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JFAC COMMITTEE MEETING MINUTES

2/18/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 9:50 a.m. with Chairman Bell presiding.

Roll Call:

Senators: Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Schmidt, Lacey

Representatives: Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller, Youngblood, Ringo, King

Absent/Excused:

Staff present: Bybee, Lockett

DEPARTMENT OF INSURANCE

Presenter: Bill Deal, Director

- ❖ FY 2012 performance measurement report
 - 2,199 companies regulated, 45 more companies than FY 2011
 - 76,900 producers licensed in Idaho, 6,512 were newly issued in FY 2012
 - 92% of Consumer Affairs complaints closed in 80 days
 - Initial response within 24 hours
 - Over \$2.6 million recovered
 - Outreach by State Fire Marshal to local departments
 - Increased 30%
 - From 6,804 in FY 2011 to 9,040 in FY 2012
 - Reorganization of investigations section
 - Number of cases referred doubled for 24 to 48
- ❖ Workforce
 - Continued at 72 full-time classified positions
 - Actuary position filled
- ❖ Legislative Services Office Audits
 - No audit for FY 2012 or 2013
 - FY 2011 audit results- no findings or recommendations
- ❖ Fund distributions for fiscal year that ended June 30, 2012: \$89,551,000
 - General Fund: \$53,354,141; 59.7%
 - Premium tax refunds: \$3,692,158; 4.5%
 - Firemen's retirement: \$3,136,829; 3.5%
 - High Risk Reinsurance Pool/Access Card: \$4,101,172; 4.5%
 - Vaccine Fund: \$15,158,725; 16.1%

- Operating expenses: \$6,883,412; 7.6%
- Decrease in refund/operating cash balance: \$3,225,000; 3.6%
- ❖ Decision unit #1
 - Additional senior financial specialist in Company Activities Bureau
 - Review and oversee regulated self-funded plans
 - Complex financial analysis determining violations and recommending action
 - Ensure compliance with national accreditation standards
 - Additional resources
 - 1 FTP, pay grade L
 - One-time costs: \$1,600 operating expenses and \$800 capital outlay
 - Ongoing costs: \$71,900 personnel costs and \$2,200 operating expenses
 - Funding
 - Dedicated Fund 0229-10
 - Current fees are sufficient
- ❖ Decision Unit #2
 - Contract examiners in Company Activities Bureau
 - Contract examiners used to evaluate financial viability
 - Examiners must maintain industry certifications
 - Conduct examinations according to nationally accredited standards
 - Sharp rise in costs
 - Increased national demand for examiners
 - Examinations are more complex resulting in more time required
 - Expecting 50% increase to existing costs
 - Funding
 - Additional \$257,500 in ongoing operating costs
 - Dedicated Fund 0229-10
 - No increase to fees is required
- ❖ Decision Unit #3 –
 - Senior Health Insurance Benefits Advisors (SHIBA) pilot
 - Call center piloted in FY 2013 with federal funds and surplus equipment
 - Received nearly 6,000 calls during Medicare open enrollment
 - Number of Medicare-eligible individuals projected to increase 10,000 per year
 - Shift from pilot to ongoing
 - One-time purchase of office and computer equipment
 - Ongoing operating expenses including training, office supplies, software licensing
 - Funding
 - Additional one-time costs from dedicated fund 0229-10
 - \$5,200 operating expenses
 - \$2,300 capital outlay

- Additional ongoing costs of \$3,100 in operating expenses from federal grant
- No increase to fees is required

SELF GOVERNING AGENCIES: Division of Building Safety (DBS)

Presenter: Kelly Pearce, Administrator

- ❖ “Building a Safer Idaho”
 - Logging safety
 - School safety
 - Public Works contractor licensing
 - Plan review
 - Plumbing
 - Elevator and escalator safety
 - Electrical
 - Building Code
 - HVAC
 - Energy
- ❖ Changes in workforce
 - Average number of employees working in the construction of new buildings chart
 - Personnel reductions
 - January 2008 authorized FTP 152
 - October 2011 actual FYP 95
 - 37.7% reduction
 - Current 131
- ❖ Governor’s recommend budget
 - DBS dedicated funds (89.5%): \$10,252,100
 - Other dedicated funds (10.1%): 1,155,500
 - Federal (.4%): 43,100
 - Total \$11,450,700
- ❖ Audit finding
 - Finding January 27,2012
 - suspense account had not been reconciled for a least three years
 - Resolved
 - suspense account has been reconciled since November 2012

Idaho Bureau of Occupational Licenses

Presenter: Tana Cory, Bureau Chief

- ❖ The Bureau was established in 1974 to provide, under contract, those administrative, legal, investigative, and fiscal services necessary to enable various licensing boards and commissions to carry out their responsibilities
 - 29 Boards – Commissions

- 134 board members from around Idaho
- 179 board meetings in 2012 for an average of 3-4 per week
- ❖ Customer service
 - Assist applicants with the licensure process
 - Process applications and examinations
 - Issue licenses and registrations for the Boards
 - Maintain Board records and documentation
 - Process renewal applications
 - Notify the public of meetings
 - Maintain financial records
 - Maintain each Board's website
 - Answer public inquiries
- ❖ Statistics
 - 57,875 current licensees/registrants
 - 22,807 is the average hits-per-day for the Bureau's website
 - Online renewals average around 40% per year
 - Staff returns calls and e-mail inquiries within 24 hours
- ❖ Funding Boards and Commissions
 - Bureau is a dedicated fund agency from fees
 - Annual board appropriation
 - Based on historical operating records
 - Receipts and expenditure allocated to appropriate board
 - Board financial information available on the web
- ❖ Decision units for consideration
 - Licensing Regulatory System
 - Massage Therapy Board
 - Increased legal costs
- ❖ Legislative audit
 - # 1 - Authority to provide advanced funds to boards with negative balances is unclear
 - Follow up – The Bureau had been working with legislators to resolve the issue, but a solution had not been reached
 - # 2 – Certificates of insurance are not requested or validated for license renewal applications
 - Follow up – the two boards in question now have the ability to conduct random audits to ensure that the certificates of insurance for applicants are on record at the licenses.

GERMANE COMMITTEE REPORT – House Commerce Committee

Presenter: Representative Stephen Hartgen, Chairman

- ❖ Information from three reports
 - #1 - Employee pay overall is 18.9% below average with comparable states

- #2 – Idaho is lagging private sector by 29%, and 13% below comparable positions in the state government, compared to neighboring states
- #3 – 90% of Idaho classified employees were below the policy rate for their position
 - 30 to 40% employees below policy rates
 - Not being compensated to keep up with inflation
- Employees like working for the state overall
- Issues are related to pay but staff appreciate benefits
- ❖ Need pay adjustment – options include:
 - Surplus eliminator for one-time employee pay increase
 - Give agencies authority to direct salary adjustment

ADJOURNED

Maxine Bell, Chairman

Kathryn Yost, Secretary