

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 23, 2021

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Souza, Senators Martin, Lakey, Guthrie, Agenbroad, Riggs, 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.

PAGE INTRODUCTION: **Chairman Patrick** introduced Page Joshua Nelson. He asked Mr. Nelson to tell the Committee about himself. **Mr. Nelson** said he has been home-schooled all his life. He said he always wanted to be a page. He enjoys skiing and likes to play chess.

DISCUSSION: **Vice Chair Souza** asked Mr. Nelson to tell the Committee where he lives and what he wants to do after graduation. **Mr. Nelson** replied he lives in Eagle and after high school he plans on attending Northwest Nazarene University to study engineering. **Senator Martin** asked Mr. Nelson what area of engineering interested him. **Mr. Nelson** said he wanted to explore several engineering classes before making a decision.

RS 28650 **Relating to Insurance - Medicare Supplement Policies and Certificates - Unanimous Consent for Referral to a Privileged Committee for Printing.**

MOTION: **Chairman Patrick** asked for unanimous consent to send **RS 28650** to the Senate State Affairs Committee for a print hearing. There were no objections.

S 1098 **Relating to Insurance - Contraception.** **Chairman Patrick** announced the Committee would be hearing testimony only on this bill.

TESTIMONY: The following testified in support of the bill: **Yarit Rodriguez, Mone Miller, Cameron Needham, Dr. Christopher Bullard, Paige McMahon, Tess Wallace,** and **Rachel Chisausky** all representing themselves. **Chelsey Gaona-Lincoln**, Litigation Support Coordinator, Legal Voice, testified in support of the bill. **Lauren Bramwell**, Political Strategist, American Civil Liberties Union (ACLU) of Idaho, stated she emailed written testimony and was in support of the bill (Attachment 1). Comments from testifiers were: to help those who needed the pills to prevent pregnancy, control hormonal issues, improve people's lives, and to provide access to those who live in rural areas.

The following testified in opposition to the bill: **Jacqueline Wakefield**, representing herself, said she wondered why someone who is insured is asking providers to reimburse them for a 12-month supply of birth control pills. She noted the proposed statute is confusing and ambiguous. **Ms. Wakefield** said the State should not be supporting or promoting substances that are harmful to children.

DISCUSSION: **Vice Chair Souza** expressed concern because in order to be effective, pills must be taken at the same time each day and yet it has been suggested in prior testimony women who need a one-year prescription cannot organize their lives. She remarked, however, she did not have a big problem with this bill, but women were being depicted as unorganized. **Vice Chair Souza** asked Ms. Wakefield if it was her understanding the pill has to be taken every day at the same time. **Ms. Wakefield** replied it was her understanding, but 9 out of 100 women who take birth control pills will become pregnant. She pointed out there are many who show up for an abortion who were on the pill, missed a dose or two, and became pregnant. **Ms. Wakefield** outlined all the risks in taking birth control pills.

Senator Lakey stated some insurers provide 12 months of birth control and some do not. **Senator Wintrow** stated insurance coverage limits a supply of birth control pills to 3 months, while in other states, insurance companies cover 12 months.

Senator Guthrie queried if a doctor's appointment was required if someone receives 12 months of birth control pills but decides in 6 months they want to start a family. **Senator Wintrow** remarked a physician would have to answer that question. **Senator Ward-Engelking** noted a physician would normally have a conversation at the time the prescription is written about stopping the pills.

MOTION: **Senator Ward-Engelking** moved to send **S 1098** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion.

DISCUSSION: **Senator Burgoyne** remarked he had problems in the past when he traveled in obtaining some of his prescriptions. He said many families have similar issues and unintentionally run out of medications. He noted no insurance company has come forward to oppose this bill.

Vice Chair Souza, Senators Agenbroad, and Riggs commented they were in support of the bill, but noted they wanted to reserve their vote until the bill is debated on the floor.

VOICE VOTE: The motion to send **S 1098** to the floor with a **do pass** recommendation carried by **voice vote**. **Senator Lakey** requested he be recorded as voting nay.

H 79 **Relating to Annuity Consumer Protections Act.** **Dean Cameron**, Director, Department of Insurance (DOI), stated the purpose of this legislation is to adopt a recent National Association of Insurance Commissioners (NAIC) model regulation in statute rather than rule. That would clarify the obligations for insurance producers and insurers to act in the best interest of the consumer when making a recommendation of an annuity, to establish producer training expectations, and to require insurers to establish and maintain a system to supervise recommendations. He noted this is so the insurance needs and financial objectives of consumers at the time of the transaction are effectively addressed.

Mr. Cameron said annuities are a product a consumer can buy from an insurance company to set money aside to plan for retirement, education for their children, savings, or the development of a monthly guaranteed stream of income. He cited several examples stating suitability is a determination that the product meets the goals and desires of the customer. **Mr. Cameron** reported the legislation also clarifies and simplifies the applicability of the annuity statutes in Idaho Code Chapter 19, Title 41. He stated several of the provisions of the bill are currently in IDAPA.

Mr. Cameron indicated this bill combines the rule and current statute with additional clarification and duties of the insurance agent and the carrier, some of which are in existing law. He said the reason for the additional clarification and duties is due to attempts at the federal level to impose unreasonable requirements that would have harmed rural communities and citizens. He noted several of the requirements, and said carriers and agents sued the US Department of Labor (USDOL) and won, indicating the DOL overstepped its authority and the standards were unreasonable. **Mr. Cameron** stated most agents and insurers already act in the best interest of the consumer. Because there was an anticipation of additional federal attempts for a new rule, he said the DOI worked with NAIC to draft a model act that defines "best interest" and puts in place reasonable standards and documentation. **Mr. Cameron** outlined the standards that are required of an agent.

Mr. Cameron stated there is no fiscal impact to the General Fund or any other state fund or expenditure as the provisions of the bill can be reviewed and monitored with the DOI's current and requested appropriation. He noted the insurance industry strongly supports this bill.

DISCUSSION: **Vice Chair Souza** and **Mr. Cameron** had a conversation about why the federal government became involved in annuities. They discussed how complicated annuities have become.

Senator Riggs asked for clarification from Mr. Cameron about combining rules into code and the appropriate place for adding definitions in code. **Senator Riggs** expressed a concern about moving some of the complexity out of rule and into statute. **Mr. Cameron** explained the duties of the agent and the carrier, which put client's needs first and are better served in statute.

Senator Burgoyne and **Mr. Cameron** discussed how the NAIC model regulations are being adopted across the country.

TESTIMONY: **Jeff Neumeyer**, Executive Vice President, Chief Administrative Officer, General Counsel, and Corporate Secretary, United Heritage Insurance, testified in support of this bill and noted that annuities are one of the primary products for his company. He stated only fixed annuities can be purchased through independent agents. He said the American Council of Life Insurers (ACLI) companies represent 95 percent of life insurers in the US.

DISCUSSION: **Senator Martin** stated there was a close vote in the Idaho House on **H 79** and wondered why there was opposition. **Mr. Neumeyer** remarked the bill is broadly supported by the life insurance companies.

Senator Burgoyne queried if this bill helps assure the Committee that smaller companies have a more equal playing field. **Mr. Neumeyer** noted the bill is good for United Heritage, independent agents, and policyholders.

MOTION: **Senator Guthrie** moved to send **H 79** to the floor with a **do pass** recommendation. **Vice Chair Souza** seconded the motion.

DISCUSSION: **Senator Riggs** remarked he agreed with the intent of the bill. He commented he was in support of the bill, but noted he wanted to reserve his vote until the bill is debated on the floor.

VOICE VOTE: The motion to send **H 79** to the floor with a **do pass** recommendation carried by **voice vote**.

HCR 6

Relating to Insurance - Medically Necessary Prescription Formula.

Representative Ilana Rubel said insurers in Idaho typically do not cover prescription formula for infants and children. She noted this resolution calls for the DOI to consult with leaders in the insurance industry to determine how to make medically necessary prescription formula available for infants and children suffering from certain serious conditions, notably eosinophilic esophagitis, Crohn's disease, malnutrition or failure to thrive, seizure disorders requiring a ketogenic diet, conditions requiring tube feeding, and other conditions in which medically necessary prescription treatment is recommended. **Representative Rubel** reported the DOI is requested to collect data, ascertain the costs of such coverage, and report findings and recommendations to the Legislature.

Representative Rubel said there is no cost to the General Fund or any other government fund. She said it is anticipated that the DOI can conduct this consultation and analysis using current staff.

TESTIMONY:

Dr. Cass Smith, representing himself, cited a few examples of sick children who were put on a medical specialty formula due to suffering from serious conditions. He stated the formula can cost two to four times more per ounce and up to \$2,000 to \$3,000 per month. **Dr. Smith** noted those types of formulas are not covered by insurance.

MOTION:

Vice Chair Souza moved to send **HCR 6** 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 3:12 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary