

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 20, 2018

TIME: 1:30 P.M.

PLACE: Room WW54

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

ABSENT/ EXCUSED: None

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

MINUTES APPROVAL: **Senator Martin** moved to approve the Minutes of February 13, 2018. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT & HEARING: The gubernatorial appointment of David Jeppesen of Eagle, Idaho, to the Idaho Health Insurance Exchange (Exchange) Board - Your Health Idaho (YHI) term commencing August 15, 2017 and expiring April 10, 2021. **Mr. Jeppesen** provided a brief overview of his background. He reported he is committed to the goal of providing access to health insurance to as many Idahoans as possible. He mentioned YHI is the most successful state-based exchange in the country and he would like to participate in its continued success.

GUBERNATORIAL APPOINTMENT: **Senator Martin** moved to send the gubernatorial appointment of David Jeppesen of Eagle, Idaho, to the Idaho Health Insurance Exchange Board - Your Health Idaho (YHI) to the floor with the recommendation that he be confirmed by the Senate. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT & HEARING: The gubernatorial appointment of Park Price of Idaho Falls, Idaho to the Public Employee Retirement System (PERSI) Board of Idaho, to serve a term commencing July 21, 2017 and expiring July 1, 2022. **Mr. Price** stated he has the background and experience to provide oversight for PERSI. Currently, no member of the PERSI Board is from Eastern Idaho and he remarked he will be able to bring geographic diversity to the current PERSI Board.

DISCUSSION: **Vice Chairman Guthrie** commented he knows Mr. Price and has been impressed by his proactive attitude. He stated he was glad Mr. Price was willing to serve.

GUBERNATORIAL APPOINTMENT: **Vice Chairman Guthrie** moved to send the gubernatorial appointment of Park Price of Idaho Falls, Idaho, to the PERSI Board of Idaho to the floor with the recommendation that he be confirmed by the Senate. **Senator Potts** seconded the motion. The motion carried by **voice vote**.

H 454

Relating to Insurance Dividends and Other Distributions. **John Mackey**, representing United Heritage Financial Group, remarked the proposed legislation will amend Idaho Code § 41-3812. The amendment will bring it in closer alignment with the majority of states regarding the calculation to determine whether a dividend or distribution by a domestic insurer operating within an insurance holding company system is to be deemed extraordinary or ordinary. The statutory requirements of notice and approval of the dividend vary for the insurer, depending on the determination.

Mr. Mackey explained the changes. He reported the majority of states look at past year's income and 10 percent of surplus when determining dividends. To be deemed extraordinary, the dividend must exceed the greater, as opposed to the lesser of the two values. Because Idaho Code uses "lesser of" language, this creates inconsistency with corporate strategic planning. The inconsistency diminishes the value dividends play in the overall growth and improvement of company financial strength. The use of "greater" is ample proof this factor has provided the appropriate Idaho Department of Insurance (DOI) oversight.

Mr. Mackey pointed out the addition or removal of language for non-life insurers aligns with the National Association of Insurance Commission (NAIC) accreditation standards.

MOTION:

Senator Lakey moved to send **H 454** to the floor with a **do pass** recommendation. **Senator Martin** seconded the motion. The motion carried by **voice vote**.

S 1265

Relating to Fees for A Security Freeze. **Senator Jeff Agenbroad** reported this bill amends Idaho Code § 28-52-106, relating to fees for credit report security freezes. This bill allows an Idaho resident to place one credit report security freeze and one temporary lift of a credit report security freeze on their credit report every 12 months; the freeze can be conducted at no cost to the consumer. **Senator Agenbroad** stated that, currently, Idaho Code allows each credit reporting agency to charge up to \$6 to place a credit freeze and \$6 to remove or lift the credit freeze. The one free annual freeze and temporary lift is consistent with the consumers' ability to request one free annual credit report from each of the three credit reporting agencies.

Senator Agenbroad commented credit reports are used more widely today than ever, affecting many areas of daily life. Consumer credit reports are not only used to acquire credit, but also to rent a residence, open deposit accounts, acquire utilities, gain employment, and establish insurance rates. At the same time, consumers are experiencing more credit and information data breaches than ever. He noted this past year Equifax, one of the three primary credit reporting agencies, suffered a data breach that affected 145 million consumers. In 2016, Uber suffered a breach of 57 million consumers' information. In 2015, the Internal Revenue Service (IRS) had 700,000 consumer record breaches. In 2014, Home Depot suffered a breach affecting 50 million consumers.

Senator Agenbroad commented the most important thing a consumer can do to protect themselves from the effects of information breaches and identity theft is to regularly review their credit reports and manage access to their credit information. There should be few barriers that would discourage a consumer from managing their credit information. This proposed legislation removes a financial barrier that has no fiscal impact on the General Fund.

DISCUSSION:

Senator Souza remarked this was an important bill.

MOTION: **Senator Souza** moved to send **S 1265** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

S 1302 **Relating to Insurance - Living Organ Donors.** **Senator Buckner-Webb** reported the Living Donor Protection Act will protect living organ donors and remove barriers to donation. Living organ donors make a substantial contribution to increase the number of transplants performed each year. Each transplant results in a life saved and a life improved for the recipient.

Senator Buckner-Webb stated there is a tremendous need for living kidney donors. She noted there were 95,466 Americans on the kidney transplant waiting list in January 2018. Approximately 13 people die each day while waiting for a transplant. Around 3,000 people are added to the kidney waiting list every month.

Senator Buckner-Webb stated that removing barriers to kidney transplants from living donors makes sense from a government-spending perspective. Medicare spends, on average, \$93,064 per dialysis patient per year. Medicare spends, on average, \$36,389 per transplant recipient per year.

Senator Buckner-Webb explained a living kidney donor goes through extensive medical testing to ensure that organ donation does not adversely impact their health; only the healthiest individuals are accepted as donors.

Senator Buckner-Webb commented living organ donors currently experience higher premiums or denial of insurance coverage based solely on their organ donation. Lack of insurance protection and higher premiums are barriers for those wanting to donate life-saving organs. Under this proposed legislation, insurance companies will be prohibited from denying or limiting disability, life insurance, and long-term care insurance to living donors. It would also prohibit charging higher premiums. There is no fiscal impact to the State because it will only result in policy changes for insurance companies.

DISCUSSION: **Senator Thayn** clarified that, under this proposed legislation, if someone donated a kidney and tried to purchase life insurance, carriers could not discriminate. **Senator Potts** queried if a live organ donation was considered major surgery, he wondered what makes it different from listing any other major surgeries on an application for insurance. **Senator Buckner-Webb** remarked an applicant for insurance would have to disclose the surgery, but with this proposed legislation, the insurance company could not discriminate. **Senator Potts** and **Senator Buckner-Webb** discussed prior surgery records. **Senator Potts** discussed how this proposed legislation could be discriminatory against other types of surgeries. **Senator Buckner-Webb** indicated there was no correlation. A living organ donor who donates a kidney gives the gift of life.

Senator Souza and **Senator Buckner-Webb** had a conversation about discrimination against living organ donors and how that may affect someone before or after an organ is donated.

Senator Lakey agreed that organ donation is a good thing but wondered if there was any discrimination in Idaho. **Senator Buckner-Webb** remarked there was no evidence, but, after talking to insurance company providers and other stakeholders, there was no opposition to the proposed legislation.

TESTIMONY: **Dean Cameron**, Director, Idaho Department of Insurance (DOI), testified he had not seen any evidence of discrimination for a live organ donor. He said he viewed this proposed legislation as preventative. He remarked other states have experienced issues. **Mr. Cameron** stated it was inappropriate for an insurance company to quote higher rates to an organ donor.

DISCUSSION: **Senator Potts** and **Mr. Cameron**, discussed life insurance, long-term care, and disability as it related to live organ donors. **Mr. Cameron** advised if an insurance company was discriminatory, the DOI would take action. He mentioned the DOI approves all forms, policies, language, and applications from insurance companies, which are required to be non-discriminatory.

Vice Chairman Guthrie, **Mr. Cameron**, and **Senator Buckner-Webb** discussed whether the live organ donor or the donee could be discriminated against and the costs involved for the surgeries.

TESTIMONY: **Marty Durand**, kidney recipient, testified on behalf of herself and in support of the bill. She summarized her health issues and reported she was diagnosed with chronic kidney issues. She began testing to find out if she was a viable candidate for a transplant. Testing took a year and then she was put on a waiting list while undergoing dialysis. The wait time is approximately three to five years. If she stayed on dialysis, her predicted life span was five to ten years. **Ms. Durand** reported potential donors were tested and, in August 2016, she received a new kidney, which will last her the rest of her life. She remarked that she is here today because someone literally saved her life.

Senator Burgoyne asked about the cost and the responsibility for payment. **Ms. Durand** disclosed her private insurer paid for her transplant and for testing of the donor. She remarked this bill would not impact health insurance.

Donna Yule, kidney donor, testified on behalf of herself and in support of the bill. She acknowledged she donated one of her kidneys to Ms. Durand. **Ms. Yule** summarized the rigorous tests she underwent for a year in order to show she was extremely healthy and able to donate her kidney. She reported there are not enough organ donors. Donors have more out-of-pocket expenses.

MOTION: **Senator Ward-Engelking** moved to send **S 1265** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion.

DISCUSSION: **Senator Lakey** asked Mr. Cameron to clarify whether disability insurance would include health insurance. **Mr. Cameron** remarked that health insurance falls under disability insurance but is worded as a disability policy. **Mr. Cameron** indicated this is something that needs to be explored with legal counsel. Discrimination is already prohibited by the Affordable Care Act (ACA). He mentioned he was not sure if this proposed legislation would have a major impact. He would gather information and submit a letter to Chairman Patrick.

Senator Potts remarked that life insurance and disability insurance are discriminatory against a person's health if something is removed from their body. He mentioned that is how insurance companies set their fees. He stated he agreed with organ donation, but he was concerned about making organ donors and donees a protected class. He commented it was not fair to insurance companies and others who have had surgeries. He noted he would be voting "nay."

VOTE: The motion carried by **voice vote**. **Senator Potts** asked to be recorded as voting **nay**.

Relating to Workforce Development Council: Revise Makeup, Composition, and Duties. **Mark Warbis**, Communications Director, Senior Special Assistant, Office of the Governor, stated this legislation stems directly from the recommendations of the Governor's Workforce Development Task Force (WDTF). He gave a brief history of the WDTF. The WDTF was asked to consider how to best address the gap between the number and types of jobs that Idaho's economy is creating and the kind of educated, skilled workers that employers increasingly need.

Mr. Warbis outlined the first and third recommendations, which were to: a) increase the role and responsibilities of an industry-driven WDTF to champion the development and implementation of a Statewide, strategic workforce development plan that meets industries' needs today and tomorrow; and b) develop and implement a comprehensive Statewide public engagement initiative utilizing technology and other engagement strategies to increase awareness of career opportunities for all Idahoans.

Mr. Warbis acknowledged this proposed legislation essentially empowers Idaho employers with a bigger role in determining how the WDTF money, which they contribute through the unemployment insurance tax, is used to produce the kind of employees they need.

Mr. Warbis outlined the implementation of key recommendations of the Governor's WDTF. This report can be found at https://labor.idaho.gov/publications/workforce_taskforce_final_report.pdf.

TESTIMONY:

Trent Clark, Chairman, Workforce Development Council; Government and Public Affairs Director and representative of Monsanto, Incorporated, asked the Committee to look at **H 335** which already passed. **H 335** relates to employment and taxable wages, and indicates that jobs have changed, which require using higher skills. There is a deficit in the workforce in providing higher-skilled workers for companies. He commented that a reduction in unemployment taxes was offered to companies, but companies wanted to use the money instead to give workers an option to learn a trade. He pointed out there was no guarantee as to what the companies would receive for a reduction in taxes and they declined. **Mr. Clark** remarked this proposed legislation is part of the equation to show companies what they will receive through workforce training money. He stated he is a believer there are reforms to be done collaboratively.

DISCUSSION:

Chairman Patrick asked for an explanation of the fiscal note. **Mr. Warbis** said the Idaho Department of Labor (DOL) was not being decimated. The money is in the Workforce Funds, which is a dedicated fund. He deferred to **Matt Warnick**. **Matt Warnick**, Senior Financial Management Analyst, Economic Development, Department of Commerce, reported there will be a reduction in personnel and an overall reduction of money at the DOL. Funding would be aligned to ensure training is available for the future. This move is in line with spending.

Senator Lakey asked Mr. Warbis to summarize how this decision-making process is different than what is occurring now. **Mr. Warbis** gave a brief history and overview of the Workforce Council stating it was advisory only. He reported there was no accountability or transparency. There was a request for accountability. Grant applications were taken for workforce accountability grants. The matrix used gave a better idea as to how the money was being spent. Because there seemed to be no value, this led to the WDCTF. The Governor created an Executive Order which included an executive committee structure. The Council, which includes industry, will make decisions as to how money is spent.

Senator Souza commented the cost of the program is approximately \$8.5 million. **Mr. Warbis** remarked that is the current balance. **Senator Souza** asked who would choose the Executive Director and the full-time person. **Mr. Warbis** stated the Governor chooses the Executive Director, who will hire the full-time person.

MOTION: **Senator Ward-Engelking** moved to send **H 432** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:55 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary