

MINUTES  
**SENATE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Thursday, January 18, 2024

**TIME:** 1:30 P.M.

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Cook, Senators Guthrie, Ricks, Foreman, Hartgen, Lenney, Ward-Engelking, and Ruchti

**ABSENT/ EXCUSED:** Senator Lakey

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Cook** called the Senate Commerce and Human Resources Committee (Committee) to order at 1:32 p.m.

**RS 30807** **Relating to Workers' Compensation. Kamerron Slay, Commission Secretary, Idaho Industrial Commission (IIC)**, explained this legislation retained the requirement that a notice must be served on the parties by certified mail. The amendment allowed for service of a Notice of Hearing to be made by regular mail or by email. Pro se litigants were allowed to file and receive pleadings by email, regular mail, personal service, or Facsimile transmission. She stated this legislation had no impact on the State's General Fund.

**DISCUSSION:** **Senator Ricks** queried if there had ever been a situation where a client did not have access to a computer and what accommodations were made for this type of scenario. **Ms. Slay** indicated there were other options. She referred to the language in the Routing Slip (RS) and stated the IIC granted leniency to reschedule a hearing for extenuating circumstances.

**MOTION:** **Senator Ricks** moved to send **RS 30807** to print. **Senator Ruchti** seconded the motion. The motion carried by **voice vote**.

**MINUTES APPROVAL:** **Senator Guthrie** moved to approve the Minutes of January 11, 2024. **Senator Hartgen** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO. 15-0401-2301** **Rules of the Division of Human Resources and Idaho Personnel Commission (ZBR Chapter Rewrite) - Proposed Rule, p. 84. Michelle Peugh**, Bureau Chief, Idaho Division of Human Resources, explained the proposed rule changes reflected a comprehensive review of the chapter by collaborating with the public to streamline or simplify the rule language in this chapter and to use plain language for better understanding.

**DISCUSSION:** **Senator Hartgen** asked if employees attended negotiated hearings and were they allowed to give input. **Ms. Peugh** stated the hearings were for the public and employees were welcome to attend and give input. **Senator Hartgen** requested Ms. Peugh define "voluntary probation." **Ms. Peugh** explained there were three types, namely entrance, promotional, and voluntary. She gave an example of voluntary probation when an employee made a lateral move to another agency. A voluntary probation could be negotiated if the new agency was not familiar with the employee's work.

**MOTION:** **Senator Hartgen** moved to approve **Docket No. 15-0401-2301**. **Senator Ruchti** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.  
17-1001-2301**

**Administrative Rules Under the Crime Victims Compensation Act (ZBR Chapter Rewrite) - Proposed Rule, p. 143.** **Paul Jefferies**, Review Officer, Idaho Industrial Commission (IIC), explained the Crime Victims Compensation Act was established in 1986 to provide assistance to victims of crime for costs related to treatment for injuries sustained as a result of a crime, for sexual assault, and forensic examinations. The program worked with victims and family members to ensure they understood the benefits available to them and to assist in accessing the necessary treatment or needed services. The program received approximately 2,600 applications per year and approximately 1,560 sexual assault, forensic, and examination reimbursement applications per year. He noted the most common applicants for assistance were victims of child sexual abuse and assault. Approximately 71 percent of eligible victims were women and 66 percent were children under the age of 17.

**Mr. Jefferies** outlined the process for revising this rule. Meetings with stakeholders were conducted. The goals throughout the process were to prevent the accumulation of ineffective or outdated regulations and reduce the regulatory burden to achieve a more efficient operation of government. He stated the IIC wanted to make it easier for victims to access benefits and services. The proposed rewrite accomplished these goals. He noted the rewrite removed a requirement that a victim obtain IIC approval before changing a treating physician to continue to qualify for benefits. Additionally, the time upon which a treatment provider could submit a claim to the program for reimbursement was extended. The IIC was authorized to adopt a medical fee schedule to be posted on the website. Posting the fee schedule on the website gave the IIC the flexibility to adjust the fee schedule based on changes in the Centers for Medicare and Medicaid Services (CMS) codes and regulations, and to adjust for cost and market trends. **Mr. Jefferies** stated the section of rules detailing the review of a claim or application by the Crime Victims Division staff were streamlined and the process to request a hearing by the IIC.

**DISCUSSION:** A lengthy discussion ensued among the Committee members and Mr. Jefferies. They discussed allowing victims to choose their own treatment provider according to statute, access to the forms to file for compensation, the elimination of the medical fee schedule from the rules and moving it to the website that forced victims to look at two websites instead of one, and the involvement of funeral directors so they understood the program in order to help grieving family members. Several Committee members expressed a concern about moving the fee schedule to the website and out of the rules. They discussed whether the Committee still had oversight over the rules if the fees were moved, and the possibility of changing the fees without approval.

**TESTIMONY:** **George Gutierrez**, Director, IIC, explained the medical fee was a table. There were three factors involved with this table. He noted relative value units changed every year. Part of the mathematical formula was based on national cost data. The table applied a conversion factor that was put into a formula and the system calculated an allowable amount. If there was a change, there was no rule change, but the conversion factor changed. He clarified the conversion factor was one of the figures. The relative value unit was issued by the CMS. **Mr. Gutierrez** remarked the conversion factor was in the rule change. He stated this was not a fee rule, but a fee for a service and only part of the formula was changed. **Mr. Gutierrez** stated if there was a change in the conversion factor, that change would not come before the Committee. He noted no change had taken place since 2010. In any given year, the change fluctuated between 19 and 21 percent. The fee chart was still within those percentages.

**DISCUSSION:** Committee members reiterated concerns about the movement of the fee schedule to the website. **Senator Foreman** stated the table and values were not there for the Committee to approve or disapprove. He remarked the large part of the change was in the hands of the CME. He stated there were state and federal influences and he had no concerns.

**MOTION:** **Senator Hartgen** moved to approve **Docket No. 17-1001-2301**. **Senator Foreman** seconded the motion. The motion carried by **voice vote**.

**PRESENTATION: Overview of Group Health Insurance for State Employees.** **Jennifer Pike**, Group Health Administrator, Department of Administration, gave an overview and highlighted the changes, the transition from Blue Cross to Regence BlueShield, projected costs, and looking into the future (Attachment 1).

**DISCUSSION:** **Chairman Cook** and **Ms. Pike** discussed "sweep" money and how many providers were assigned to Blue Cross.

**PRESENTATION: Overview of Group Health Insurance Purchasing.** **Valerie Bollinger**, Purchasing Administrator, Department of Administration (DOA), gave an overview of the methodology of how the bids were procured and the process of how the bid was awarded (Attachment 2).

**DISCUSSION:** **Senator Ruchti** remarked there were three different proposals and each one had their own actuary. He queried why some actuaries used some of their own methods. **Ms. Bollinger** stated it was common to set a cap in order to smooth out the numbers. High claims could skew the analysis. She remarked the DOA received six proposals from four vendors. Some vendors processed the Employee Assistance Program (EAP) as medical claims. Some vendors did not charge the EAP as a medical claim. There were differences in how each carrier trended.

**Senator Guthrie** asked what was the margin of error. **Ms. Bollinger** reported there was not a standard margin of error because the DOA did not have a high level of complexity in the cost. The other aspects of the total point rate were evaluated. She noted the cost was fairly simple in terms of taking whatever the final number was and determining whether it was a firm fixed rate. It was a fairly simple application of math, but this was more complex. Four points were compared to the total cost rate. There was not much leeway in the total value in terms of how far off the cost was without it changing the outcome with a four-point difference. **Ms. Bollinger** remarked she was unsure as to the margin of error, but it was more than four.

**Senator Guthrie** queried if it was typical to have prospective bidders submit more than one proposal. **Ms. Bollinger** remarked it was not unheard of and had happened more than once. She cited an example that when the DOA reached the end of the process, they were told to present the best and final offer. The DOA saw the administrative cost compared to the direct benefit costs. This was a contract where some of the money was applied to the direct services for the beneficiaries. There was an administrative cost overhead that was extremely high. The DOA decided to make sure the State was receiving the best value. Sixty-five percent of the total cost went to administrative instead of direct services. Because of this, negotiations were reopened. Finalists were contacted that this was a concern. The same bidder ended up winning because they were able to restructure prices so the vast majority of the money went towards direct benefits instead of administrative costs.

**Senator Ruchti** asked when the three finalist proposals were evaluated and did they fall within a very tight margin of one another. **Ms. Bollinger** replied the three finalists were notified the DOA hired their own actuary to do repricing and they were

given the opportunity to voice any objections. There were none. When the scores were tallied, there was a 60-point difference instead of four points.

**PRESENTATION:** **Ms. Bollinger** noted there was a significant price savings projected for the next year. There were concerns about the quality of services if there was a savings. The evaluators considered proposals based on competitive employee benefits, cost containment for the State and the employees, and improved employee health. Regence BlueShield was the highest scoring on their technical proposal, negotiated scope of work, and the lowest cost.

**ADJOURNED:** There being no further business at this time, **Chairman Cook** adjourned the meeting at 2:57 p.m.

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Senator Cook  
Chair

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Linda Kambeitz  
Secretary