product brochure and/or a HAWK message guide from your sales representative.

4 TransUnion's Geo CodeSM is a geographical coding product designed to assist financial institutions for compliance with federal regulations. These regulations require banks to monitor where and to whom they grant loans. This add-on product allows the subscriber to retrieve a variety of critical data based on the input of a street address. For more information about TransUnion's Geo Code, request a product brochure from your TransUnion sales representative.

Model Profile

Displays empirically derived scores to predict a consumer's future credit performance. Other scores available estimate income, project recovery dollars and predict insurance risk.

6 ***TRANSRISK NA*** TransRisk New Account is a risk model that predicts the likelihood of a consumer becoming 90 days or more delinquent within 24 months.

6 Risk score factors are displayed numerically or in text. Up to four factors are disclosed and are displayed in order based on their relative impact on the final score. For more information, request a factor sheet from your sales representative.

7 ***ALERT*** appears after model profile heading when Manner of Payment (MOP) is 7 or greater, a negative public record or a collection is present on the file.

Credit Summary

Provides a "Snapshot" of all activity on the consumer's credit report.

- Available as an option covering either total file history or 12-month file history.
- "Total File History" or "12-Month History" is in the upper right hand corner of the credit summary depending on the option chosen.

From left to right, headers in the first row read as follows:

- 8 Total number of public records.
- 9 Total number of collection accounts transferred to a third party collection agency. These accounts are identified with a Kind of Business (KOB) code of "Y".
- 10 Total number of negative accounts (derogatory) with a current Manner of Payment (MOP) of 2 or greater.
- 11 HSTNEG: There are two separate pieces of

information in this field. Both relate to historical negative information on a tradeline. Historical negative information is defined as any Manner of Payment (MOP) of 2 or greater, occurring in any month. The first half of this field describes the number of tradelines which have historical negative information, and the second half describes the number of occurrences.

In this example, the HSTNEG field is 1-7. The only tradeline with any delinquency information is the first trade. The payment pattern is 445543211111111111. To calculate HSTNEG, simply count the number of positions with a value greater than one. In this example, there are seven occurrences (values 4, 4, 5, 5, 4, 3, and 2). This calculation does not include the current manner of payment.

12 Total number of trades. TRD value is the sum of RVL, INST, MTG and OPN values.

13 Total number of revolving and/or check credit accounts (account types "R" and "C").

14 Total number of installment accounts (account type "I").

15 Total number of mortgage accounts (account type "M").

16 Total number of open accounts (account type "O").

17 Total number of inquiries.

From left to right, headers on the second row read as follows:

18 Highest amount ever owed on an account.

19 Maximum credit amount approved by credit grantor.

20 Balance owed as of the date verified.

21 Amount past due as of the date verified or closed.

22 From the "TERMS" field on the account; subscriber-reported monthly payment.

23 Percent of credit available for revolving, check credit and open accounts. Field is calculated by subtracting balance from credit limit divided by credit limit.

24 Totals for second row headers are included for: Revolving and Installment Accounts (Mortgage, Open, and Accounts closed with a balance are not shown on sample report).

*Note: Fields with dollar amounts will display K=Thousands, M=Millions.

24 Public Records

Public record information is maintained on a consumer's file in compliance with the Fair Credit Reporting Act (FCRA). This information is obtained from county, state and federal courts and includes civil judgments, state tax liens, federal tax liens, and bankruptcies.

The length of time each record is held on TransUnion's database varies by the type of record. The following typical retention periods may vary in some cases by state:

- Civil judgments—seven years
- Unpaid tax liens—indefinite
- Paid tax liens—seven years from date paid
- Chapter 7, 11, or 12 bankruptcies—ten years
- Chapter 13 bankruptcy filings—ten years
- Chapter 13 bankruptcy dismissal or discharges—seven years
- Bankruptcies voluntarily dismissed—seven years

26 Collections

Identifies consumer accounts that have been transferred to a professional debt-collecting firm.

Collection information includes the name of the collection agency providing information, consumer's account number with the collection agency, collector's Kind of Business (KOB) designators and TransUnion-assigned reporting subscriber number (all collection agency subcodes begin with a "Y"). Also included are the ECOA designator (see the "codes page" for more details), date the amount was charged off by the original creditor, date the information was verified along with an indicator code (see the "codes page" for more details), date the item was turned over to a collection agency (shown as date opened). Also included are original dollar amount of collection, the balance owed as of date verified or closed, name of the original creditor, and an explanation of current account status as reported by the collection agency.

Trades

Provides an on-going historical and current record of the consumer's buying and paymeactivities.

- Trades are available sorted by most derogatory followed by date verified or vice-versa.

- Payment pattern is available displaying either 12 or 24 months.

Trade information includes the following:

- 27 Abbreviated name of credit grantor with whom consumer has an account.
- 28 Consumer's account number with the credit grantor (may be masked or scrambled).
- 29 ECOA is a code representing the ownership designation on the account (see the "codes page" for more details).
- 30 Credit grantor's Kind of Business (KOB) designator and TransUnion-assigned reporting subscriber number (see the "codes page" for more details).
- 31 Collateral for an installment loan or type of loan.
- 32 Date the account was opened.
- 33 Date of last update on the account (see the "codes page" for more details).
- 34 Date of account status (see the "codes page" for more details).
- 35 Highest amount ever owed by the consumer on that account.
- 36 Maximum amount of credit approved by credit grantor.
- 37 Balance owed as of date verified or closed.
- 38 Number of payments, payment frequency, and dollar amount agreed upon.
- 39 Amount past due as of date verified or closed.
- 40 Expiration of dispute or account credit condition, as reported by the credit grantor.
- 41 Date on which the maximum level of delinquency for that account occurred.
- 42 Dollar amount of consumer's maximum delinquency and the Manner of Payment (MOP) rating at the time.

43 PYPAT: The subject's payment pattern, which is his/her actual rating, or Manner of Payment (MOP), over a period of time. Depending on which option a customer chooses, either 24 months or 12 months of information will be shown. The default setting is 24 months.

The first position on the left of the first row corresponds to the account status of the previously reported month. This will not correspond to the Manner of Payment (MOP) field, which represents the most recently reported account status, usually the current month. Each subsequent field to the right corresponds to one month further back in time.

In the first example, the first half of the PYPAT field is 445543211111. The first position indicates the information reported one month ago (MOP=4):

- One month ago—MOP = 4
- Two months ago—MOP = 4
- Three months ago—MOP = 5
- Four months ago—MOP = 5 Etc.

44 30/60/90 DAY COUNTER: The four parts of this field summarize any delinquency on the account. The first column represents the number of months being summarized. The second, third, and fourth columns equal the number of times the subject has been 30, 60, or 90 days delinquent, respectively.

In the first example, this field equals 20V 1/ 1/5. This means that 20 months' data was reviewed. The subject was 30 days past due one time, 60 days past due one time, and 90 or more days past due five times.

45 Type of account (R, I, M, O, C) and Manner of Payment (MOP) code at which the account is currently reported (see the "codes page" for more details).

47 Inquiries

Displays which companies have viewed the consumer's credit file over the last two years. Includes date the inquiry occurred, inquiry subscriber's TransUnion assigned account number and name.

- Available in a one or two column display.
- If two column, inquiries are displayed either left to right or top to bottom, by date.

48 Consumer Statement

Contains consumer's explanation, in his/her own words, of facts or conditions affecting his/her credit file.

49 "Report Serviced By"

Identifies the TransUnion bureau owning or servicing the credit report. This information should be used to direct consumers to the appropriate location in the event of an adverse action.

Fields Not Displayed in Sample Report
Miscellaneous Statements may appear at the end of the report to provide relevant information that does not meet criteria for inclusion in other sections.

LOOKSM decodes all tradelines, collections, public records and inquiries, thereby automatically placing subscribers' names, addresses and telephone numbers at your fingertips. For more information about LOOK, request a LOOK/LOOKUP product sheet from your sales representative.

TransUnion Credit Report Codes

ECOA (Equal Credit Opportunity Act) Inquiry and Account Designators

- A Authorized user of shared account
- C Joint contractual liability
- I Individual account for sole use of customer
- M Account for which subject is liable, but co-signer has liability if the maker defaults
- P Participant in shared account which cannot be distinguished as C or A
- S Account for which subject is co-signer and becomes liable if maker defaults
- T Relationship with account terminated
- U Undesignated
- X Deceased

Type of Account

- O Open Account (30, 60 or 90 days)
- R Revolving or Option
- I Installment
- M Mortgage
- C Check credit (line of credit)

Date Indicators

- A Automated
- C Closed
- D Declined
- F Repossessed/Written Off/Collection
- I Indirect
- M Manually Frozen
- N No Record
- P Paid Out
- R Reported
- S Slow Answering
- T Temporarily Frozen
- V Verified
- X No Reply

MOP Current Manner of Payment

- 00 Not rated, too new to rate, or approved but not used
- 01 Pays as agreed
- 02 30-59 days past the due date
- 03 60-89 days past the due date
- 04 90-119 days past the due date
- 05 120 days or more past the due date
- 07 Paying or paid under Wage Earner Plan or similar arrangement
- 08 Repossession
- 8A Voluntary repossession
- 8D Legal repossession
- 8P Paying or paid account with MOP 08
- 8R Repossession; redeemed
- 09 Charged off to bad debt
- 9B Collection account
- 9P Paying or paid account with MOP 09 or 9B
- UC Unclassified
- UR Unrated

KOB Kind of Business Classifications

- A Automotive
- B Banks and S&L
- C Clothing
- D Department, Variety and Other Retail
- E Employment
- F Finance, Personal
- G Groceries
- H Home Furnishings
- I Insurance
- J Jewelry, Cameras and Computers
- K Contractors
- L Lumber, Building Material, Hardware
- M Medical and Related Health
- N Credit Card and Travel/Entertainment Companies
- O Oil Companies
- P Personal Services Other Than Medical
- Q Finance Companies, Other Than Personal Finance Companies
- R Real Estate and Public Accommodations
- S Sporting Goods
- T Farm and Garden Supplies
- U Utilities and Fuel
- V Government
- W Wholesale
- X Advertising
- Y Collection
- Z Miscellaneous



TransUnion

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CR001 12/01

ANSWERS

to Your Questions About Insurance Bureau Scores

[1] WHAT IS AN INSURANCE BUREAU SCORE?

An Insurance Bureau Score is a snapshot of a consumer's insurance risk picture at a particular point in time based on credit report information. Insurers use Insurance Bureau Scores along with motor vehicle records, loss reports or application information to evaluate new and renewal auto and homeowner insurance policies. It helps them decide, "If we accept this applicant or renew this policy, will we likely be exposed to more losses than our collected premiums will allow us to handle?"

Insurance Bureau Scores are based solely on information in consumer credit reports. The scores are dynamic, changing as new information is added to a consumer's credit report. Insurers will typically ask for a current score when they receive a new application for insurance so they have the most recent information available.

[2] WHERE DO INSURANCE BUREAU SCORES COME FROM?

Insurance Bureau Scores are based on information from consumer credit reports that insurers get from the three major credit reporting agencies: Equifax, Experian (formerly known as TRW) and TransUnion. Information used in scoring includes:

- ▶ Outstanding debt
- ▶ Length of credit history
- ▶ Late payments, collections, bankruptcies
- ▶ New applications for credit
- ▶ Types of credit in use

[3] WHAT'S NOT INCLUDED IN AN INSURANCE BUREAU SCORE?

Insurance Bureau Scores do not use the following information:

- ▶ Ethnic group
- ▶ Religion
- ▶ Gender
- ▶ Familial Status
- ▶ Handicap
- ▶ Nationality
- ▶ Age
- ▶ Marital Status
- ▶ Income
- ▶ Address

[4] WHY DO INSURANCE COMPANIES USE INSURANCE BUREAU SCORES?

Insurance companies use scores to help them issue new and renewal insurance policies. Insurance Bureau Scores provide an objective, accurate and consistent tool that insurers use with other applicant information to better anticipate claims, while streamlining the decision process so they can issue policies more efficiently. By better anticipating claims, insurers can better control risk, enabling them to offer insurance coverage to more consumers at a fairer cost.

[5] HOW DO YOU KNOW IT WORKS?

Independent tests by insurance companies and a major consulting firm compared Insurance Bureau Scores against the claims history of policyholders. The tests demonstrated that the scores do predict the likelihood of claims.

[6] HOW CAN I FIND OUT MY SCORE?

While you can get copies of your credit reports from credit reporting agencies, only insurance companies can get Insurance Bureau Scores. However, your insurance company or its agent can tell you the main reasons behind your score.

Keep in mind that your score is one of many pieces of information an underwriter uses to review a policy. Factors like motor vehicle reports and application information also impact an insurer's decision. Also, remember that the score changes as new information is added to your credit report.

Your score will improve over time through a pattern of responsible credit use.

An Insurance Bureau Score is a snapshot of your insurance risk picture at a particular point in time based on credit report information.

Review your credit reports once a year and report any errors to the credit reporting agencies.

Insurance Bureau Scores provide underwriters an objective, accurate and consistent tool that, used with other underwriting information, helps them issue new and renewal insurance policies.

ANSWERS to Your Questions About Insurance Bureau Scores



[7] HOW CAN I IMPROVE MY SCORE?

An Insurance Bureau Score is a snapshot of your insurance risk picture based on information in your credit report that reflects your credit payment patterns over time, with more emphasis on recent information. To improve a score, you should:

- ▶ Pay bills on time. Delinquent payments and collections can have a major negative impact on a score.
- ▶ Keep balances low on unsecured revolving debt like credit cards. High outstanding debt can affect a score.
- ▶ Apply for and open new credit accounts only as needed.

You can increase your score over time by using credit responsibly. It's also a good idea to periodically obtain a copy of your credit reports from the three major credit reporting agencies to check for any inaccuracies.

[8] WHAT IF I AM TURNED DOWN FOR INSURANCE?

If consumer credit information played a role in an insurer's decision to decline your insurance policy, the federal Fair Credit Reporting Act (FCRA) requires that the insurer tell you, and give you the name of the credit reporting agency that provided the information. In these situations, you are entitled by law to receive a free copy of your credit report to review, in order to help you understand how to better manage your credit or to challenge any errors that might appear on your report.

[9] WHAT IF THE INFORMATION IN MY CREDIT REPORT IS WRONG?

If you find errors in your credit report, you should report the errors to the credit reporting agency. By law, the credit reporting agency must investigate and respond to your request within 30 days. If you are in the process of applying for an insurance policy, you should immediately notify your insurance company about any incorrect information in your report. Small errors may have little or no effect on the score. If there are significant errors, the insurance company may choose to disregard the score and rely more on other underwriting information to make a decision on your application.

Make sure the information in your credit report is correct by reviewing your credit report from each credit reporting agency at least once a year. Call these numbers to order a copy (*a fee may be required*):

Equifax: 800.685.1111

TransUnion: 800.888.4213

Experian (formerly TRW): 888.397.3742

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SCORING FACTS AND FALLACIES

FALLACY: *With scoring, computers are making the underwriting decisions.*

FACT: Computers don't make underwriting decisions, people do. While a computer does calculate an Insurance Bureau Score, the score is only one of several pieces of information that underwriters use to help make a decision on new and renewal policies. Some insurance companies use scores to help them decide when to ask for more information from the applicant.

FALLACY: *A poor score will haunt me forever.*

FACT: Just the opposite is true. An Insurance Bureau Score is a snapshot of your insurance risk picture at a particular point in time. Your score changes as new information is added to your credit reporting agency file. Over time, your score changes gradually as you change the way you handle your credit responsibilities. Because recent credit information is more predictive than older information, past credit problems will impact your score less as time passes. Insurance companies typically request a current score when you submit a new application so they have the most recent information available.

FALLACY: *Insurance Bureau Scores are unfair to minorities.*

FACT: Insurance Bureau Scores do not consider ethnic group, religion, gender, marital status, nationality, age, income or address. Only credit-related information is included.

Insurance Bureau Scores have proven to be an accurate and consistent measure of insurance risk for all people who have some credit history. In other words, at a given score both non-minority and minority applicants present an equal level of insurance risk, or the likelihood of future insurance claims.

FALLACY: *Scoring is an invasion of my privacy.*

FACT: Insurance companies have used consumer credit information to assist in their underwriting decisions since the FCRA was enacted in 1970. An Insurance Bureau Score is simply a number that provides an objective and consistent summary of that credit information. In fact, by using scores, some insurance companies don't need to ask for as much information on their application forms.

FALLACY: *My Insurance Bureau Score will be hurt if I contact several insurance companies who each access my credit report.*

FACT: Insurance company requests or "inquiries" are not considered by Insurance Bureau Scores and will not affect your score.

HB

51

I would like to call the House Labor & Commerce Committee to order.

Let the record reflect the time is ____ P.M. and the date is
Monday March 3, 2003.

Let the record also reflect there is a quorum. Members present are:

- Rep. Bob Lynn, Vice Chairman
- Rep. Nancy Dahlstrom
- Rep. Carl Gatto
- Rep. Norman Rokeberg
- Rep. Harry Crawford
- Rep. David Guttenberg

And myself, Rep. Tom Anderson, Chairman

Today's Schedule:

- HB 5i (Rep. Seaton) Labeling of Prescription Drugs**
HB 94 (HS Trans. Com) Overtime Pay for Airline Employees
• **Note: Intent to hold over HB 94**

Wednesday March 5th

- HB 135 (Rep. Wilson) Marital and Family Therapists**
HB 120 (Rep. Coghill) Service Contracts are Not Insurance

Friday March 7th

No Meeting Scheduled

HOUSE LABOR
& COMMERCE

COMMITTEE
PACKET
Index

March 3, 2003

1

HB 51

*Labeling of
Prescription Drugs*

2

HB 94

*Overtime Pay
For Airline Employees*

Alaska State Legislature

State Capitol, Room 428
Juneau, AK 99802
Phone: 465-2689
Fax: 465-3472
Toll Free (800) 665-2689



345 W. Sterling Highway
Suite 102B
Homer, AK 99603
Phone: 235-2921
Fax: 235-4008

REPRESENTATIVE Paul Seaton

District 35

Sponsor Statement

CS HB 51 (HES)

“An act requiring pharmacists to include generic drug information on containers in which brand-name prescriptions drug orders are dispensed.”

As medical technology advances, many citizens, especially our seniors, are taking many different prescription medications to live a longer, healthier life. Seniors receive prescriptions from many different sources, AARP, internet pharmacies, mail order companies, insurance companies and local pharmacies. Increased sources of prescription drugs, may lead people to accidentally take multiple medications of the same drug, which could be sold brand or generic names. Double dosing may cause severe over-medication leading to serious side effects or even be life-threatening. House Bill 51 was introduced to safeguard Alaskans from overdosing on the same medication, but labeled under different names.

HB 51 requires state pharmacists to include the generic drug name on containers in which a brand-name prescription drug is dispensed. Under this bill, if a person receives a prescription for drug X, then the generic equivalent would be required to be listed on the label as well. This additional requirement would allow consumers to identify duplicate medications.

One recent case involves a woman with Parkinson's disease. The woman placed an order with her insurance company for a particular drug, which they shipped in the generic form arriving about ten days later. In the meantime, the woman went to her local pharmacy and refilled her brand name prescription. Weeks later, her family became increasingly worried when the woman began hallucinating. The family and her doctor were concerned after learning that the woman was double-dosing on the same drug. If the woman would have had the additional labeling requirement required by HB 51, the woman and her family would have been able to quickly identify her accidental double-dosing.

While no statistics directly measure the extent of the double-dosing problem in Alaska, elderly administrators have implied that it is a serious problem. Providing one extra piece of information when prescriptions are filled could immeasurably help in saving lives. HB 51 simply requires additional generic labeling on all brand-name prescriptions filled in the state, to inform and safeguard all Alaskans from over-dosing on the same medication.

The HESS committee heard the bill and decided to make a technical change. The change allows all pharmacies to utilize their current computer system in listing the generic name. The old version of the bill required that the generic name be listed in parenthesis below the name-brand drug. This requirement did not conform to different software used by different state pharmacies. The bill passed from the committee with unanimous support.

Alaska State Legislature

State Capitol, Room 428
Juneau, AK 99802
Phone: 465-2689
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Toll Free (800) 665-2689



345 W. Sterling Highway
Suite 102B
Homer, AK 99603
Phone: 235-2921
Fax: 235-4008

REPRESENTATIVE Paul Seaton

District 35

Sectional Analysis

CS HB 51 (HES)

“An act requiring pharmacists to include generic drug information on containers in which brand-name prescriptions drug orders are dispensed.”

Section 1. Amends section 08.80.294 of the state statute requiring a pharmacy to list a generic drug equivalent, when the same pharmacy dispenses brand-name prescription drug order.

(b) States that the information required in Section 1 (above) shall be placed directly on the container's label.

CS -Change from original bill. The HESS committee removed the requirement for the generic name to be *listed in parenthesis* and be *below* the label. This change allows for all pharmacies to utilize their current computer system.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 51(HES)
 (H) Publish Date: 2/14/03

Revision Date/Time (Note if correction):
 Title An Act requiring pharmacists to include generic drug information on containers...
 Sponsor Representative Seaton
 Requester House Health Education & Social Services

Dept. Affected: DCED
 BRU Occupational Licensing (117)
 Component Occupational Licensing
 Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156-Receipt Supported Services						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation requires pharmacists to include generic drug information on containers in which brand-name prescription drug orders are dispensed.

No new funds are required by the division to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by: Edgar Blatchford, Commissioner
 Agency: Department of Community & Economic Development

Phone (907) 465-2144
 Date/Time 2/12/03 5:18 PM
 Date 2/12/2003

**Lawrence L. Reynolds MD
Seldovia Medical Clinic
Drawer J, Seldovia, Alaska
99663**

2/19/03

Rep. Paul Seaton
State Capitol
Juneau, Alaska
99802

Re: House Bill 51

Dear Representative Seaton,

We are in overwhelming support of HB 51, requiring that the generic name of drugs be stated on prescriptions.

One of our most common problems with both young and elderly patients is the duplication or omission of prescription medication ingestion due to confusion of ever changing names and appearances of dispensed meds.

This confusion is responsible for increased emergencies and hospital admissions, overdoses, as well as repeat office visits, lab tests, and phone contacts with angry patients thinking their doctors and pharmacists have made errors in the ordering and dispensing of their medicines.

Inclusion of the generic name on script labels - in parentheses - would be of great benefit to our patients and would be economically beneficial to all health care programs.

Sincerely,



Lawrence L. Reynolds, MD



Cheryl A. Reynolds, Adm.



Honorable Peggy Wilson, Chair
House Health, Education and Social Services Committee
Alaska Capitol, Room 104
Juneau, AK 99801-1182

RE: HB 51 (Seaton) – Support

Dear Chair Wilson:

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the House Health, Education and Social Services Committee to support HB 51, authored by Representative Paul Seaton and co-sponsored by twenty-three House colleagues, including your Committee members Co-Chair Gatto, and Representatives Heinze, Wolf, and Cissna.

AARP believes that anything a state can do to ease the confusion of a consumer taking medication is well worth-while. We understand that Representative Seaton has developed this bill due to a real problem faced by one of his older constituents. We can assure you that many older consumers will benefit from having the generic equivalent name added to a brand name prescription. Helpful and "user-friendly" information will be beneficial for both older patients and younger family members who may be assisting them with their medications.

Representative Seaton's bill will be a welcome addition to quality health care in Alaska.

AARP recommends an "AYE" vote on HB 51.

Should you have any questions about our position, please feel free to contact Marie Darlin (586-3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby (907-762-3314), AARP Legislative Representative; or me (907-245-5259).

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Marguerite Stetson".

Marguerite Stetson
Executive Council Member for Advocacy

Vice-Chair Carl Gatto
Representative Cheryll Heinze
Representative Paul Seaton
Representative Kelly Wolf
Representative Sharon Cissna
Representative Mary Kapsner

Marie Darlin, AARP Capitol City Task Force
Pat Luby, AARP Legislative Representative

02/11/03

To whom it may concern,

Thank you for asking my opinion on this important piece of legislation, House Bill no. 51.

As you know all drugs have generic names and many of them have brand names as well. Many states have, for years, required generic labels on prescriptions since generic labeling is the standard of practice for uniformity and accuracy both medically and scientifically. Unfortunately this not always happening in Alaska for dispensed prescriptions.

I have seen a number of occasions in my own practice where people have mistakenly taken duplicate prescription medications because of these variations in labeling. These have sometimes led to drug intoxication requiring hospitalization. Even then the problem has not been immediately noticed. This unnecessary suffering and cost from drug misadventure can be prevented.

In my opinion I think your wording would be clearer and more concise with changes as written below:

“An Act requiring Pharmacists to label prescription drug containers with generic drug information.”

“In addition to other information that may be required under state or federal laws or regulations, the Pharmacist, when dispensing a prescription drug order, shall label using the generic drug name. If the prescriber wishes- such as when brand name is medically indicated, or the patient requests it, the brand name may also be included in parentheses.”

I would avoid stipulating exactly where to put labeling since regulations already address this and computer labeling systems have only so many options.

I hope it is obvious that I strongly support generic drug labeling as a matter of education and safety.

The State Board of Pharmacy may also have an opinion on this matter.

Respectfully submitted,



R. P. Albertson RPh, CS, CGP, FASCP

3
February 3, 2003

Honorable Representative Paul Seaton
State Capital, Room 428
Juneau, Alaska 99801-1182

Dear Representative Seaton:

Please accept this letter in support of HB 51 relating to including generic drug information on containers in which brand name prescription drug orders are dispensed. Homer Senior Citizens, Inc. supports this legislation because it would help to eliminate the possibility of an individual taking a double dose of medication. This legislation is particularly important for seniors and caregivers that take care of seniors.

At the present time, because prescriptions are sometimes written using the generic name and sometimes using the brand name, it is possible for an individual to have two bottles of medication with different names on them, which are in fact the same. Because both labels will indicate a dosage such as one pill three times a day, it is very possible for the individual to take a double dose. This is particularly true if the individual is a senior who has some dementia or the individual is being helped by a caregiver that is not totally familiar with the medications and is only reading the dosage levels.

One might ask how an individual could have two prescriptions for the same medication with different names at the same time. What may happen is that a doctor prescribes a medication for an individual to be purchased from a mail in pharmacy. These usually are generic drugs because the mail in pharmacy is usually associated with a medical insurance plan. At some point, a prescription may not arrive and the individual asks the doctor to write a prescription to a local pharmacy to get them by until the other prescription arrives. This prescription may be written for a brand name. Thus the individual now has two bottles of the same drug with different names. This same scenario could also occur between to local pharmacies if the doctor used the generic name for the first pharmacy and for the next used the brand name.

In any case, this legislation would help to eliminate the possible confusion that an individual or caregiver may have and thus a possible overdose. If we can provide additional information, please contact us.

Sincerely,

Fred Lau
Administrator
Homer Senior Citizens, Inc.



Representative Paul Seaton
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Representative Seaton:

This is a letter in support of House Bill 51 "An Act requiring pharmacists to include generic drug information on containers in which brand-name prescription drug orders are dispensed".


The bill should achieve two important benefits.

The first is to avoid confusion by patients inadvertently taking dual dosages of medication because they do not equate a brand name drug with a generic equivalent.

The second may be increased recognition by consumers that there are generic drug equivalents available for many brand name drugs that are equally effective but less expensive than the brand name drugs. The increasing cost of drugs is one of the leading drivers of health insurance costs. Many health benefit plans have provisions which encourage use of generic drugs in order to reduce the cost of health insurance.

Thank you.

Sincerely,

Jeff Beck
by 

Jeff Beck
Aetna

Subject: HB 51 Follow-up

Date: Fri, 24 Jan 2003 17:27:36 -0500

From: "Laubacher, Cynthia" <Cynthia_Laubacher@medcohealth.com>

To: "rep.paul.seaton@legis.state.ak.us" <rep.paul.seaton@legis.state.ak.us>

Representative Seaton: Thank you for your call. I apologize for the e-mail, but the (800) number won't work for out of state callers, and I can't seem to access the state website for your office number.

I spoke with my folks in headquarters and explained your goal. They re-thought their initial comments and have no concerns with the proposal as it is written.

On a side note, I looked up your bio and learned that we have something in common - we were both raised in Oxnard! I graduated from Santa Clara High - a long-time football rival of Hueneme. I am always pleased and surprised to meet someone from my hometown. I hope we have the chance to meet if I get a chance to make it up to Alaska!

In the meantime, please feel free to contact me if I can ever be of assistance. Best of luck with HB 51. Have a wonderful weekend!

Cindy

Cynthia M. Laubacher

Director, State Government Affairs

Medco Health Solutions, Inc.

916-726-1081

916-726-9756 - fax

Legislative Research Services

Alaska State Legislature
Legislative Affairs Agency
Division of Legal and Research Services

State Capitol
Juneau, AK 99801
Phone: 907-465-3991
Fax: 907-465-3908

January 17, 2003

Memorandum

TO: Representative-elect Paul Seaton

FROM: Patricia Young
Manager

RE: Reducing Prescription Drug Errors

You asked for background information that we could quickly gather on problems encountered by the elderly in using prescription drugs. You were particularly interested in information on efforts to deal with such problems.

As you'll see from the attached materials, the Institute for Safe Medicine Practices (ISMP) is a good source of information on all aspects of your question.¹ The organization publishes "Safe Medicine," a newsletter that among other things, always prints generic names of medications in *red*. In contrast, they capitalize specific brand names and print them in *green*. They follow specific brand names with the generic name in parentheses. We've provided several documents from the Institute website, including testimony before the U.S. Ways and Means Committee that includes some specific recommendations in regard to reducing prescription errors, misuse, and adverse events.

We've also included information from the National Institute on Aging (NIA) and the Food and Drug Administration (FDA). The National Association of Boards of Pharmacy (www.nabp.net) and the Administration on Aging (www.aoa.gov/elderpage.html) are good resources as well.

During our quick search we encountered a number of references to "Brown Bag" medicine check programs through which pharmacists, nurses, or doctors assess seniors' collections of medications for compatibility, expiration dates, etc. We include a description of one such program. We also include information on a National Association of Boards of Pharmacy study commissioned by the FDA to assess the extent and usefulness of the private sector prescription information that patients receive along with their medications.²

Lastly, we include a printout of "Recommended Best Practices—Medication Errors," published by the Tennessee Department of Health, and adopted by Tennessee Improving Patient Safety (TIPS). Under "15 Ways to Lower your Dose of Medication Errors," we found the following statement and guidelines:


A study from the University of Chicago Medical Center places the incidence of medication errors between 1.7 and 59.1 percent. According to the Joint Commission on Accreditation of Healthcare Organizations, 15 percent of reported medication errors are due to confusion


¹ The Institute for Safe Medication Practices website address is www.ismp.org.

² The results of that study, published in 2001, can be found at <http://www.fda.gov/cder/reports/prescriptioninfo/default.htm>.

between drug names. Thousands more are due to confusing or misunderstood abbreviations.³

According to the Food and Drug Administration and the authors of the University of Chicago study, the following guidelines can greatly reduce the number of medication errors:

1. Clearly write all orders with a ballpoint pen so that copies are legible.
2. Avoid the use of abbreviations and unnecessary symbols on drug orders.
3. Include the indication for the medication in each order, i.e. "for blood pressure."
4. Never guess about a medication order, but contact the physician if there are any questions about drug, dose, route, indication or instructions.
5. Avoid the use of verbal or telephone orders. When absolutely necessary, make sure the recipient repeats the order back to the physician.
6. Keep only necessary and authorized medications available to nursing staff and return other medications to pharmacy.
7. Always read the drug packaging label three times during the preparation of a dose.
8. Incorporate the "five rights" of drug administration into daily practice – right patient, right drug, right dose, right route, right time.
9. Try to avoid the use of a patient's own medication in a facility setting.
10. Never use trailing zeros when prescribing medications.
11. Always use a zero to precede a decimal point when prescribing less than one dose.
12. Physically separate dangerous medications and label them as such.
13. Keep the prescription and the label together and incorporate multiple checkpoints in the dispensing process.
14. Make the patient counseling session a final checkpoint in the drug dispensing process.
15. Provide brand and generic name on all medication labels. 

 I hope this information is helpful. If you find that you have a specific question or need additional materials on the subject, please let us know.

³ The Tennessee Department of Health document is available at www2.state.tn.us/health/Downloads/g4022022.pdf.

U.S. Food and Drug Administration

Department of Health and Human Services
Food and Drug Administration
5600 Fishers Lane (HFI-40)
Rockville, MD 20857
February 2000
(FDA) 00-3237



Medicines and Older Adults

The Food and Drug Administration, or FDA, is a United States government agency that makes sure medicines are safe and accurately labeled.

Be More Careful With Medicines

While everyone needs to be careful about taking medicines, older adults need to be even more careful. This is because:

- Older people often take more medicines than younger people
- Older people may react differently to medicine. T

This brochure will tell you what older adults need to know about the medicines they take.

Problems

Two of the biggest problems older people have with medicines are:

- Reactions from mixing two or more drugs in the body, called "drug interactions." A drug interaction can cause bad effects (usually called side effects), such as a rash, stomach upset or sleepiness.
- Getting too much of one medicine, called "drug overdose." This, too, can cause side effects.

Older people are more likely to have side effects from drug interactions or drug overdoses because:

- They are more likely to take a number of different drugs.
- Their bodies use food and drugs slowly. This means that it may take longer for a drug to start working. Drugs also may stay in their bodies longer. This can cause too much of the medicine to be in the body.

Common side effects of drugs are:

- upset stomach, such as diarrhea or constipation
- blurred vision
- dizziness
- mood changes
- skin rash

"Start low and go slow" is good advice for older people when taking medicines. This means

starting at the lowest dosage, and if this isn't effective, increasing the dosage slowly.

How to Prevent Drug Side Effects

- Take a drug only if you really need it. Ask your doctor if there is another way to treat a problem before taking prescription or over-the-counter drugs.
- Tell your doctor about all the drugs, vitamins, herbs and other pills you take. Make sure to include both prescription drugs (ones you get from the pharmacist with a doctor's prescription) and over-the-counter drugs (ones you can buy yourself without a prescription). If you have several doctors, make sure they all know what the others are prescribing.
- Ask one doctor, such as an internist or family medicine doctor, to track all your medicines. Put all your medicines in a bag. Take them to your next doctor's appointment. This is the best way to let your doctor know what medicines, vitamins and other pills you are taking.
- If you need drugs to treat more than one condition, ask your doctor if there is one drug that can treat both. For example, some blood pressure medicines also treat migraine headaches.
- If you have side effects, write them down. Write down when they happened. Also write down any new problems you have, even if you think they are not related to the drug. Tell your doctor about these side effects. Ask the doctor if there is another drug that may be better for you to take.
- Learn about the drugs you are taking. Ask the pharmacist and doctor questions. Read the information that comes with the medicine. Or, ask a family member or friend to read it for you.
- Follow directions. Read the label. Understand when you should take the medicine and how much you should take.
- Always take your medicine when you should.

Easy Ways to Take Medicine

You may have problems that make it hard for you to take medicine. Many older adults can't see well, can't use their hands well, or forget things easily. Here are some ways to make it easy for you to take medicine:

- Ask the pharmacist to put your medicines in big bottles that are easy to open.
- Ask for bottles with labels printed in large letters or use a magnifying glass, and read the label under bright light.
- Find ways to remind you to take your medicine. One way is to take medicines at the same time every day. For example, at meals or before you go to bed. Use charts and calendars. Or put all the drugs you need to take for one day—or one week—in a small container, like a pillbox. You can buy pillboxes at drug stores. If you forget easily, you also might want to ask a family member or a nurse or other health worker to remind you when and how much medicine you need to take.
- Ask your doctor to set easy dosing times for you.

Questions to Ask Your Doctor or Pharmacist

- What is the name of the drug? Is this the brand name or a copy of the brand-name drug? Copies of brand-name drugs are called "generic drugs." They usually cost less than brand-name drugs, but they work the same.
- If the prescription is written for a brand name, is it OK for the pharmacist to give me the generic version of this drug?

- What does the drug do?
- When should I take the drug? How often?
- Does it matter if I take it with food?
- Are there any foods I should stop eating while I'm on this drug?
- Is it safe to drink alcohol, such as beer or wine, while I'm on this drug?
- How long will I need to take this drug?
- What should I do if I forget to take the medicine?
- What are common side effects?
- How will I know if this drug is working?
- Where should I keep this drug?

How to Save Money on Medicines

- When trying a drug for the first time, ask your doctor for free samples. Or ask the pharmacist for just a few pills before getting the whole prescription filled. That way, you can see if you have problems with the medicine before paying for a whole bottle.
- For drugs you take all the time, buy larger amounts at a time so that the price for each pill is cheaper. But before you do this make sure you will be able to use all the medicine within at least a year. Holding on to medicines for a long time may cause the drug to lose its ability to work.
- Call around to see which store has the lowest price.
- If you are an older person ask about a senior citizen's discount.
- Ask your doctor if it's OK to take a generic drug instead of the brand-name drug. If it is OK, tell the pharmacist you want the generic version of the medicine.
- For drugs bought over the counter, buy the store-brand or discount brand. The pharmacist can help you choose.
- Call or write to the local chapter of the American Association for Retired Persons (AARP) or a local chapter of a health organization, such as the American Diabetes Association or the American Heart Association. You may be able to buy drugs through them at lower prices.

Do You Have Other Questions About Medicines?

FDA may have an office near you. Look for the number in the blue pages of the phone book.

Or, call FDA's toll-free number, 1-888-INFO-FDA (1-888-463-6332). Or, on the World Wide Web at www.fda.gov.

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FDA/Website Management Staff
Web page created by tg 2001-JAN-22.

Suicides, drug overdoses overtake crashes in deaths ; Lee Filas Daily Herald Staff Writer; ; Chicago Daily Herald (Paddock) ; 11-06-2002 ;

Suicides, drug overdoses overtake crashes in deaths

Byline: Lee Filas Daily Herald Staff Writer

Edition: Lake

Section: NEWS

For the first time since 1997, auto accidents were not the leading cause of unnatural deaths in Lake County, according to a report by the coroner's office.

That dubious distinction in 2001 went to suicides and drug overdoses. Suicides took over the top slot with 44 cases, while drug overdoses - prescription and illegal - ranked second with 41 deaths, the annual report stated.

Deaths investigated in 2001 showed 39 people died as a result of auto accidents, down 26 percent from the 53 recorded in 2000.

Jim Wipper, deputy Lake County coroner, said the decrease in vehicular deaths is something the coroner's office would like to see more of in the future.

"It's definitely the trend we are happiest seeing," Wipper said. "We look at that as one of the most positive trends we've uncovered, and it's something that we have worked hard to decrease."

That improvement was offset by a rise in drug overdoses - up 8 percent from 2000 - and a dramatic increase in homicides over previous years, Wipper said.

The 19 homicides in 2001 more than doubled the 8 recorded in 2000. The number is still less than the 25 murders recorded in 1997, but more than the 15 recorded in 1998.

"That's definitely a concern for us," Wipper said. "It's always a concern when we see a jump in any category, but to see that large of an increase is definitely something we need to look at."

Lake County Board Chairman Suzi Schmidt said the rise in homicides is alarming, but not a complete surprise given the county's growing population.

"Simply stated, the more people we have, the more crime we are going to get," Schmidt said. "Any kind of rise in crime is definitely a concern, be it white collar, homicide or robbery."

Wipper said deaths are labeled as either natural or unnatural by the coroner's office. There were a total of 2,941 deaths recorded in the county in 2001, of which 2,756 involved natural causes.

The remaining 185 are listed in the report as violent - overdoses, homicides, suicides and vehicular deaths - or accidental - drowning, fire and other accidents.

This is the fifth consecutive annual increase in drug overdose deaths in the county.

Wipper said a more readily available supply of cocaine and heroin has contributed to the increase.

"But the No. 1 cause of overdose deaths remains prescription overdoses, like painkillers and such," he said.

"It's hard to say if those are accidental or whether people abused the prescription drug. But it remains the leading cause of overdose deaths in the county, and I think it's because (prescription drugs) are easier to get."

Wipper said none of the drug-related deaths involved club drugs, such as ecstasy. Eight deaths involved cocaine and opiates, six were due to cocaine alone and four resulted from heroin use.

"Those drugs have really become more prevalent in Lake County over the years," Wipper said. "It's definitely another concern of ours."

Illustrations/Photos:

Caption: GRAPHIC: Lake County fatalities

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Testimony of Michael R. Cohen, MS, RPh

President, Institute for Safe Medication Practices

Testimony Before the Committee on Ways and Means

Subcommittee on Health, Congress of the United States



House of Representatives

Hearing on

Medicare Reform: Laying the Groundwork for a Prescription Drug Benefit

March 27, 2001

Good afternoon. Madame Chairman and Members of the Committee, thank you for the opportunity to speak with you this afternoon about important health care quality issues related to the design of a prescription drug benefit program for Medicare beneficiaries. I am Michael R. Cohen, a pharmacist and president of the Institute for Safe Medication Practices (ISMP). ISMP is an independent, nonprofit organization that works closely with practitioners, regulatory agencies, health care institutions, professional organizations and the pharmaceutical industry to provide education about adverse drug events and their prevention. A board of trustees representing the health care community at large governs this interdisciplinary effort by nurses, pharmacists, physicians and health care consumers. Our primary focus has been on proper and safe use of medications. We have a long history of learning about medication errors from health care practitioners and consumers who voluntarily report medication errors and hazardous conditions through a national reporting program operated by the United States Pharmacopeia. All reports are shared directly with the US Food and Drug Administration, Office of Post-marketing Drug Risk Assessment. Dialog with FDA is ongoing when reports relate to drug nomenclature issues (proprietary and nonproprietary names), or pharmaceutical labeling, packaging and medical device design.

Information about medication errors, other adverse drug events, and recommendations for prevention are shared with the medical community through our web site (www.ismp.org); ongoing columns in 16 professional journals that reach nurses, nurse practitioners, pharmacists, physicians, and physician assistants; and a biweekly publication, *ISMP Medication Safety Alert!* that reaches all US hospitals, and. Currently, we are preparing to launch a similar newsletter for chain and independent community pharmacies. In addition, we reach regulatory authorities and pharmaceutical manufacturers internationally through regular publications in international journals and newsletters. Information from ISMP has been used to effect thousands of improvements in professional practice and commercial drug labeling, packaging and nomenclature. The organization has gained the trust and respect of practitioners and senior officials in health care throughout the nation.

Recommendations to Reduce Error and Improve the Quality of Medication Use

Medications are a blessing, but humans must safely prescribe, prepare, dispense, and administer these drugs. Yet humans are fallible, and as clearly articulated in the recent reports by the Institute of Medicine (IOM), errors and other adverse events occur and cause unbearable

human and financial cost. Medication use has been further complicated by the large number of new drugs and technologies introduced every year, an increasing elderly population with chronic and acute conditions requiring complex treatment strategies, and the proliferation of over-the-counter products. In light of this fact, much can and should be done to enhance medication safety.

The current prescription drug benefit legislation is a strong and appropriate vehicle to drive medication safety. Payers bear responsibility for medication errors when they occur because of insufficient support of basic services and lack of quality/safety requirements. As purchasers of pharmacy services through mail and community pharmacies, payers - including Medicare - should require providers to comply with standards most likely to enhance medication safety. They should offer their beneficiaries some assurance of safe pharmaceutical care, which includes important monitoring of the appropriateness of drug therapy and its effects, not just accurate dispensing.

ISMP has identified several focal points that would be most appropriate for legislation related to prescription drug benefits:

- Continuous quality improvement activities to enhance safety in our nation's pharmacies;
- Better clinical utilization of community pharmacists and pharmacy beneficiaries; and
- Expanded use of effective technology.

Achieving and maintaining standards related to these focal points will likely require resources that are not currently available. Thus, legislation must also include changes in the current reimbursement systems to properly support any required safety enhancements.

Continuous Quality Improvement

Data from the USP-ISMP Medication Error Reporting Program reveals that medication-related problems are repetitive in nature. An incident of misuse in one setting is likely to repeat itself in another. Most importantly, the system changes necessary to prevent errors are similar and a growing body of literature is available to guide these efforts. Tragically, too many organizations and individual providers do not believe similar incidents could happen to them. They fail to use information about errors occurring elsewhere as a roadmap for improvement in their own organization or practice. It is not until a serious error hits home that aggressive prevention efforts are implemented. With so much evidence-based information about error prevention at hand, there is little excuse for reacting to errors after they happen instead of preventing them. We need Congress to help shorten the interval between the lessons taught by errors and the widespread corrective action to prevent future errors.

The development and implementation of continuous quality improvement (CQI) efforts should be the highest priority in all pharmacies. Such efforts must be aimed specifically at preventing well-known and repetitive categories of prescribing and dispensing errors, which erode patient confidence in our health care system. For example, in order to participate in the prescription drug benefit program, pharmacies should be required to seek out medication safety information and use it proactively to prevent medication errors. At the same time, safety issues recognized internally and reported by patients must be documented and analyzed, and a process must be established to determine the best strategies to prevent future problems and ensure its implementation. An annual survey to assess consumer perceptions of the quality of pharmaceutical products and professional services might also be required to supply additional

information upon which to base improvement strategies.

Informational tools like our *ISMP Medication Safety Alert!* publication, or *ISMP's Quarterly Action Agenda*, which is a readily available list of medication problems compiled from our nation's reporting programs, can be a backbone of any CQI effort. The very purpose of the USP-ISMP Medication Error Reporting Program - indeed the purpose of any type of safety reporting program and the expert recommendations that stem from it - is to guide the implementation of quality improvement initiatives by practitioners and organizations. If this is not accomplished, the value of any medical safety-reporting program is diminished. Thus, appropriate funding is needed to ensure that information flowing from error reporting programs are efficiently transformed into learning programs to prevent future errors. Research-based information, anecdotal reports of adverse events, reports from the Joint Commission on Accreditation of Healthcare Organization's Sentinel Event Newsletter, and information from other sources are also instrumental in this effort. ISMP is prepared to assist the Secretary of Health and Human Services, as well as the nation's professional licensing boards, health departments, accreditation agencies, regulatory authorities, and individual organizations in using such informational tools to develop effective CQI strategies that can successfully stop repetitive medical errors.

Practice sites should also be required to conduct self-assessments to help prioritize improvement projects at least annually. In a cooperative project with the American Hospital Association (AHA), ISMP recently developed and distributed the ISMP Medication Safety Self-Assessment to virtually all US hospitals. This weighted self-assessment instrument provides a list of nearly 200 effective medication error reduction strategies in the general hospital setting. Nearly 1,500 hospitals participated fully in the project, which resulted in a large national database of hospital efforts to improve patient safety with medications. This database will allow health care providers to identify areas of weakness and focus improvement activities upon system elements and characteristics that are known to be effective for preventing patient harm. We will also be able to track improvement efforts in the nation's hospitals over time by repeating the process at a later date.

While 1,500 hospitals completed the assessment and sent data to ISMP, there are approximately 6,000 acute care hospitals in the US. Through 1,000 follow-up telephone calls to a randomized list of hospitals, we learned that many more hospitals would have participated had it not been for advice given them by a national risk management organization to seek legal counsel before returning data to us. This letter instilled a renewed fear of discoverability in a future lawsuit, which had a chilling effect on the ability of hospitals to participate in this extremely valuable project. Unless the basic problem - discoverability of information used in quality improvement projects like this one - is addressed by Congress, we will continue to lose valuable opportunities to address costly (both human and financial) patient safety issues. Records of quality improvement activities must be afforded protection under available state peer review or other protective statutes and thus protected from discovery during civil litigation. It should be noted that Governor Gray Davis of California signed legislation last August to require quality improvement activities following written policies and procedures in the state's pharmacies. A process must be in place to detect and analyze medication errors. Importantly, information that is part of the proceedings and records of review are protected from discovery. Texas and Florida also have quality improvement requirements that include the above protective provisions and several other states are now considering them. This should be a nationwide standard.

Recently, the American Pharmaceutical Association Foundation and the National Association of Chain Drug Stores agreed to fund ISMP to independently develop and implement a similar

self-assessment tool for the nation's community pharmacies (chain, independent as well as hospital and clinic ambulatory care pharmacies).

Quality improvement requirements should involve all participants in pharmaceutical care, including claims processors and pharmacy benefit managers. Unfortunately, payment policies actually contribute to error. Underpayment of pharmacists, lack of standards for claims processing, numerous interruptions, and phone calls for prescription reimbursement adjudication and pre-approval have resulted in less time available for drug monitoring and patient education activities. An example is requiring pharmacists to dispense drugs at a dose higher than prescribed and making patients split the tablets. An error-prone process - to decrease the cost of a prescription medication. For example, the manufacturer may similarly price an 80 mg, 40 mg, 20 mg, and 10 mg tablet. Although the physician may prescribe 20 mg tablets to be taken four times a day, the pharmacist is required to dispense the 80 mg tablet and tell the patient to take 1/4 tablet four times a day. Some patients may become confused and take the full tablet or inaccurately split the tablet. In many cases, to assure that the patient takes the medication properly, a pharmacist will actually break the tablets into one-quarter size. However, the split tablets may begin to crumble in the prescription vial, leading to inaccurate doses.

I would also underscore the need for Congress to oversee providers and payer activities and that participants agree, as a condition of participation, to periodic visits from appropriate authorities to review documentation of quality improvement activities. Currently, little or no oversight exists from standards organizations such as the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or the Medicare Peer Review Organizations, state professional boards, departments of health, etc. Without oversight, the private sector has not solved problems associated with safe medication use.

Surely, continuous quality improvement activities are better for the health care provider and public since it offers the potential for reducing the number of prescription errors. A new study released in the American Pharmaceutical Association's (APhA) March/April Journal of the American Pharmaceutical Association (JAPhA) has updated an analysis of prescription drug use problems in the United States. It estimates that drug misuse costs the economy more than \$177 billion each year. The estimated number of patient deaths has increased from 198,000 in 1995 to 218,000 in 2000. Clearly, we must have required quality improvement activities to reduce this unnecessary burden. In the legislation, the Secretary of Human Health and Services should be directed to form a task force to examine these and other suggestions to formulate quality improvement requirements that would accompany the prescription drug benefit program. Funding for these activities must be assured.

Improved utilization of pharmacists and pharmacy beneficiaries

The value of medications used appropriately is immense. But, if pharmaceutical care involves reimbursement for only dispensing activities, the drug safety problem will only worsen. Worse, we are overlooking one of the nation's most valuable allies in assuring proper drug use. A trip to the local pharmacy often provides clear evidence that many pharmacy graduates, now educated at the doctoral level with advanced clinical training, are sorely underutilized in the fight against costly adverse drug events. Instead of performing clinical functions for which they are well trained - overseeing a competent technical dispensing staff, screening new prescriptions for safety concerns, educating patients on proper drug use, monitoring patients for side effects - many are tied instead to dispensing activities, managing pharmacy benefit plans and drug inventories, and performing clerical tasks. Further, with improving technologies (robotics, bar coding of pharmaceuticals and computerized prescriptions) and increasing numbers of certified

pharmacy technicians (over 80,000 currently), more of the pharmacist's time will be available for clinical functions.

The Institute of Medicine (IOM) Committee on the Quality of Health Care in America, in their most recent report, *Crossing the Quality Chasm: A New Health System for the 21st Century* IOM urges a strong national commitment to improve health care across six broad dimensions of quality: safety, effectiveness, responsiveness to patients, timeliness, efficiency, and equity. The authors suggest that the current health care system is failing to provide safe, high-quality care consistently to all Americans because it is poorly designed and relies on outdated systems. The report envisions a revamped system which is centered on patient needs and preferences, encourages teamwork among health care providers, and makes greater use of evidence-based approaches to care and information technology. The IOM Committee members recognized that, if organizations are expected to change the processes of care, broader environmental changes are also needed. Importantly, examination of current payment methods (e.g., fee for service, capitation, etc.) to remove barriers to innovation and quality, and testing of options to better align payment methods with quality goals. Realigning the payment to recognize pharmacist clinical services fits right into that idea.

To prevent adverse drug reactions, we need better ways to detect problems early. Pharmacists can serve well in this role, also. They could manage the risk of existing technologies by aggressively monitoring the effects of new drugs on the market and identifying the need for special monitoring to prevent serious adverse events. Thus, pharmacists could safely monitor new and useful drugs that might otherwise be removed from the market because they are being prescribed inappropriately. With the new prescription drug benefit program, strong consideration should be given to reimbursing pharmacists for time spent monitoring patients closely to detect and report anticipated or previously unrecognized problems to the FDA. This would result in earlier detection of medication-related problems and their timely resolution.

Further, we should learn from the valuable experience of the HCFA-required drug regimen review process in long term care, which has saved billions of dollars in prescription drug benefits while also protecting residents from preventable adverse drug events. A comprehensive, on site, drug regimen review is conducted initially upon a patient's admission to a facility and reassessed monthly. As part of drug regimen review, the pharmacist evaluates appropriateness and safety of medication orders and verifies documentation. The pharmacist investigates possible adverse drug reactions in residents who exhibit various identified disorders. A current written diagnosis or identified need and relevant diagnostic data must support medication orders. As needed (PRN) medication orders must include specific written indications for use. Medications selected must be consistent with patients' care plans and shall have a favorable benefit-to-cost ratio reflecting consideration of medical history, the significance of any past drug reactions, and cost. When problems arise, the pharmacist makes recommendations (including identification of the concern, specific means to correct the situation and a determination of how and when improvement will be measured) to appropriate personnel. . Consultant pharmacist-conducted drug regimen review improves optimal therapeutic outcomes by 43% and saves \$3.6 billion annually in costs from avoided medication-related problems. (Bootman JL, Harrison DL, Cox E: The health care costs of drug-related morbidity and mortality in nursing facilities. *Arch Int Med* 1997; 157:1531-36. The recommendations must be addressed as a condition of participation.

In the ambulatory care setting, beneficiaries themselves should be required to undergo at least a quarterly review of their prescription and over-the-counter medication regimen by a pharmacist. Similar to the above functions, the requirement would establish that presently prescribed drugs