Assembly stops attack on prescription drug record privacy

Legislation to permit drug stores to share confidential patient prescription information with third parties died in the State Assembly after the CFC and privacy advocates raised strong objections.

CFC vigorously opposed Senate Bill 1096 (Calderon) because it raised significant privacy and health care concerns for patients. The bill would have created an exception to California’s Medical Information Act, and allowed the sharing of confidential patient drug prescription information among pharmacies, third party corporations and pharmaceutical companies without a patient’s consent.

Senator Darrell Steinberg – 2008 Consumer Leadership Award – has championed many consumer causes as an Assemblymember and State Senator, including recent efforts to set standards for health coverage and weed out “junk” insurance.

Senator Alan Lowenthal – 2008 Consumer Champion Award – recently authored a CFC sponsored bill to make it easier for cell-phone owners to terminate their contracts, transfer their phones to different carriers and dispute billing discrepancies.

CFC supported bills approved by senate

SB 840 (Kuehl) would make all California residents eligible for specified health care benefits under a single-payer Universal Healthcare System.

SB 30 (Simitian) would protect the privacy of Californians by regulating the use of Radio Frequency Identification Devices (RFID) in government-issued identification documents.

SB 1440 (Kuehl) would require full service health care plans and health insurers to expend on health care benefits no less than 85% of the aggregate dues, fees, premiums, and other periodic payments they receive.

SB 364 (Simitian) would require the federal government and state agencies to provide specified notification of security breaches to the Office of Information Security and Privacy Protection and to consumers in plain English.
Cell phone privacy legislation defeated

If you’ve ever had to wait in line at your local wireless store, you know how cell phone use has exploded over the past few years. According to a recent USA Today article, “while there are roughly 370 million land lines in use nationwide, industry officials estimate there are close to 250 million cell phones.”

Our state’s privacy laws haven’t kept pace with the rapid expansion of cell phone usage. For many years, California law, Public Utilities Code §2891, has prohibited phone companies from disclosing a residential subscriber’s phone calling pattern without the written permission of the customer. This law predates the appearance of cell phones. The definition of “residential” only applies to customers with traditional wired land lines. It does not cover cell phones.

Several internet sites in recent years have offered to procure anyone’s phone calling records and sell them for a fee. Records are obtained through a practice called “pretexting”. The records request is made of a phone company by a person who wishes to tip them.

Phone companies have been far too lax in verifying the identity of the person making the request before releasing the records. California law put some burden on the phone company to make sure the customer had approved the records release—as long as the customer had an old fashioned wired land line. (We’re talking about residential landline customers have enjoyed for decades. It does not cover cell phones.)

The airline industry targeted the bill as enemy number one. The event provides CFC with the opportunity to honor the work of some of our state’s most influential consumer advocates.

Re-regulating the financial casino

The sub-prime mortgage crisis is cascading through the credit market. Two million homeowners with sub-prime loans risk foreclosure when their interest rates adjust up. One major bank has failed. Scores more may follow. Collapsing home prices undermine the solvency of Fannie Mae and Freddie Mac. The Bush Administration has proposed an unlimited line of credit to prop up these “government sponsored entities” that guarantee $5.5 trillion in mortgages.

We should have seen this coming.

Since the 1980’s, we’ve witnessed a systematic dismantling of New Deal regulations put in place following the collapse of the speculative bubble of the 1920’s. Reforms included federal deposit insurance of tightly supervised commercial banks, firewalls to separate these banks from riskier investment banks, creation of a government-backed home mortgage market, and federal insurance of regulated mortgage-lending institutions. By the 1960s nearly two-thirds of Americans owned homes, a dramatic expansion from the 1930s. Mortgage lending banks were almost always profitable.

The legalization of adjustable rate mortgages in 1982 and the decoupling of the sale of mortgages by unregulated brokers from the ownership of the loans, which were bundled and sold as securities, opened the door for quick buck artists to entice less credit worthy homeowners with unrealistically low teaser rates. A real estate bubble based on the expectation of ever increasing home prices ensued. It was just a matter of time until it burst.

We’ve been here before. The savings and loan debacle of the late 1980’s cost taxpayers over $300 billion. In both cases deregulation was accompanied by an understanding that the feds would cover the losses should the system collapse. We’ve privatized the profits so long as the casino kept paying, and socialized the losses.

In January, a new Administration should re-regulate our banking system to prevent the next round of reckless speculation and Ponzi schemes from harming our economy.