

MINUTES

SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 19, 2017

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Guthrie, Senators Martin, Lakey, Thayn, Souza, Anthon, and Ward-Engelking

ABSENT/ EXCUSED: Burgoyne

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 Patrick** called the Senate Commerce and Human Resources Committee (Committee) meeting to order at 1:30 p.m.

MINUTES APPROVAL: **Vice Chairman Guthrie** moved to approve the Minutes of January 10, 2017. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

Vice Chairman Guthrie moved to approve the Minutes of January 12, 2017. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Guthrie to introduce the presenters for the rules review being heard.

DOCKET NO. 12-0108-1601 **Rules Pursuant to the Uniform Securities Act (2004).** **Jim A. Burns**, Securities Bureau Chief, Department of Finance (DOF) presented this pending rule docket. He said the reason for adopting the pending rule is to reflect changes that have been made to existing guidance governing securities industry participants (dealers, dealer and advisor sales agents, investment advisors and issuers of securities).

Mr. Burns stated that after consideration of public comments, and in accordance with Idaho Code § 67-5227, the text of the pending rule in Section 104.22 has been amended and adopted. The remainder of the rule has been adopted as initially proposed. He said that only that section containing the change that differs from the proposed text is printed in this bulletin.

Mr. Burns said that the DOF's rules reference various rules of federal regulatory bodies with whom the DOF shares regulatory authority. He reported that during 2015 and as a result of the federal Dodd-Frank legislation, the United States Securities and Exchange Commission (SEC) passed new rules governing federal Regulation A securities offerings. (Regulation A is an exemption from registration that apply to public offerings of securities that do not exceed \$5 million in any one-year period.) In part, these new rules preempted state authority to oversee and comment on the disclosures presented in certain securities offerings but partially retained state authority to require filings and collect fees. This rule clarifies the effect of this federal preemption and allows the DOF to know who will be offering Regulation A securities to Idaho residents and to reduce its fee schedule accordingly.

Mr. Burns said recently the former National Association of Securities Dealers (NASD) was renamed as the Financial Industry Regulatory Authority (FINRA). Various rules changes are associated with eliminating and replacing NASD

references to FINRA references. Where applicable, some references to Investment Adviser Registration Depository or Code of Federal Register (CFR) citations have been amended to reference the appropriate CFR rules citation.

He explained the DOF collaborates with 50 other state securities regulators, as well as Canadian and Mexican securities regulators through the North American Securities Administrators Association (NASAA). Many of these efforts are directed at providing a uniform regulatory framework for securities issuer across jurisdictions. The DOF seeks to amend its existing incorporations of NASAA Statements of Policy to reflect changes in these uniform guidelines during the last ten years.

Mr. Burns commented that to provide some regulatory relief for certain securities issuers that wish to sell securities in multiple jurisdictions, the DOF piloted and allows the use of national Electronic Fund Depository (EFD) for the filing of certain documents. Acknowledgment of this optional issuer filing format will be provided for in these rules.

Mr. Burns clarified there are two tiers of regulated investment advisers in the United States. Investment advisers with assets under management in excess of \$100 million are required to register only with the SEC, while managing funds under \$100 million are required to register only with their state of domicile. Since advisers may, over time, experience variances in their "book of business," they may migrate back and forth between federal and state oversight. **Mr. Burns** said the DOF seeks to minimize the changes required of state registered advisers as they move between the two regulatory systems.

Mr. Burns clarified that investment advisers and their representatives are required to use national registration platforms to license in the jurisdictions where they will conduct business. Presently, advisers use the Investment Adviser Registration Depository (IARD) while their representatives use a corollary system known as the Central Registration Depository (CRD). The rules pertaining to these adviser and adviser representative registrations are being amended to clarify which registration platform should be used based upon the registrant's status as either an adviser or an adviser representative.

Mr. Burns gave an update on Rule 104.04 which proposes to add language that clarifies that investment advisers have a duty to provide suitable recommendations in connection with their advisory activities when advising clients to purchase or sell securities.

Mr. Burns explained that as a condition of registration and ongoing compliance, investment advisers must demonstrate solvency by providing a balance sheet to the DOF. To avoid confusion on the format and content of adviser balance sheets, the DOF proposed that Rule 89.01(e) be amended to identify that balance sheets are prepared substantially in accordance with Generally Accepted Accounting Principles (GAAP).

Negotiated rulemaking was conducted. There is no fiscal impact to the state.

DISCUSSION: **Senator Anthon** wanted to know what the difference was between the national market system, the global market, and the global select market. **Mr. Burns** said this terminology was a re-branding of one of the exchanges that was previously recognized.

Senator Lakey remarked that FINRA was a voluntary self-regulating association and wanted to know if there was any tie to the SEC or federal authority or it was totally self-regulating. **Mr. Burns** answered that FINRA is an organization that has been mandated, granted authority, and overseen and authorized by the SEC. FINRA is a membership organization. All broker/dealers as well as their representatives will be members of FINRA. The self-regulatory organizations will oversee and have their own enforcement authorities relative to those licensed people. The DOF partners with the licensing platform of FINRA, a national license and database, so regulators can share information and work collaboratively.

Senator Lakey referred to Section 101 of the rule and questioned why would we replace our definition of a branch office with a general reference to FINRA? **Mr. Burns** said that the DOF was working towards more uniformity as to what is reported or what needs to be reported and to have their own definition of a branch office. Branch offices that FINRA would identify might not be following FINRA's reporting cadre, but would follow the DOF reporting requirements.

Senator Lakey said he deferred to a large degree to the DOF and the practitioners in the state. He said he was a little concerned when authority is relinquished. He wanted to know if the DOF at least periodically reviewed what that definition may be and the yielding of that full authority to FINRA. **Mr. Burns** said the DOF has multiple ways of know who is doing business in the State in Idaho.

Chairman Patrick referred to the financial reporting and the format using GAAP standards and asked if an accountant was need to make sure the reporting was done correctly. **Mr. Burns** said the DOF was more than happy to assist those who are struggling with the reporting.

MOTION: **Senator Ward-Engelking** moved to approve **Docket No. 12-0108-1601**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 01-0101-1601 **Accountancy Rules. Kent Absec**, Executive Director, Board of Accountancy, thanked Committee Secretary, Linda Kambeitz, for accommodating him in scheduling his presentation since he had a recent medical condition. **Mr. Absec** presented this pending rule docket. He said Rule 511 is being added to this docket to emphasize that licensees who let their license lapse and elect not to have their license moved to a status of "inactive" or "retired" status may use the word "former" without violating Idaho Code §§ 54-211 or 54-220.

Negotiated rulemaking was not conducted because the changes are simple in nature and were discussed with the Idaho Society of Certified Public Accountants and licensees without objections. There is no fiscal impact to the state.

Vice Chairman Guthrie thanked Mr. Absec for recognizing and appreciating Committee secretary, Linda, and said the Committee appreciated her as well.

MOTION: **Senator Martin** moved to approve **Docket No. 11-0101-1601**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
07-0106-1601**

Rules Governing the Use of the National Electrical Code. **Warren Wing**, Electrical Program Manager, Division of Building Safety (DBS), presented this pending rule docket. **Mr. Wing** said the 2017 National Electrical Code (NEC) adds several new articles to the NEC that provide safety requirements for emerging technology. Articles have been added to address energy storage systems and direct current micro-grid installations. The 2017 NEC will also provide necessary guidance on the difference between small scale and large scale solar systems. There are numerous revisions and clarifications that will make it easier to understand and apply. The current rule amendment relating to Arc-Fault Circuit-Interrupter (AFCI) Protection can be confusing to electricians because it also removes the requirements that prescribed how to install AFCI branch circuits. This rulemaking revises the amendment to that section of the NEC. The provisions are maintained which indicate how the AFCI branch circuit is to be installed, while clarifying that in dwelling units it is only required to branch circuit and outlets supplying bedrooms.

Mr. Wing stated the proposed rule would adopt the 2017 edition of the NEC. The proposed rule would retain all the existing amendments to the NEC; however, the exception related to AFCI Protection is simplified to ensure more clarity. The effect of that exception remains the same.

Mr. Wing said the adoption of the 2017 NEC is expected to cost the DBS approximately \$5,000. This cost includes new code books and training associated with the implementation of the new code. Local jurisdictions will encounter similar costs. Negotiated rulemaking was conducted.

DISCUSSION:

Senator Lakey remarked that historically when some of the changes from one version of the code to another occur on a national level, there have been questions raised by the industry that some items do not fit with Idaho. He wanted to know if negotiated rulemaking was conducted. **Mr. Wing** said negotiated rulemaking was conducted. **Senator Lakey** asked **Mr. Wing** to describe those involved in the industry that participated and what kind of input did the DBS receive. **Mr. Wing** said that some of the feedback was clarification on the AFCI, which was clarified and changed in the rule.

Vice Chairman Guthrie wanted to know how extensive the review process was at the state level to make sure the change has not become too onerous. **Mr. Wing** said the DBS went through the process with the National Fire Protection Association. The whole process is done on-line, which can be followed by contractors and agencies.

Chairman Patrick wanted to know if the NEC is just guidance. **Mr. Wing** said the NEC is not an instruction manual, it is really how to install electrical systems safely.

MOTION:

Senator Ward-Engelking moved to approve **Docket No. 07-0106-1601**. **Senator Thayne** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
07-0206-1601**

Rules Concerning the Idaho State Plumbing Code. **John Nielsen**, Plumbing and Heating, Ventilation and Air-conditioning (HVAC) Program Manager, Division of Building Safety (DBS), presented this pending rule docket. He said that in 2012, the Idaho Plumbing Board (Board) established the Idaho State Plumbing Code (IPC) with the intention to only consider adoption of a new edition of the underlying Uniform Plumbing Code (UPC) every six years, or two code cycles. In the past five years there have been many code changes that have positively affected the plumbing trade. Many of these changes are less restrictive and advantageous to contractors and property owners by providing them with more options. Examples of such changes include relaxing the requirements for the approval of plumbing fixtures and equipment, and provisions providing the ability for homeowners to more freely determine what kind of plumbing installations they may desire such as

shower thresholds, or non-potable rainwater catchment systems. Additionally, the DBS would like the ability to make interpretations of the rules in the event that it is advisable to do so, in order to provide clarity or direction to those making plumbing installations.

Mr. Nielsen explained the rulemaking adopts the 2015 UPC to serve as the base plumbing code for the IPC to be published in 2017, including certain appendices. The pending rule removes unnecessary provisions and tables from the rules which are already included in the 2015 UPC, and includes provisions related to the use of certain fixtures, as well as alternate materials and methods used by plumbers. Additionally, the pending rule provides greater flexibility for inspection officials, or the Authority Having Jurisdiction (AHJ) to use its discretion in enforcing certain code requirements related to testing of plumbing systems and fire sprinkler installations. Finally, the proposed rule also includes a provision indicating that the DBS may have written interpretations of these rules available for review.

Mr. Nielsen stated the proposed amendments will not have a significant fiscal impact on plumbing contractors and general contractors, but have the potential to positively affect contractors and property owners as a result of having more options in determining what fixtures and equipment they choose to install. The proposed changes have no fiscal impact on the State General Fund, and a minimally negative impact on the dedicated Plumbing Fund in order to update code books.

Negotiated rulemaking was conducted.

DISCUSSION: **Senator Lakey** wanted to know if the written interpretations were advisory or binding. **Mr. Nielsen** replied the rule is binding and the interpretation allows the public to see how the DBS is enforcing the rule. **Senator Lakey** remarked that someone would have to pursue a challenge to a written interpretation. **Mr. Nielsen** assured Senator Lakey the interpretation would be discussed before it became a legal issue.

MOTION: **Senator Martin** moved to approve **Docket No. 07-0206-1601**. **Senator Thayn** seconded the motion. The motion carried by **voice vote** with **Senator Lakey** requesting that he be recorded as voting nay.

DOCKET NO. 07-0301-1601 **Rules of Building Safety.** **Arlan Smith**, Building Codes Manager, Division of Building Safety (DBS), presented this pending rule docket. He said adoption of the 2015 editions of the International Building Code (IBC), the International Existing Building Code (IEBC), and the commercial provisions of the International Energy Conservation Code (IECC) was the result of negotiated rulemaking involving the building industry, building officials, design professionals, energy specialists, and other interested stakeholders. Significant changes to the commercial building codes relating to health and safety concerns and technological advancements have been made since the last edition was published. Many of the changes streamline or simplify the application of the code. Several changes reduce requirements or expand options. These codes correlate with the latest published product and installation industry standards. Notably, while the 2015 commercial building and energy codes have been adopted, the Board determined through the negotiated rulemaking process to maintain the standards of the residential building and energy codes at the existing 2012 code level.

Mr. Smith said this rulemaking would result in the incorporation by reference of the following codes for Idaho the 2015 IBC; 2015 IEBC; and the commercial provisions of the 2015 IECC, which serves as the basis for the IECC. Further amendments to the 2015 IBC include adding lodging houses with five or fewer guest rooms to the R-3 residential occupancy, retaining existing amendments requiring drinking fountains in occupancies with an occupant load of more than 30 persons, and

service sinks in business and mercantile occupancies with an occupancy load of more than 30 persons except for restaurants. Finally, the pending rule adds an exception to the Commercial Energy Code for certain air filtration and treatment systems where requiring economizers to draw outside cool air would not be feasible.

Mr. Smith said this rulemaking is not expected to impact the General Fund, but is expected to increase short-term cost to code jurisdictions for code materials and training of inspectors. Amendments to the new commercial building and energy codes will result in some decreases in cost to building contractors and owners. Negotiated rulemaking was conducted.

DISCUSSION:

Senator Anthon asked for a clarification that there is no change to building requirements for condominium structures or a four-plex under four stories tall. **Mr. Smith** said for those buildings there is no change in the energy conservation code provisions. There are very few changes that would affect those types of structures. There is some reformatting and some specific changes relating to those types of buildings when housing students and owned by universities, as there is an automatic smoke detection requirement.

MOTION:

Senator Thayn moved to approve **Docket No. 07-0301-1601**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
07-0202-1601**

Rules Governing Plumbing Permits. **John Nielsen**, Heating, Ventilation and Air-Conditioning (HVAC) Program Manager, Division of Building Safety (DBS), presented this fee rule docket. **Mr. Nielsen** said that currently, there is no mechanism for a plumbing contractor or homeowner to transfer a plumbing permit to a new contractor if, after the commencement of a plumbing installation, the property owner terminates its relationship with the original contractor and hires a new contractor. In such instances the new contractor or homeowner must purchase a new permit. There is also no mechanism for a permit holder to receive a refund for a permit fee that may have been obtained in error, or for which plumbing work was never commenced or only progressed minimally. In such instances the holder never recoups their fee for work, which may never have been completed and for which the DBS has never provided an inspection.

Mr. Nielsen further stated this rulemaking allows a permit holder to transfer a plumbing permit to another eligible person, such as a new contractor, if both parties agree and the new holder accepts the responsibilities attached to the permit and pays to the DBS an administrative fee. The rule also allows a permit holder to receive a refund of the permit fee where the plumbing work has never commenced. A portion up to 50 percent of the permit price may also be refunded if the work has not progressed beyond 50 percent completion. The permit holder must apply to the DBS for a refund.

Mr. Nielsen said a fee of \$45 will be imposed on those who desire to transfer a plumbing permit from one eligible party to another. This rule does not affect the General Fund and will have only a negligible effect on the dedicated Plumbing Board (Board) fund due to a slight decrease in fees previously paid for new permits that will no longer be required.

Negotiated rulemaking was not conducted. This rulemaking was discussed at several Board meetings over the course of the last year, and no opposition to the proposed rule was expressed to the Board. The rulemaking is advantageous to contractors and property owners, who would be able to transfer a plumbing permit to a new contractor at significantly less expense than securing a new permit. It also creates the ability to refund to purchasers of a permit the permit fee, or portion thereof for those plumbing projects on which work is never commenced or has not progressed beyond 50 percent completion.

DISCUSSION: Vice Chairman Guthrie remarked the rule is customer-friendly.

MOTION: Senator Lakey moved to approve Docket No. 07-0202-1601. Senator Thayn seconded the motion. The motion carried by voice vote.

DOCKET NO. 07-0701-1602 Rules Governing Installation of Heating, Ventilation and Air-Conditioning (HVAC) Systems. John Nielsen, HVAC Program Manager, Division of Building Safety (DBS), presented this fee rule docket. He said the construction industry in Idaho is facing a critical shortage of skilled workers, including HVAC workers. As it currently stands, many HVAC workers come to Idaho from states that do not require schooling. This leaves them unable to qualify for testing as a journeyman in Idaho. This rulemaking would allow such a person to qualify to take the journeyman's exam by demonstrating they have eight years of HVAC experience, in lieu of the current requirement of four years' experience and four years of schooling.

Mr. Nielsen said that currently there is no mechanism for a HVAC contractor or homeowner to transfer a HVAC permit to a new contractor, if after the commencement of a HVAC installation the property owner terminates its relationship with the original contractor and hires a new contractor. In such instances, the new contractor or homeowner must purchase a new permit. There is also no mechanism for a permit holder to receive a refund of a permit fee that may have been obtained in error, or for which HVAC work was never commenced or only progressed minimally. In such instances, the holder never recoups their fee for work that may never have been completed, and for which the DBS has never provided an inspection. Mr. Nielsen stated a fee of \$45 will be imposed on those who desire to transfer a HVAC permit from one eligible party to another. The fee itself is expected to be neutral to the DBS and the HVAC dedicated fund inasmuch as the fee imposed by the DBS for administering the transfer of a HVAC permit to a new permit holder is expected to cover the administrative costs to the DBS in processing the request. The effect of the fee would only have a negligible adverse effect on the dedicated HVAC Board fund due to a light decrease in fees previously paid for new permits that will no longer be required. The impact to the permit holder desiring to transfer a permit would be a one-time fee of \$45; however, the fee is expected to be significantly less expensive than securing an entirely new HVAC permit.

Mr. Nielsen stated that HVAC contractors in Idaho as well as qualified and experienced HVAC workers from other states seeking employment in Idaho have communicated with the DBS and HVAC Board (Board) the need to modify the journeyman rules relating to the licensure of out-of-state individuals. The issue was brought to the Board by interested parties numerous times over the past several years and no opposition to the proposed rule was expressed to the Board.

Mr. Nielsen reported that rulemaking is also advantageous to contractors and property owners who would be able to transfer an HVAC permit to a new contractor at significantly less expense than securing a new permit. It also creates the ability to refund to purchasers of a permit the permit fee, or portion thereof for those HVAC projects on which work is never commenced or has not progressed beyond 50 percent completion. This rulemaking was discussed at several Board meetings over the course of the last year without opposition.

MOTION: Senator Souza moved to approve Docket No. 07-0701-1602. Senator Martin seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Vice Chairman Guthrie passed the gavel back to Chairman Patrick.

PRESENTATION: Your Health Idaho. **Pat Kelly**, Executive Director, Your Health Idaho (YHI), said that the moment H 348 was signed in 2013, YHI has worked to fulfill its mission, which is to maintain maximum control of Idaho's insurance marketplace at minimal cost to its citizens. He said he was proud to say YHI has been able to help tens of thousands of Idahoans have access to health insurance. He said the Department of Insurance (DOI) and the Department of Health and Welfare (DHW), along with leadership from the YHI Board of Directors, has successfully steered the YHI Exchange (Exchange) as one of the leading exchanges in the nation.

He briefly reviewed the history of YHI. He stated the Exchange was established by legislation in March of 2013. The first open enrollment was for the coverage year 2014. In 2015 YHI successfully moved to their own technology, breaking the ties to the federal system and becoming a fully-functional state-based exchange. The year 2016 was the third open enrollment period and proved to be the most successful to date.

Mr. Kelly stated that Idaho's success is due to the fact that the Exchange is state-based, which ensures local control and mitigates federal intervention. Plans are managed by Idahoans. While across the nation many states saw fewer choices in health insurance plans, YHI currently offers Idahoans more choice than ever before. For the 2016 open enrollment period, the DOI licensed 211 different health and dental insurance options, offering choice to Idahoans. Consumers can find help in their community through a local agent or broker. These relationships continue to be the cornerstone of YHI's success and ensure local control without federal intervention. More than 900 certified agents, brokers and enrollment counselors assisted Idahoans in 2016. YHI is governed by a board of Idahoans. The people running this organization truly care about this state and the people that call it home. By maintaining control in Idaho, YHI defines what success looks like. The assessment fee is approved by the Board. Currently, a 1.99 percent assessment fee was collected on health insurance plans while the federal government is charging 3.5 percent. Idaho's state-based Exchange is nimble and not hampered by federal bureaucracy. For example, in 2016 YHI recognized the opportunity to generate a new revenue stream for the Exchange by allowing advertising on the website. YHI was the first exchange in the nation to recognize and seize this opportunity.

Mr. Kelly referred to enrollment numbers, which he said change on a daily basis. He said 2016 saw more than 95,000 Idahoans enrolled in the Exchange. He pointed out that a slight majority of customers are women. The single highest age group is between 55 and 64 years of age, while close to 60 percent of customers are younger than 45 years old. And, he said, overwhelmingly, enrollees receive a tax credit (87 percent) and select a silver plan (69 percent). Looking to the coming year, 100,000 Idahoans have already selected a plan during the open enrollment period, which ends on January 31.

Mr. Kelly addressed the financial stability of the program. He indicated that YHI had healthy cash reserves and enough for six to nine months of operating expenses. The majority of expenses since the Exchange began is in technology. Even so, it is still the lowest investment of any fully-functioning state-based marketplace in the country. He pointed out that in addition to the balance sheet, the Exchange has also saved money for Idaho. He said the difference between the 1.99 percent assessment fee and the federal fee of 3.5 percent amounts to more than \$15 million. Last year it was reported that the State saved \$29 million in the catastrophic fund, which may be higher today. More than 95,000 Idahoans gained access to affordable healthcare coverage.

Mr. Kelly stated the Exchange anticipates new ideas and recommendations for change to the Affordable Care Act (ACA) in 2017, and is ready for whatever happens. Idaho created a healthcare marketplace that works for Idahoans. As policy makers consider changes, he is confident that once again the Exchange can provide the right solution for Idahoans. Idaho's Exchange is among the most efficient and sustainable in the nation. The model that Idaho built can serve as a successful foundation for reform. The Exchange is working for Idahoans. Over 100,000 Idahoans have found insurance coverage through the Exchange for 2017. Historically, an average of 85 percent of customers receive a tax credit.

DISCUSSION: **Senator Lakey** thanked Mr. Kelly for doing a great job of buffering Idahoans from the federal system. He wanted to know what Mr. Kelly has seen regarding rates from various providers in Idaho as compared to other states. **Mr. Kelly** said there was an overall average increase of 24 percent. **Senator Lakey** wanted to know what the average wait time was and did it need improvement. **Mr. Kelly** said the average wait time was approximately 12 minutes, depending on the day. He said that 77 percent of the inquiries get resolved within one day. More complex cases take longer. **Mr. Kelly** said that YHI was constantly looking at how to improve by looking at call volume, time of day, and peak times.

Senator Lakey asked what kind of factors were being measured with regards to customer service. **Mr. Kelly** stated that how many times interaction takes place with a stakeholder is measured as well as complexity, time of day, call volume, and the system technology.

Senator Ward-Engelking thanked Mr. Kelly for his good work. She wanted to know if the Affordable Care Act (ACA) is repealed, how much in tax subsidies would be lost. **Mr. Kelly** said there are \$220 million in tax credits received by Idahoans for 11 months. The total for 2016 is \$241 million for 12 months. Those credits help offset the cost of monthly premiums and it is received at the same time payment is made and the tax premium is sent to the carrier. It is important to note that a client receives immediate help with the premium. **Senator Ward-Engelking** stated that without those tax subsidies, there is no Exchange. **Mr. Kelly** said the tax credits received by Idahoans are critical for clients to maintain their health insurance. The platform that YHI is built upon can serve as a model and an incubator for reform.

Vice Chairman Guthrie said that \$29 million is saved from the GAP fund and that is high unless savings realized by county indigent programs are included. **Mr. Kelly** said both were included. **Vice Chairman Guthrie** stated that when a business is trying to obtain a subsidy, the reconciliation is not allowed to occur for a net number and that negative numbers are not recognized. **Mr. Kelly** said in order to qualify for an advance of the tax credit, income must fall within 100 to 400 percent of the federal poverty level. That can be a combined income and as long as it is within that range, a business would qualify. It becomes more complicated with small businesses, there can be revenue and expenses. If expenses cause a business not to have an income, the business would not fall within the federal poverty levels. Each case is individual.

Senator Souza wondered how many providers are currently on the Exchange. **Mr. Kelly** said that in 2017 there are five medical carriers and four dental carriers. **Senator Souza** wanted to know if that number had grown. **Mr. Kelly** reported that in 2014 there were four medical carriers and one was added with none leaving the Exchange. **Senator Souza** wanted to know if the average increase in premiums this year is 24 percent, if change occurs nationally, and the mandatory requirements for insurance is removed and someone does not have to get a full insurance policy, but a more limited plan could be accessed, would that change the whole scheme of what the premiums are doing now? **Mr. Kelly** said that it would be difficult to

answer the question without understanding the process. **Senator Souza** wanted to know if it comes to a decision, insurance would be opened up across state lines and would that impact the Exchange in a positive or negative way and would that change lower premiums. **Mr. Kelly** said that change would be difficult to ascertain as to the specifics, but he did not expect a material change.

Senator Thayne asked if there had been any discussion about removing barriers to access to services, such as primary care for those who cannot afford to see a doctor because they have a high-deductible policy and are in the lower income bracket. **Mr. Kelly** said participants in the lower brackets in terms of income relative to the federal poverty level, that there are cost-sharing reductions that help offset co-pays and deductibles for the doctor's office. For the lower income families who do not qualify on the Exchange, that need is not addressed.

Senator Thayne said there is help and access to insurance, but there are still co-pays and deductibles. He cited an example of a family who had the lowest cost product with a \$13,100 deductible and nothing was covered up until that except preventative services. There was a \$446 a month subsidy for that product. He said it would have been nice to put a one-month subsidy into a Health Savings Account (HSA) so they could access the care they needed that was not covered under preventative services. He was interested in discussing this further for the future.

Chairman Patrick said he thought that it was written in code that if the ACA went out, this Exchange would disappear. **Mr. Kelly** said it was his understanding that if any portion of the ACA was deemed unconstitutional, YHI would no longer enforce those provisions.

ADJOURNED: There being no further business at this time, Chairman Patrick adjourned the meeting at 2:50 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary