



**55 MARIETTA ST  
SUITE 903  
ATLANTA, GA 30303**

**Help us celebrate** our fifth year as the state's leading consumer watchdog by contributing to Georgia Watch today. Georgia Watch is doing more than ever to help you learn about and avoid insurance scams, predatory lenders, hospital infection rates, access to affordable health care and other threats to our families and our way of life.

We work to raise these same issues with the media and state officials every day, and guard against attacks on your rights by powerful interest groups at the State Capitol.

Through generous tax-deductible contributions from our members, we are able to grow, as does our ability to help Georgia consumers.

We're excited about what we've accomplished and what lies ahead – but we can't do it alone. A tax-deductible contribution of any amount to Georgia Watch today is money well spent.

**ALLISON WALL  
EXECUTIVE DIRECTOR  
DANNY ORROCK  
POLICY COORDINATOR**

**HOLLY LANG  
COMMUNICATIONS  
COORDINATOR**

**JEANNINE LOWERY  
GRASSROOTS  
COORDINATOR**

**BETH MALONE  
COMMUNICATIONS  
ASSISTANT**

**MIKE RODGERS  
COURT WATCH FELLOW**

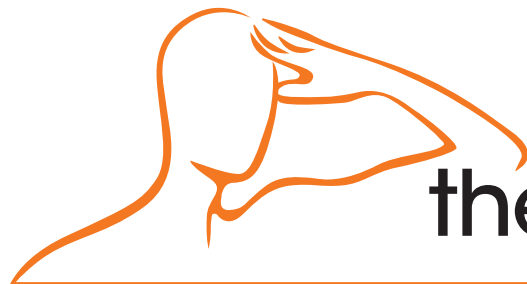
**FOR QUESTIONS  
REGARDING  
theWATCHER  
CONTACT US BY  
PHONE AT  
(866) 33-WATCH  
OR BY EMAIL AT  
GEORGIAWATCH@  
GEORGIAWATCH.ORG**

**GeorgiaWatch**  
is **OUTSPOKEN**

Already in 2008, Georgia Watch employees have made consumer presentations to:

- Rotary Club of Vinings
- Northwest Business Association
- North Georgia Masonic festival
- NPU-F, Ansley Park
- Alive After Five, Roswell Square
- Summerville Senior Citizens Fishing Rodeo
- NPU-G, English Park

**You too can book Georgia Watch  
for a speaking engagement by  
calling (866) 33-WATCH!**



## GETTING TO KNOW YOUR PSC

BY DANNY ORROCK

Later this year, Georgians will be electing candidates to a number of different offices, including two seats on the Public Service Commission (PSC).

The PSC is a five-member panel that regulates organizations that provide consumer services, including utility companies.

PSC commissioners are elected to six-year terms, which are staggered so that at least one seat is up for election every two years. Each commissioner represents one of the five geographical districts, and must reside in that district.

PSC elections are statewide, so all voters have the opportunity to cast a ballot for each seat on the Commission.

With November fast approaching, we at Georgia Watch urge you to take time to learn about the candidates and their positions.

### Consumer issues of the PSC include...

#### Natural Gas:

The PSC does not have regulatory authority over most gas marketers who sell natural gas provided by Atlanta Gas Light (AGL), or municipal gas suppliers owned by local governments.

The only gas marketer that is regulated in Georgia is the designated provider of last resort,

which is only available to low-income customers and those who cannot otherwise get service from another gas marketer. This service is currently provided by SCANA.

The PSC regulates the rates that AGL charges marketers. The Commission also monitors rates set by marketers and provides a monthly pricing update on their website.

#### Electricity:

Different aspects of Georgia Power's business are standardized by the PSC, including rates, financing, territorial issues, and extra charges for increased fuel costs.

The PSC decides territorial disputes for electric membership corporations (EMCs) and municipal electricity utilities.

But unlike Georgia Power, rates from these two types of power providers are not set by the PSC.

The PSC also approves financing for EMCs.

#### Land-based telephone service:

State government has no influence over mobile phone service, but the PSC does have some limited authority over landlines.

The Commission no longer sets telephone service prices, but it monitors rates, mediates disputes, and maintains the universal access

## FRIEND OF THE CONSUMER AWARD

BY BETH MALONE

This summer, Georgia Watch named Senator Renee Unterman (R-Buford) a Friend of the Consumer for her work during the 2008 General Assembly on behalf of Georgia's consumers.

Unterman was an early, strong supporter in the Senate of House Bill 130, which allows consumers to place a "freeze" on their credit files for a low fee.

She spoke passionately from the Senate floor about lowering the fee for a freeze from \$10 to \$3. The lower fee ultimately passed both chambers. Senior citizens and victims of identity theft can access the freeze for free.

"It's been a pleasure to work with Georgia Watch and Clark Howard on the credit freeze issue,"



SEN. RENEE UNTERMAN

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fund to help ensure that phone lines are available to Georgians.

### **Transport services:**

The PSC licenses certain transport businesses that operate solely within Georgia, such as moving, limousine, and bus companies. However, a recent state audit indicated that the PSC was not adequately overseeing these businesses, due in part to limited staff.

The PSC recommends making sure that a transport company is properly licensed before deciding which one to hire.

### **Consumer Matters:**

The PSC takes complaints regarding regulated service providers. You can contact PSC Consumer Affairs at (404) 656-4501 in Metro Atlanta, or 1-800-282-5813 statewide.

You may also file a complaint online at the PSC website: <http://www.psc.state.ga.us>

The PSC also has an advocate staff responsible for arguing against utilities that file for rate increases.

This consumer advocacy work is even more important since the Governor's Office of Consumer Affairs announced in early September that the Consumer's Utility Counsel would be abolished due to budget cuts.

Families and consumers will have to rely on the commissioners for fairness in utility regulation, which is all the more reason to stay informed about the PSC candidates this fall.

Unterman said. "I look forward to working together on other important consumer issues in the future."

Georgia Watch commended Unterman for helping to raise awareness and inform her Senate colleagues about credit freeze.

"Without that dedication, passing a strong credit freeze bill out of the Senate would not have been possible," said Allison Wall, executive director of Georgia Watch.

**\*\*Other Friend of the Consumer award recipients include:** Sen. Bill Hamrick (R-Carrollton), Rep. Rob Teilhet (D-Smyrna), Rep. Mike Keown (R-Coolidge), Rep. Tommy Benton (R-Jefferson) and D.A. Joe Mulholland (South Georgia Judicial Circuit)

## **NEVER SAY NEVER: INSURERS, MEDICARE REFUSE TO PAY HOSPITALS FOR NEVER EVENTS** **BY BETH MALONE**

In hospitals today, one in four patients has a urinary catheter. The catheter tubes unnecessarily trigger more than half a million urinary tract infections a year, the most common hospital-acquired infection.

A University of Michigan study found that almost half of U.S. hospitals don't keep track of who gets a catheter. Less than one in 10 hospitals do a daily check to see if the tube is still needed - a simple but effective preventative measure.

Beginning Oct. 1, Medicare will stop paying hospitals and doctors for 17 preventable injuries or infections

acquired during hospital admissions, including urinary tract infections caused by catheters.

The National Quality Forum (NQF), a health care safety advocacy agency, has identified 28 such errors, dubbed "never events." These include bed sores, embolisms, operating on the wrong body part, and amputating the wrong limb.

In addition to saving taxpayer dollars, the new Medicare reimbursement policy forces hospitals to take responsibility for unnecessary errors, and pay the bill for their own mistakes.

Since fall 2007, the hospitals themselves have agreed to a no-pay policy for a limited number of never events in 23 states, including Georgia. The hospitals' list of 10 "never events" in Georgia includes:

- Foreign object left in a patient after surgery or other procedure

- Patient disability or death resulting from a transfusion of the wrong blood type

- Severe bed sores (stage 3 and 4)

In April, Blue Cross Blue Shield announced it would follow Medicare's example and refuse to pay for never events - a decision that will save them \$3 million annually. Similarly, Aetna and Cigna insurance companies have announced that they will no longer pay for serious, avoidable mistakes.

In the coming years, Georgia hospitals have the opportunity to expand their own no-pay list to include more of the never events that Medicare and private insurers have flagged.

For a complete list of Georgia's never events, or the official list of the National Quality Forum, write to: [bmalone@georgiawatch.org](mailto:bmalone@georgiawatch.org)

# FACT BOX:

## SAFETY NET HOSPITALS

**What are they?** Safety net hospitals provide low-cost or free health care to Georgia's low-income and uninsured patients. Grady Memorial Hospital in Atlanta is the state's largest safety net hospital, and Memorial University Medical Center in Savannah is the second largest.

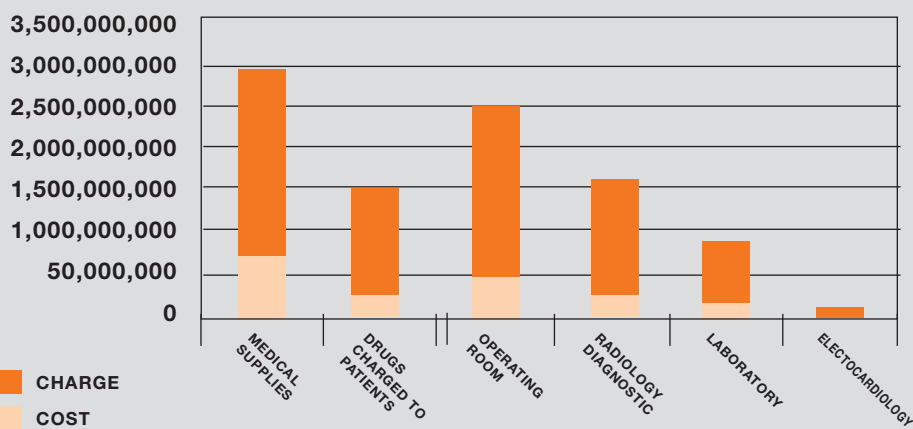
**Who are they?** There are approximately 1,300 public "safety net" hospitals in the country. Over the past 15 years, more than 300 safety net hospitals have closed because of financial strain.

**How much care do they give?** According to the National Association of Public Hospitals, safety net hospitals provide 25 percent of the nation's indigent care.

**What are their challenges?** Patients who do not have health insurance are three times more likely to have health problems, and four times more likely to require hospitalization and expensive emergency care.

The government will subsidize the health care costs for some of these patients. But uninsured and underinsured patients, who are not eligible for government help, can fall into default or bankruptcy. Safety net hospitals are left with the unpaid medical bills.

## MEMORIAL COST OF CARE VS. PATIENT CHARGE FOR CARE



## WHAT'S IN A GALLON OF GAS?

BY DANNY ORROCK

Gas prices have hit record highs in 2008, stretching the budgets of many Georgia families who drive to work, school, and church.

We all feel the pinch at the pump! Here's a breakdown of where your hard-earned money goes every time you fill up:

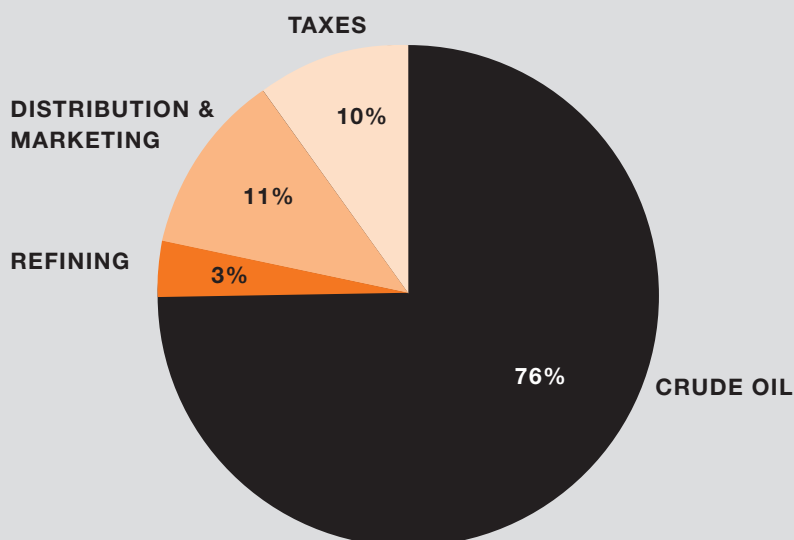
Fluctuations in crude oil prices are generally the biggest factor in what we pay at the pump. As the cost of crude oil increases, the percentage of that cost in a gallon of gasoline goes up as well.

For example, the average cost of a gallon of gas was \$2.28 in February 2006, and crude oil accounted for 59% of that price. At the end of July 2008, a gallon of gas averaged \$4.06, and crude oil made up 76% of that price.

Between 2006 and 2008, the cost of crude oil has more than doubled from around \$55 to over \$125 per barrel.

In May, some state legislators called for a freeze on gas taxes. In response, Gov. Perdue stopped the gas tax increase – 2.9 cents per gallon – that was supposed to go into effect the second half of 2008.

## COST IN A GALLON OF GAS JULY 2008 (BASED ON AN AVERAGE PRICE OF \$4.06/GALLON)



SOURCE: [HTTP://TONTO.EIA.DOE.GOV/OOG/INFO/GDU/GASDIESEL.ASP](http://tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp)  
(ENERGY INFORMATION ADMINISTRATION)

"They told me I could have up to three thousands dollars on my car, but I didn't want to take out more then I could pay back," Proctor said.

In January, Proctor's home was foreclosed on. She went back to TitleMax for a bigger loan to cover moving expenses, bringing her total debt o \$2,700.

She paid \$300 a month for another year, for total payments of over \$3,000. But the loan balance never dropped below \$2,500.

Proctor realized she may not pay off this loan in her lifetime.

She refinanced her loan, which jumped to

\$3,000 because of refinancing costs. She hopes to pay off the loan in 18 months, making payments of \$218.

By that time, she will have paid over \$8,000 in fees and interest.

Proctor contacted Georgia Watch to share her experience and warn other consumers.

"I wouldn't recommend a car title loan to anyone," she said. "It didn't help me, it put me in more debt then I had before. It wasn't at all the quick fix they promised."

At Georgia Watch, our goal is to educate and inform Georgia consumers about the

high costs and unfair business practices of predatory lenders, including car title lenders.

In 2009, the Georgia General Assembly will have another opportunity to reform the car title loan industry and support consumer protections against unjust enrichment in this industry.

For more information, to share your own stories of abusive lending, or to volunteer and support our efforts, contact Jeannine Lowery at [jlowery@georgiawatch.org](mailto:jlowery@georgiawatch.org) or 1-866-33 WATCH.



## **A CRISIS OF AFFORDABLE HEALTHCARE: MEMORIAL UNIVERSITY MEDICAL CENTER**

**BY HOLLY LANG**

In July, Georgia Watch released a detailed financial analysis of Memorial University Medical Center, Coastal Georgia's primary safety net hospital.

Memorial is located in Chatham County, and serves approximately 34 additional counties. It is one of Georgia's four Level 1 trauma centers.

In 2006, approximately 45,000 citizens were medically uninsured in Chatham County. The median household income in 2007 was \$39,910 – less than the state average (\$46,832) and the national average (\$48,451) for the same year.

"A Crisis of Affordable Healthcare: Memorial University Medical Center" describes how the tax-exempt nonprofit hospital has operated with dangerously low levels of cash reserves, and has reported dramatic swings in revenue since 2000.

In 2006 and 2007, their financial

troubles escalated, resulting in staff layoffs and reduced benefits to the community.

In April 2008, Memorial CEO Bob Colvin was fired amid reports that the hospital would post a deficit of more than \$35 million in 2007.

Memorial provides most of the indigent care in southeast Georgia. But the report also finds that the nonprofit hospital charges its uninsured patients significantly more than they charge Medicare, Medicaid and most private insurers:

- A 279 percent overall price mark-up – from approximately \$390,645,400 in costs to \$1,088,103,757 in patient charges;
- A average 604 percent mark-up in drug charges to patients;

- Laboratory tests were charged 448 percent over cost for patients;
- An average 61 percent discount to private insurers.

Georgia Watch's "A Crisis of Affordable Health Care: Memorial University Medical Center" is the fourth in a series of ongoing hospital reports. The research and analysis is based on figures reported by the hospital to the IRS and the US Centers for Medicaid and Medicare Services.

Read more of "A Crisis of Affordable Health Care: Memorial University Medical Center" at [www. GeorgiaWatch.org](http://www.GeorgiaWatch.org).





FROM THE DIRECTOR'S CHAIR

# FORECLOSURE CRISIS: HOW DID WE GET HERE? WHAT NOW?

BY ALLISON WALL  
EXECUTIVE DIRECTOR



The foreclosure crisis, now in its third year, claimed over 7,500 homes in the 13-county Metro Atlanta area in July alone – a record for the region.

For those of us who are not directly threatened by foreclosure, it is important to remember that foreclosures affect entire neighborhoods.

Homes left vacant often fall into disrepair. Local governments and neighborhood groups typically have a hard time finding the “holder of the mortgage” who is responsible for keeping the property in order.

Over the next two years, more than 83,000 Georgia homes will be lost to foreclosure. As a result, the value of 630,218 additional homes located nearby will decrease by \$2,884, on average.

That’s a total decrease in home values of \$1.8 billion.

That, of course, directly impacts the tax base of city and state governments already operating under multi-million dollar deficits – and which are now cutting basic services, including police and fire fighter forces.

For the Georgians who have lost, or will lose their homes, it will take years to recover. Because the repercussions of this meltdown impact the state and national

economies, the same is true for the rest of us.

Looking back, it is obvious what went wrong. Too many lenders ignored traditional underwriting and risk management guidelines.

Instead, lenders aggressively marketed and pushed new products and dangerous loan features that were known to increase the likelihood of default – such as low teaser rates and high prepayment penalties.

They simply failed to do what they had always done for decades – a professional evaluation of borrowers’ ability to repay before approving loans.

These practices created a perfect storm for Georgia families who tried to plant their roots, grow their assets and secure their families’ financial future.

Lack of financial literacy is clearly part of the problem. Consumer education and housing counseling from groups like Atlanta Legal Aid, Consumer Credit Counseling Service and Georgia Watch must be part of the solution.

But, financial literacy would not have prevented lenders from lying about borrowers’ income on loan application forms. And it wouldn’t have quenched Wall Street’s thirst for high-interest loans.

There is no escaping the reality that changes in lending behavior are just as important as changes in consumer behavior.

When we restore sensible lending

practices, borrowers can once again seek credit without fear of being cheated or ruined, and the entire economy will be strengthened.

Resolving the mortgage crisis requires that we clean house in our financial markets, from the pawn shop brokers all the way up to the investors.

OUT with prepayment penalties.

OUT with kickbacks for brokers who steer borrowers into higher-interest rate loans, even when the borrower could have qualified for a cheaper loan.

OUT with landlords who deliberately keep foreclosure a secret from their tenants until it’s too late for them to move to another home.

State law should give renters a formal hearing and a month or more to relocate. But when landlords don’t follow the law – renters end up on the street.

A renters’ bill of rights would protect more families who rent from homelessness due to foreclosure.

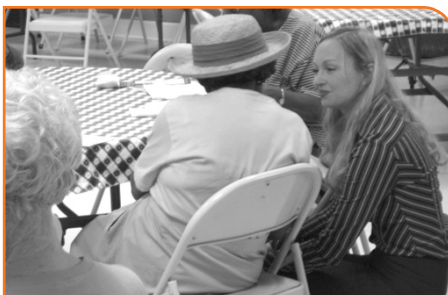
Focusing on irresponsible practices in the real estate market doesn’t absolve consumers from responsibility for their behavior – it simply recognizes that blaming financially-strapped families is not enough of a solution.



# GEORGIA WATCH OUTREACH



ALLISON WALL PRESENTS D.A. JOE MULHOLLAND  
WITH A FRIEND OF THE CONSUMER AWARD



JEANNINE LOWERY AT THE DECATUR COUNTY  
SENIOR CENTER, BAINBRIDGE GA



ALLISON WALL SPEAKS ABOUT CREDIT FREEZE TO  
THE GEORGIA COUNCIL ON AGING



BETH MALONE AND FIRE SAFETY SPECIALIST PENNY  
TANNER AT FAMILY PREVENTION FUN DAY, COVINGTON GA



DANNY ORROCK PRESENTS REP. ROB TELHEIT  
WITH A FRIEND OF THE CONSUMER AWARD



ALLISON WALL PRESENTS REPUBLICAN MIKE KEOWN  
WITH THE FRIEND OF THE CONSUMER AWARD



ALLISON WALL SPEAKS AT CAMILLA UNITED  
METHODIST CHURCH, BAINBRIDGE GA



JEANNINE AT THE COVINGTON LION'S CLUB

## MEET GA WATCH VOLUNTEER AND LAW STUDENT: CHAD ROBERTS

BY BETH MALONE

This past summer, Georgia Watch was pleased to welcome Chad Roberts as a weekly volunteer.

Roberts, 26, grew up in Henry County and received degrees in sociology and political science from the University of Georgia. He recently started his final year of law school at the University of Alabama.

"I have always been interested in government, politics, and the law," Roberts said. "My interest is focused on the ways in which laws affect the everyday lives of citizens."

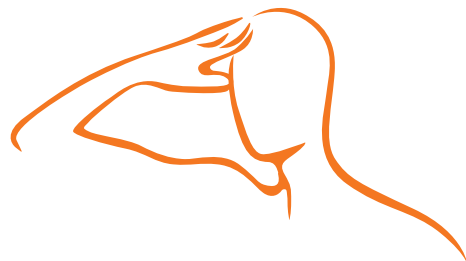
As a Georgia Watch volunteer, Roberts has worked on several projects.

"I helped with legal research and analysis for the 2008 Court Watch report, and I created a database of campaign contributions to Georgia legislators from predatory lenders," Roberts said.

"I also assisted Georgia Watch staff by giving a legal viewpoint on current issues facing Georgia's consumers like the foreclosure crisis and landlord-tenant disputes."

Roberts' work with Georgia Watch has been greatly appreciated and beneficial to the organization.

Thank you Chad, good luck!



# ESTABLISHING OUR ROOTS CAR TITLE LOAN CALLS ON THE RISE

BY JEANNINE LOWERY

Job loss, the mortgage crisis, credit crunch and economic downturn are contributing to an increase in the number of Georgia consumers turning to high interest car title pawn loans.

This summer, we have seen a drastic increase in complaints from consumers who have taken out a car title loan and who have fallen behind, or struggle to keep up with, the monthly payments.

These loans, which can cost more than 300 percent APR, are an easy trap for consumers in financial crisis.

Two Georgia Watch members had very different experiences with car title lenders but came to the same conclusion: title loans only make money problems worse.

What may happen if you can't make loan payments. . .

Ami McKenzie operates a state licensed personal care home for developmentally delayed adults. In May, McKenzie took out a car title loan at her local Titlebucks store.

She received a \$2,365 loan on her 1999 Ford Expedition and made interest-only payments for three months.

Two months after receiving the loan, the car's engine stopped running. McKenzie notified Titlebucks and made it clear she didn't have the money for the repairs.

Despite the car's condition, the lender extended the loan for another month.

In August, McKenzie fell behind on her payments. Titlebucks called three times a day, claiming they could not take a broken car, and thus, she still owed \$2,000. McKenzie had every intention of repaying the loan, but the harassment never ceased.

And then, Titlebucks representatives started coming out to her home.

On two occasions they rifled through her Expedition as it sat in the driveway. They even handed over information on the

status of her loan to one of her clients' family members.

"I couldn't answer the phone at all, the calls were relentless," McKenzie recalled. "I felt rattled every time the phone rang."

These forms of intimidation are not uncommon. The truth is Titlebucks had no legal option other than taking McKenzie's vehicle.

According to Georgia law, the title pawn lender is only entitled to take possession of the car, whether it runs or not. This is the risk car title lenders take when they approve high interest loans.

As the harassment continued, McKenzie called Georgia Watch. With our help, she utilized the Fair Debt Collections Practices Act and drafted a "cease and desist order."

The phone calls from Titlebucks didn't stop immediately. But, ultimately, Titlebucks took the Expedition to settle the loan, and McKenzie was finally able to move on with her life.

**What may happen if you can make loan payments. . .**

In 2006, Gay Proctor, a 69 year-old widow from Appling, had no idea what an adjustable rate loan was. Her husband of almost 20 years had always taken care of the family's finances. But when he fell ill and died that year, she was forced to take over.

Proctor was confronted with mortgage payments that doubled, while her monthly income was cut in half. Bills started to accumulate. Facing foreclosure, Proctor paid only what she could.

In September 2006, Proctor took out a \$1,000 car title loan at TitleMax on her 2003 Toyota Matrix to pay her \$1,100 electric bill and keep the lights on.

She made steady payments for two months, but they offered her more money every time she came in.

## FACT BOX:

### GEORGIA'S FAILING GRADE ON FAIR LENDING

A recent report by the Consumer Federation of America, Consumers Union and the National Consumer Law Center finds that several states are not providing consumers with basic protection from predatory lending.

The report gives each state a Scorecard complete with Pass and Fail grades on how well they protect consumers from inflated interest rates on certain small dollar loans.

The products under scrutiny for the purpose of the Scorecard include: car title loans, payday loans and two short-term installment loans.

Georgia was awarded a Pass grade for its statewide ban on payday lending, but received three Fail grades for its minimal regulation of car title and installment loans.

## FACT BOX:

### KNOWING YOUR RIGHTS

What the Fair Debt Collection Practices Act promises consumers:

- Collectors are only allowed to call you between 8:00 a.m. and 9:00 p.m.
- Collectors cannot call you at work if you tell them your employer disapproves of such contact.
- In most cases, debt collectors are only allowed to contact you and your attorney. They can contact a friend or family member one time – and one time only – to get your contact information.
- Write a cease and desist letter to the collector to stop collection calls.
- Creditors are not allowed to use trickery or threats. They are forbidden from:
  - using threats of violence or harm
  - publishing a list of consumers who refuse to pay their debts
  - using obscene or profane language
  - repeatedly calling on the phone
  - using false statements to mislead a consumer

If a debt collector has violated your rights, please report them to Georgia's Office of the Attorney General at (404) 656-3300, or to the Federal Trade Commission at 1-877-382-4357 (1-877-FTC-HELP).

Source: ftc.gov

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