

MINUTES

## SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

**DATE:** Tuesday, March 26, 2019

**TIME:** 1:00 P.M.

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, 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 Thayn** moved to approve the Minutes of March 19, 2019. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

**H 275** **Relating to Insurance. Dean Cameron**, Director, Idaho Department of Insurance (IDOI), reported this bill amends Idaho Code §§ 41-5203 and 41-5207 and adds a new section of Idaho Code to define and provide for the purchase of enhanced short-term health insurance plans. **Mr. Cameron** reported that on August 3, 2018, the U.S. Departments of the Treasury, Labor, Health and Human Services issued new rules to amend the definition of short-term, limited-duration insurance to lengthen the maximum duration of short-term health insurance. This bill defines enhanced short-term health insurance and brings Idaho in compliance with new federal rules that went into effect on October 2, 2018.

**Mr. Cameron** noted federal law permits enhanced short-term plans for up to 12 months and allows an individual to renew the policy for up to the number of months established by the IDOI. Thirty-six months is the proposed total amount of months. This bill will not eliminate traditional short-term plans that are intended to help those in between jobs. In addition, this bill establishes a new section of code to allow the Director of the IDOI to adopt rules and standards for enhanced short-term health insurance plans.

**Mr. Cameron** affirmed this legislation will have no impact on the General Fund, the IDOI, or any other state funds because it authorizes rulemaking by the IDOI in order to conform to recent revisions to federal rules. This legislation could lower health insurance costs for Idahoans.

**Mr. Cameron** stated a short-term plan is a limited plan that is non-renewable and does not exceed 12 months and explained this insurance is what is available in today's marketplace. He acknowledged there are other options, such as not having any coverage and the faith-based programs. This proposed bill will fill the gap for those who have been priced out of the market by the Affordable Care Act (ACA) and will provide the opportunity to obtain good coverage for their families at an affordable price. Idaho Code § 54-14 is not currently in code, but this bill becomes code. This short-term insurance can be sold year round.

**Mr. Cameron** explained there are several questions he has been asked

concerning the new section of the proposed bill (Attachment 1), which is on page 5.

**DISCUSSION:**

**Chairman Patrick** inquired about the cost of the new short-term plan. **Mr. Cameron** remarked there is not a firm number yet until the components of the plan are developed and the carriers are able to submit plans for approval. He stated the goal is to have a potential cost of 50 percent less than the cost of currently available ACA plans.

**Senator Lakey** questioned if the new section allowing for an ongoing renewal would be consistent with the federal rule. **Mr. Cameron** indicated there could be changes, depending upon a presidential election or court ruling on the constitutionality of the ACA. **Senator Lakey** remarked it appeared rulemaking and providers can decide whether to offer this type of plan or not. He inquired about the restrictions on premium rate increases and if the carrier was required to renew a policy. **Mr. Cameron** stated Chapter 52 contains that information and stated at rates can be adjusted at renewal time. A carrier is required to file an index rate with the IDOI and that index rate has to be justified based on the product design and the case characteristics of that product. IDOI employees review those products to the actuarial standard, which allows some adjustment. Renewal time and rates can be adjusted up to 15 percent of its total number of individual and dependents and in all lines of business. He noted because these plans would be available year round, he could see two carriers ready to start immediately and another two could sit back and observe.

**Senator Souza** and **Mr. Cameron** discussed the loss of insureds since 2015 and that some individuals who were previously insured have chosen not to purchase insurance for various reasons. **Mr. Cameron** explained the short-term insurance numbers have not shown a dramatic increase but could change based on federal rule. They discussed whether the state-sponsored comprehensive state-based program met the ACA requirements. **Mr. Cameron** mentioned the IDOI has tried to negotiate with the federal government, but has not come to an agreement on how much of a discount a carrier can provide.

**Senator Thayn** referred to Idaho Code § 41-5207, and asked Mr. Cameron to explain the background on the new language in the bill. **Mr. Cameron** reported that the current language on page 4 speaks to renewability of plans, which are not limited to 36 months. He pointed out on the bottom of page 5, which is the new section, there is a description of what the plans will look like, which is not extremely specific. He stated he wanted to meet with carriers and promulgate the rules. The bill contains an emergency clause as soon as it is signed by the Governor. **Senator Thayn** and **Mr. Cameron** discussed the cost of the plan and that a variety of strategies could be used, for example, to entice members to join a gym, quit smoking, or manage their diabetes. He reported all carriers are trying to balance the market and insureds to spread and share the risk in order to attract healthy members back into the pool. **Mr. Cameron** stated there could be some differences in how the out-of-pocket maximum or a rate slope would be handled.

**Vice Chairman Agenbroad** inquired if the policies would be available on the Your Health Idaho (YHI) Exchange. **Mr. Cameron** reported the policies would be available on the YHI Exchange because they fall under Idaho Code, Chapter 52 and under the definition of health benefits which is an option based on the wording of the YHI Exchange documents. **Mr. Cameron** noted it largely depends on what the plans look like. Currently, short-term plans are not offered on the YHI Exchange. In order to be compliant, carriers also have to offer an ACA plan, which has to be convertible.

**Vice Chairman Agenbroad** remarked there is a lack of understanding by the consumer of what is and what is not covered. **Mr. Cameron** explained there are certain federal requirements. He noted that in Idaho Code, Chapter 52, there are specific plans for adequate disclosure which is a requirement of the IDOI.

**Senator Guthrie** voiced a concern about driving prices up with renewals and pre-existing conditions. **Mr. Cameron** remarked as part of Chapter 52, there is a requirement to offer an ACA plan which provides protection and will improve the overall pool. The IDOI does not allow market segregation. Idaho law has allowed a 12-month plan, but the ACA does not allow buying a plan until open enrollment. The proposed bill has similar ACA approaches, but is not going to require full-fledged pre-existing clauses. The current statute allows for pre-existing condition clauses at the front end of an individual product. Idaho law has allowed for a 12-month clause on a condition that has been diagnosed previously within the previous six months.

**MOTION:** **Vice Chairman Agenbroad** moved to send **H 275** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**ADJOURNED:** There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:14 p.m.

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Senator Patrick  
Chair

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Linda Kambeitz  
Secretary