CalChamber Names New Policy Advocate

The California Chamber of Commerce has announced the addition of a new policy advocate to its team. Jason Schmelzer has joined the CalChamber as a new policy advocate, focusing on workers’ compensation, environmental and transportation issues.

Critical Review

“Workers’ Comp Background

“The passage of the CalChamber-supported workers’ compensation reforms in 2003 and 2004 have succeeded in bringing back some balance and fairness to the system,” said CalChamber President Allan Zaremberg. “The CalChamber is dedicated to preserving the reforms to the workers’ compensation system that are delivering a significant cost savings to employers. Jason Schmelzer brings to the workforce and general economic recovery by prolonging the workers’ compensation crisis to the last possible moment, the CalChamber said.

Legislative Intent

The CalChamber’s letter to the WCAB argues that the intent of the legislation that decision, the CalChamber argues that the exception expands beyond what was permitted and will seriously undermine the CalChamber-supported reforms enacted by SB 899 (Poochigian; R-Fresno) of 2004. In so doing, the decision will threaten California’s workforce and general economic recovery by prolonging the workers’ compensation crisis to the last possible moment, the CalChamber said.

Urges Limited Use of Pre-Reform PD Rating Schedule

The California Chamber of Commerce is urging the Workers’ Compensation Appeals Board (WCAB) to revisit a case to ensure that only limited use of the pre-reform permanent disability rating schedule is applied, which is consistent with the legislative intent behind the 2003 and 2004 reforms.

A recent decision of the full WCAB in the case of Josh Pendergrass v. Duggan Plumbing and State Compensation Insurance Fund permits use of the pre-reform permanent disability rating schedule in certain circumstances.

In urging commissioners to reconsider that decision, the CalChamber argues that the exception expands beyond what was permitted and will seriously undermine the CalChamber-supported reforms enacted by SB 899 (Poochigian; R-Fresno) of 2004. In so doing, the decision will threaten California’s workforce and general economic recovery by prolonging the workers’ compensation crisis to the last possible moment, the CalChamber said.

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Working on Workers’ Comp Issues

Return-to-Work Data Vital to Determine PD Benefits

Analyzing return-to-work data is an important part of determining the adequacy of workers’ compensation permanent disability benefits, according to the California Chamber of Commerce and a coalition of public and private organizations.

Jason Schmelzer, CalChamber policy advocate focusing on workers’ compensation, environmental and transportation issues, recently testified before the California Division of Workers’ Compensation (DWC) on why return-to-work data is vital to understanding permanent disability.

Critical Review

“A review of return-to-work rates is critical when analyzing permanent disability benefits in the post-SB 899 environment,” said Schmelzer. “This is because return-to-work has a direct and significant impact on an injured worker’s loss of future earnings capacity, which is the basis for permanent disability benefits in California. Without understanding return-to-work, and consequently loss of future earnings capacity, there cannot be a comprehensive debate over benefit adequacy.”

CalChamber-supported SB 899 (Poochigian; R-Fresno) of 2004 made fundamental changes in the way the workers’ compensation system determines the level of injury and the amount of disability assigned to an injury and created new medical networks to provide quality, cost-effective care to workers.

This package ensured that medical treatment follows nationally recognized guidelines and set clear parameters for setting permanent disability benefits. Without understanding return-to-work, and consequently loss of future earnings capacity, there cannot be a comprehensive debate over benefit adequacy.

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Overtime Pay Obligation Remains Though Employee Duties Differ

California law requires overtime payment for time worked more than eight hours — or 10 hours for certain agricultural occupations — in any one workday. A workday is defined as a consecutive 24-hour period starting at the same time each calendar day.

The fact that an employee performs a different duty within the same workday does not remove the obligation to pay overtime. Unless an alternative workweek is established, any written agreement or waiver of overtime is invalid.

Employee Request for Overtime

It is not uncommon for employers to receive employee requests to work additional hours beyond their usual eight-hour shift. On occasion, the employee is persistent in requesting more work hours. Many times these requests result from an emergency in an employee’s life or an event that makes it imperative that they earn more money.

Frequently, the employer is aware of the situation and is sympathetic with the employee’s plight. In an effort to be responsive to the employee’s needs and with the best of intentions, the employer allows the additional work.

In these situations, the employee and employer may realize that an overtime obligation exists and in an effort to remove that obstacle, the employee voluntarily signs an agreement waiving any overtime payment.

The problem for the employer is that notwithstanding the agreement, the employee retains the right to pursue a claim for unpaid overtime, plus interest and attorney’s fees.

Multiple Businesses Owners

In another scenario, employers who own separate businesses may respond to an employee’s request for more hours by allowing the employee to work for several of their businesses. Be very careful about automatically assuming that overtime is not due. Determining the requisite overtime in this scenario is a little more complicated.

The definition of “employer” is very broad for the purposes of wage-and-hour law, and as a result there may be more than one entity responsible for the payment of wages. The Industrial Welfare Commission orders define an “employer” as any person (including associations, organizations, partnerships, corporations) who directly or indirectly, or through an agent or any other person, employs or exercises control over wages, hours or working conditions of any person.

If the businesses are not completely disassociated with respect to the employment of a particular employee, the businesses may be deemed to share control of the employee, either directly or indirectly. If this is the case, all hours worked at each business would be counted toward the total hours worked in a day, and hours worked beyond eight would result in overtime being owed.

A claim for unpaid overtime can be very costly. Not only may an employee file a claim for three years of unpaid overtime wages, but an employer is subject to civil penalties as well.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.
Legislative Analyst Recommends Strategies to Promote Health Information Technology

Steps California can take to promote widespread adoption of health information technology (HIT) could help improve the quality of health care and reduce health care costs, the February 12 report concludes, recommending the Legislature act now to encourage the development and expansion of HIT in California.

Recognition that greater use of HIT can improve health care in California is an element in the health care reform proposals presented by Governor Arnold Schwarzenegger, Senate and Assembly Democratic leaders and Senate Republicans.

Potential Savings

Several entities have reported savings and financial benefits from the adoption of HIT tools. A hospital in Boston, Mass., estimated that it achieved a new savings of $5 million to $10 million per year following the installation of a computerized physician order entry system, which also reduced serious medication errors by 55 percent.

The LAO report also cited the potential for nationwide savings, referring to a 2005 report by RAND, a non-profit research institution. The RAND report estimated that a comprehensive network of electronic health records could be established in the United States in 15 years and would create an average annual net savings of $34 billion.

Another study reported that a group of small physician providers mostly experienced net financial benefits within several years, primarily as a result of efficiency gains and increased billing.

Recommendations

The LAO report recommended the following strategies to foster the development and expansion of HIT in California.

Seek Non-General Fund Resources
- Establish a low-interest loan program to assist Medi-Cal providers with the costs of HIT systems through a combination of loans, grants, training and innovative reimbursement methods.
- Create new Medi-Cal reimbursement policies that compensate providers on a limited-term basis for implementing and transitioning to electronic health records-based operations.
- Establish a grant program to support the development of regional health information organizations or other forms of health information exchange in the state.
- Set up a contract to provide training opportunities for Medi-Cal practitioners to prepare them for the implementation of HIT in their practices, thereby reducing the challenges faced by smaller providers with little resources or experience in information technology.

Use State’s Purchasing Power
- Authorize Medi-Cal to negotiate with HIT vendors to obtain discounted prices for Medi-Cal care providers on electronic health records that meet selected criteria.
- Require the California Public Employees’ Retirement System (CalPERS) to report on its activities to develop electronic health records for its members and the costs and efficacy of requiring its contracting health plans to make personal health records available to CalPERS members.

Promote Policy Coordination
- Authorize the California office in charge of implementing the federal Health Insurance Portability and Accountability Act (HIPAA) to lead a public-private advisory body to coordinate state HIT policy with health care stakeholders. The advisory body would assess the progress of regional health information organization development in the state and make recommendations for additional actions to coordinate data sharing efforts.
- Require the new advisory body to recommend changes to state privacy laws and other health care statutes that would remove impediments to HIT adoption while maintaining consumer protections.

Support for HIT

Legislation supported by the California Chamber of Commerce last year, SB 1672 (Maldonado; R-Santa Maria), aimed to establish a low-interest loan program for non-profit health provider organizations purchasing a health care information technology system.

The LAO report recommends the same type of program and refers to SB 1672, reiterating that the bill offered a sound approach to aid in reducing acquisition costs for health care providers establishing electronic health records.

SB 1672 stalled in the Senate Appropriations Committee last June.

The CalChamber wrote in its letter supporting SB 1672 that a comprehensive automated health record system could reduce the paperwork burden and cost of dictation and “chart pulls,” improve efficiency and patient safety in prescriptions, computerize patient reminders, improve communication in the referral process and coordination of care between providers, and coordinate non-clinical features such as billing and scheduling.

Staff Contact: Marti Fisher
CalChamber Keeps Watch on Workers’ Comp Issues

Return-to-Work Data Vital to Determine Permanent Disability Benefits

From Page 1

what is acceptable treatment for injured workers in the system, while also reducing excessive litigation.

The return-to-work rates under the 2005 permanent disability rating schedule show that more employees who have sustained a ratable permanent disability are going back to work since the implementation of SB 899.

Better Outcomes

Although not conclusive, recent data compiled by the DWC indicates that the reforms have led to better outcomes for injured workers. The DWC study found there has been a 5.2 percent overall increase in the return-to-work rates for injured workers who received permanent disability ratings within 18 months of their date of injury.

The CalChamber and coalition emphasize that further analysis is needed before deciding whether state permanent disability benefits are adequate. Questions to consider include how increased disability rates have affected workers’ loss of future earnings capacity; how the move toward consistently and objectively determining physical impairment has affected permanent disability ratings and whether reductions in litigation rates have led to the average permanently disabled worker taking home more of the permanent disability award.

Staff Contact: Jason Schmelzer

Urges Limited Use of Pre-Reform Permanent Disability Rating Schedule

From Page 1

was that the pre-reform permanent disability rating schedule be applied only in limited situations.

The WCAB opinion ignores this legislative directive and permits a greater exception than what was designed and intended by the Legislature, the CalChamber said, noting that the language in SB 899 could not be clearer that the Legislature intended the pre-reform permanent disability rating schedule to be limited to those pending cases in which the medical-legal dispute resolution mechanism had been triggered before the adoption of the post-reform rating schedule.

The comprehensive medical evaluation or treating physician report indicating the existence of permanent disability and the obligation to provide a permanent disability notice are all events that would have triggered the medical-legal dispute resolution process, which would have occurred only before the adoption of the post-reform rating schedule, the CalChamber noted. Plainly, the Legislature left intact only those cases that would have begun the dispute resolution process under the pre-reform permanent disability rating schedule.

Reconsideration Needed

The CalChamber urged the WCAB to grant reconsideration of the case and to analyze the issues in light of the crisis the reform legislation sought to avert by implementing the changes as soon as possible to the broadest scope of cases. The CalChamber believes that in reviewing the case, the WCAB will recognize that its earlier decision accomplishes exactly the opposite of the Legislature’s intent and mandate.

Consistent with the Legislature’s intent to solve the workers’ compensation crisis as quickly as possible by bringing as many cases as possible under the umbrella of the new law, the CalChamber said that the post-reform permanent disability rating schedule using the America Medical Association Guidelines should apply to all dates of injury, except where there was either a comprehensive medical-legal report or a treating physician report indicating the existence of permanent disability before the adoption of the post-reform rating schedule, or a notice was due under Labor Code Section 4061 regarding permanent disability before the adoption of the new permanent disability rating schedule effective January 1, 2005.

While the CalChamber seeks to ensure that the appropriate workers’ compensation benefits are delivered to injured workers, the seemingly endless increases in workers’ compensation payments have created a substantial drain on California businesses and their ability to conduct and maintain operations in the state. As a result, the CalChamber has a particular interest in the 2004 reforms and how the WCAB and the courts of appeal interpret and enforce these reforms.

Staff Contact: Erika Frank

CalChamber Names New Policy Advocate

From Page 1

the CalChamber an extensive background in workers’ compensation that will help protect the reforms through both legislative and regulatory work.”

Previously, Schmelzer was a senior claims representative with Gallagher Bassett Services, Inc., where he managed a caseload of more than 230 workers’ compensation claims, including set-up, settlement, medical management, claim review, client relations and special projects.

Schmelzer has worked also as an assis-
tant account executive with the public relations firm Bicker, Castillo & Fairbanks. While with the firm, Schmelzer coordinated a coalition of businesses, consumer groups, home builder and environmental groups on issues relating to housing in California.

Schmelzer graduated with a B.A. in government from California State University, Sacramento.

Staff Contact: Dominic DiMare
CalChamber Participating in Panel Reviewing Options for Future of Delta

A California Chamber of Commerce policy advocate is part of a state panel assigned to recommend ways to sustain the integrity of the Sacramento-San Joaquin Delta, the heart of California’s water supply system.

Valerie Nera, CalChamber policy advocate for agriculture, resources and privacy, has been appointed to the 41-member Delta Stakeholders Group. Nera will be representing the business community and its interests on the panel.

The panel is made up of representatives from the diverse array of groups having an interest in the fate of the Delta and will assist and recommend to the Delta Visions Blue Ribbon Task Force ideas and innovations that will lead to a sustainable Delta.

Water System Hub

The Delta, formed by the confluence of the Sacramento and San Joaquin rivers, has long been a center of controversy as both the largest estuary on the West Coast and hub of the state’s water system.

In addition, the 57 islands and waterways of the Delta are traversed by a major portion of Northern California infrastructure, including hundreds of gas lines, six highways, five high voltage lines and three railroads.

The Delta Stakeholder Group was created by State Resources Secretary Mike Chrisman to supplement and support the efforts of the Delta Vision Blue Ribbon Task Force recently created by Governor Arnold Schwarzenegger. The task force is made up of leaders from all levels of government, stakeholders, academia and affected communities, while the stakeholder group involves local government, stakeholders, scientists, engineers and members of the public.

Key for Economy

“A safe and secure levee system and an adequate and clean supply of water are critical to our economy and every family in our state,” Schwarzenegger said when appointing the task force. “The Sacramento/San Joaquin Delta levees serve two out of every three Californians and we must continue to support the environmental and economic functions of the Delta that are vital to the people of California.”

Chrisman chairs the group of state agency heads named to oversee California’s “vision” for the Delta. After receiving recommendations from the stakeholder group, the task force will prepare an independent public report on the sustainable management of the Delta to be submitted to Governor Schwarzenegger by January 1, 2008. The task force also is to complete a Strategic Plan to implement the Delta Vision by October 31, 2008.

Public Meeting

A two-day public meeting is set for March 5-6 in Sacramento to orient panel members to their assignment, review reports issued to date and permit panelists to present the perspectives of their constituencies.

The meeting is at the Sterling Hotel Ballroom, located at 1300 H Street, Sacramento. Comments during the public comment period shall be limited to 3-5 minutes and matters within the jurisdictions of the stakeholders’ coordination groups.

More information can be found at the Delta Vision website, www.deltavision.ca.gov.

Staff Contact: Valerie Nera

Health Care Forum Offers Chance to Support Need for Change

The California Chamber of Commerce is hosting one of three forums for a nationwide campaign to build support for a value-based health care system.

Mike Leavitt, U.S. secretary for health and human services, will outline four “cornerstones” to such a system at the following events:

● March 13, 1 p.m.-2 p.m., Computer History Museum, 1401 North Shoreline Blvd., Mountain View.
● March 13, 3:30 p.m.-5 p.m., CalChamber, 1215 K Street, Sacramento.
● March 14, 8 a.m.-9:30 a.m., Los Angeles Area Chamber, 350 South Bixel Street, Los Angeles.

The “cornerstones” are identified in an executive order signed by President George W. Bush in August 2006 to promote quality and efficient health care in federal government-administered or -sponsored health care programs:

● Identifying standards so all health information systems can quickly and securely communicate and exchange data.
● Work with doctors and hospitals to identify benchmarks for what constitutes quality care.
● Agree on what procedures and services are covered in each “episode of care” (to help consumers compare costs and services).

● All parties — providers, patients, insurance plans and payers — should participate in arrangements that reward both those who offer and those who purchase high-quality, competitively priced health care.

Leavitt is encouraging employers and others to attend a forum and sign on as supporters of the administration’s prescription for value-drive health care. Attendees should RSVP by close of business on March 9. More information, including an RSVP form, is available at www.calchamber.com/events.
CalChamber Opposes Proposal Limiting Business Participation in Political Process

The California Chamber of Commerce is strongly opposing a proposed regulation to limit campaign contributions by certain businesses to candidates for Governor and several other constitutional offices.

The proposal from the California State Teachers’ Retirement System (CalSTRS) creates a new campaign contribution limit, prohibiting companies that do business with CalSTRS from contributing more than $1,000 to current officeholders and candidates for Governor, controller, treasurer, superintendent of public instruction, CalSTRS officers and employees and any CalSTRS board member.

First Amendment Violation

“The vague and overly broad regulation proposed by CalSTRS is an unfair and unreasonable restriction that violates the First Amendment right of businesses to participate in the political process,” said Kyla Christoffersen, CalChamber policy advocate. “It could apply to businesses of all types and sizes. Ultimately, the restriction hurts government and taxpayers by reducing competition for projects. Companies may be forced to opt out of bidding on contracts, causing the state to lose vital expertise and vendor options.”

The proposed restriction applies to any business that may be likely to bill CalSTRS for $100,000 or more in goods or services.

In testimony to the CalSTRS board, the CalChamber pointed out that the blanket restriction could apply to businesses that provide information technology services, food products, insurance, building or maintenance supplies, legal services, copying services, office supplies and more.

Of particular concern is adoption of the proposed regulation by CalSTRS might lead to other state agencies adopting similar contribution limits, which would have an impact on many more companies across the state.

Vague Wording

Vague and ambiguous wording in the proposed regulation will create difficulties for businesses seeking to comply and for state regulators seeking to enforce the requirements, the CalChamber said.

For example, the proposed regulation states that the contributions limit applies to anyone who has made both direct and “indirect” contributions, without clarifying what “indirect” means. Thus, it appears that a company doing business with CalSTRS would be prohibited from contributing more than $1,000 to a trade association political action committee (PAC) if the PAC gave money to a candidate for one of the offices listed.

The limit also would apply to third parties that do not do business with CalSTRS but merely “sought” business on behalf of a company. The regulation does not explain whether “sought” might include even informal inquiries about a potential contract.

The CalChamber pointed out that the proposed rule is unnecessary, given that existing laws clearly prohibit state officers and employees from having a financial interest in state contracts.

Questionable Authority

Also questionable is whether CalSTRS has the legal authority to create the rule. The CalChamber pointed out that the CalSTRS proposal is similar to a contribution limit proposed by the Fair Political Practices Commission (FPPC) that was struck down in a recent appellate court ruling (Citizens to Save California et al. v. California FPPC).

Proposition 34, the political reform act enacted by a vote of the people in 2000, established contribution limits on persons donating to campaigns of candidates for elected office and designated the FPPC to create regulations to implement the reform act.

In December 2006, the California Court of Appeal rejected an FPPC attempt to create new contribution limits via a regulation that sought to impose a $1,000 limit on campaign contributions to ballot measure committees.

The court held that the FPPC regulation was invalid because, among other reasons, it conflicted directly with Proposition 34, preventing contributions outside the scope of harm Proposition 34 intended to prevent and undermining Proposition 34’s emphasis on upholding the right to participate in the political process.

Deadline for Comments

The CalChamber believes the state Office of Administrative Law should reject the CalSTRS regulation.

CalSTRS held a hearing on the proposed rules on February 21 and has scheduled a second hearing for March 15. Written comments will be accepted by the CalSTRS Board until March 12.

The CalChamber is leading a coalition of business associations opposed to the regulatory proposal. Those interested in joining the coalition and submitting comments should contact the CalChamber staff.

Staff Contact: Kyla Christoffersen

Flex Your Power Award Applications Due

The Fifth Annual Flex Your Power Awards are now accepting applications to recognize organizations, governmental agencies and businesses in California that stand out in energy efficiency and conservation.

Awards are presented in four categories:

- Energy efficiency — for efforts to reduce total energy consumption through installation of energy-efficient equipment;
- Education and leadership;
- Innovative products and/or services — for products and services designed to help businesses or residents save energy;
- Demand response/conservation — for efforts to reduce electricity use during certain times of the day.

Applications are available now at www.fypower.org/feature/awards and are due March 15.
Local Chambers Find Good Market for CalChamber Compliance Products

California Chamber of Commerce products to help businesses comply with state labor laws are finding a receptive audience among members of local chambers of commerce participating in the CalChamber resale program.

The program enables businesses to purchase popular CalChamber products, available online at CalBizCentral.com, through local chambers of commerce.

Products available through the resale program include:
- California Labor Law Digest, the comprehensive, California-specific guide to state labor law, including case law and regulations. Required and recommended forms for California businesses are available to download using a special URL in the book.
- HR Handbook for California Employers, a color-coded, easy-to-use reference that includes a special URL for downloading required and recommended forms for California businesses.
- Employee Handbook Software for California Employers, a California-specific, intuitive, wizard-based software program to make creating and/or updating an employee handbook quick and easy; and
- state and federal Employment Posters, all required notices on a single sheet with a checklist to ensure the poster is displayed according to the law. Available in English or Spanish, laminated or non-laminated formats.

More than 160 local chambers are participating in the CalChamber resale program and have found it to be a plus in providing value to their members as well as providing a revenue source for the chamber.

Research shows that businesses expect the local chamber to be a business resource and to promote a strong local economy. A good way for chambers to meet that expectation is to serve as a one-stop center for businesspeople looking for resources and data to help them with their business operations.

Top Resellers

The following top local chamber resellers of CalChamber compliance products posted more than $2,000 in sales from October 2006 to the end of January 2007:
- San Diego East County;
- Vallejo;
- Oakdale District;
- Greater Riverside Chambers;
- Napa;
- Long Beach Area;

For more information on participating in the CalChamber resale program, contact Marlene Carney (Southern California) or Steve Snyder (Northern California), (916) 444-6670; e-mail: marlene.carney@calchamber.com or steve.snyder@calchamber.com.

Staff Contacts: Marlene Carney Steve Snyder

California Businesses Facing Trouble Over Credit Law Violations

The California Chamber of Commerce is warning members that non-compliance with a recently implemented federal law is exposing many businesses to litigation.

The law affects any person or business in the United States that uses machine-generated debit or credit card receipts. Those entities now are prohibited from printing the expiration date and more than the last five digits of the respective plaintiffs’ credit or debit card numbers and/or the expiration date of the cards.

The requirement is the result of amendments to the federal Fair and Accurate Credit Transaction Act (FACTA) that were approved in 2003, but did not take effect until December 4, 2006.

Violations Leading to Lawsuits

Because of the late implementation of the law, many businesses are missing the regulations and being subjected to substantial penalties and litigation. Counsel for plaintiffs already have begun filing lawsuits alleging violations of the FACTA amendments.

In some cases, consumers may be entitled to their actual damages as a result of a violation of the act, as well as statutory damages of up to $1,000 for each consumer affected by the violation.

Several class action lawsuits also have been filed against California businesses for alleged FACTA violations. Class action suits may be brought to enforce the provisions of the act, in which the consumers seek massive statutory damages. The law also allows for the imposition of punitive damages and recovery of attorney fees and costs by successful plaintiffs.

The lawsuits claim that businesses provided plaintiffs with electronically printed receipts that indicated more than the last five digits of the respective plaintiffs’ credit or debit card numbers and/or the expiration date of the cards.

Any business that uses machine-generated debit or credit card receipts is subject to these lawsuits — the claims are not limited to retailers. Excluded from FACTA are transactions in which the sole means of recording the person’s credit or debit card number is by handwriting or by an imprint or copy of the card.

Staff Contact: Erika Frank
How can you make processing a PDL request joyful, not stressful? Let our experts show you.

Attend Pregnancy Disability Leave 201 Live Web Seminar to get an in-depth review of PDL requirements and their interaction with State Disability Insurance and Paid Family Leave. This advanced-level, 90-minute event is ideal for employers with fewer than 50 employees or those with more than 50 who have employees not eligible for FMLA/CFRA.

Expert guidance on such topics as:
- Defining the legal requirements mandatory when providing leave.
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- Explaining wage replacement.
- Details on benefits available.
- How to administer requests for leave and return to work.

Pregnancy Disability Leave 201 Live Web Seminar
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Registration starts at $120

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