

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 20, 2022

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.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chair Souza.

INTRODUCTIONS: **Vice Chair Souza** introduced Dean Cameron, Director, Idaho Department of Insurance (IDOI). **Mr. Cameron** gave a brief overview of the omnibus rules. He began with **Docket No. 18-0000-2100**. There was no discussion.

MOTION: **Senator Martin** moved to approve **Docket No. 18-0000-2100**. There was no second.

DISCUSSION: **Senator Guthrie** pointed out the docket was not on the agenda and a motion could not be made. **Mr. Cameron** stated he could return to present this docket at the Committee meeting of January 25, 2022.

**DOCKET NO.
18-0000-2100F** **Notice of Omnibus Rulemaking (Fee Rule) - Proposed Rule; Docket Nos. 18-0102-2100F through 18-0802-2100F**, pp. 72-78. **Mr. Cameron** presented the dockets. He noted there were no changes from what was previously adopted, except for the rule specifically called out as part of the Zero-Based Regulation (ZBR) review (Attachment 1).

MOTION: **Senator Martin** moved to approve **Docket No. 18-0000-2100F**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
18-0201-2101** **Insurance Rates and Credit Rating (New Chapter) - Proposed Rule**, p. 347. **Mr. Cameron** went over the changes in this rule (Attachment 1)

DISCUSSION: **Vice Chair Souza** asked how many companies were out-of-compliance. **Mr. Cameron** noted there were some companies that were never out-of-compliance and there were others who had various opinions as to how to file. Those companies were having to adjust. **Mr. Cameron** stated the IDOI was working with the industry. This rule was not going to be for those companies that were out-of-compliance. He noted those companies will transition back into compliance. There is strong competition and a desire to rate the least risky clients.

Senator Burgoyne queried if there was any evidence that those with worse credit had more claims than most. **Mr. Cameron** commented there is an argument that those who have better credit receive a discount and have better rates. Those with worse credit are paying more for auto insurance. During the pandemic, people lost credit because businesses and jobs were lost. Inappropriate rate increases have occurred.

Senator Burgoyne and **Mr. Cameron** discussed whether there was any evidence that people with worse credit had more claims or more expensive claims than what the insurance industry believed, and how more sophisticated technology may eliminate or reduce the use of credit as being less and less valuable.

Senator Riggs and **Mr. Cameron** had a conversation about the reassessment period for the insurance companies, whether done annually or semiannually, and how often consumer credit ratings were checked. **Senator Riggs** mentioned he wanted to be reassured insurance companies were not being predatory and punitive. **Mr. Cameron** reaffirmed the IDOI had not seen that kind of practice.

MOTION: **Senator Riggs** moved to approve **Docket 18-0201-2101**. **Chairman Patrick** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. **Credit Life and Credit Disability Insurance (New Chapter) - Proposed Rule**, p. 351. **Mr. Cameron** outlined the changes in the rule (Attachment 1).
18-0305-2101

DISCUSSION: **Senator Lakey** asked how prima facie rates were set and what was the purpose of these rates. He remarked he thought the IDOI was close to rate setting. **Mr. Cameron** indicated the rate tables were put on the website. He noted rates did not act as a barrier for carriers but he was not sure that in all cases they were needed.

Senator Agenbroad remarked if the rates were removed and placed on the website, what process would the IDOI and the Legislature go through in the rulemaking process. **Mr. Cameron** noted the rules were more informational to the carriers and seen as a help to the industry.

MOTION: **Senator Agenbroad** moved to approve **Docket No. 18-0305-2101**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. **Health Carrier External Review (New Chapter) - Proposed Rule**, p. 360.
18-0401-2101 **Mr. Cameron** outlined the changes in the rule (Attachment 1).

DISCUSSION: **Senator Guthrie** noted he appreciated information was inserted into the rule where it could be found in code.

MOTION: **Senator Guthrie** moved to approve **Docket No. 18-0401-2101**. **Senator Lakey** seconded the motion.

DISCUSSION: **Senator Martin** asked what the numbers were for a typical year when reviews were requested. He also asked if the IDOI had noticed a change in the need for reviews during the Coronavirus (COVID-19) issues as there had been many media reports on certain kinds of treatments that were not covered, and was there an increase in concerns from consumers. **Mr. Cameron** stated there was not a large increase. In answer to the first question posed by Senator Martin, **Mr. Cameron** noted that in 2021 there were 162 case reviews requested. He indicated some of the cases were for a review for medical necessity versus investigational or level of care. Some were found not to be eligible or the application was incomplete.

VOTE ON THE MOTION: The motion to approve **Docket No. 18-0401-2101** carried by **voice vote**.

DOCKET NO. **Complications of Pregnancy, Newborn, and Adopted Children Coverage (New Chapter) - Proposed Rule**, p. 364. **Mr. Cameron** outlined the changes in the rule (Attachment 1).
18-0402-2101

DISCUSSION: **Senator Lakey** and **Mr. Cameron** discussed the involuntary coverage complications list and legal requirements. **Senator Lakey** referred to .02.01, and expressed a concern about the language in the rule about a missed abortion. He asked for clarification. **Mr. Cameron** stated the language was in the prior rule and was carried forward in the process. He indicated it was the carrier's responsibility to cover involuntary complications of pregnancy. **Senator Lakey** commented he needed more information before he could vote. He asked for a delay on this Docket in order to obtain more information.

MOTION: **Senator Guthrie** moved to hold **Docket No. 18-0402-2101** subject to the Call of the Chair. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0407-2101 **Restrictions on Discretionary Clauses in Health Insurance Contracts (New Chapter) - Proposed Rule**, p. 368. **Mr. Cameron** outlined the changes in the rule (Attachment 1).

MOTION: **Senator Ward-Engelking** moved to approve **Docket No. 18-0407-2101**. **Chairman Patrick** seconded the motion.

DISCUSSION: **Senator Burgoyne** commented what was in the rule provided some protective effect in certain kinds of clause provisions in the contract. He noted he thought nothing was lost. **Director Cameron** affirmed that nothing was lost.

VOTE ON THE MOTION: The motion to approve **Docket No. 18-0407-2101** carried by **voice vote**.

DOCKET NO. 18-0410-2101 **Medicare Supplement Insurance Standards (New Chapter) - Proposed Rule**, p. 371. **Mr. Cameron** outlined the changes in the rule (Attachment 1). He presented a chart and explained each age bracket as outlined (Attachment 2).

DISCUSSION: **Senator Burgoyne** remarked there were places on the chart where there appeared to be some hefty increases for different products. **Mr. Cameron** explained all the products with Medicare supplements were standardized across the country, meaning the benefits were standardized as well. **Senator Burgoyne** asked if any of the rules in place were placed in any discretionary way to drive increases. **Mr. Cameron** indicated the majority of Idaho senior citizens were positively impacted by the passage of S 1143.

Senator Guthrie stated the IDOI was trying to achieve market stability for the long haul. **Senator Guthrie** and **Mr. Cameron** discussed the issue of dead pooling, how often some seniors with health conditions only had one choice, and plans were more expensive to pay for services. **Mr. Cameron** pointed out some carriers would gather business, close out the business after three years and come back under a new name. Healthy people would move because they had good health. Consumers were hurt. Legislation has halted that practice.

Senator Martin asked if S 1143 helped the consumer and the industry. **Mr. Cameron** remarked the legislation helped consumers across-the-board and the market has stabilized. Consumers are not trapped into a particular company.

MOTION: **Senator Guthrie** moved to approve **Docket No. 18-0410-2101**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0802-2100F **Fire Protection Sprinkler Contractors**, p. 78. **Mr. Cameron** outlined the changes in the rule (Attachment 1).

MOTION: **Senator Martin** moved to approve **Docket No. 18-0802-2100F**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 59-0000-2100 **Notice of Omnibus Rulemaking - Proposed Rule**, p. 497; **Docket Nos. 59-0101-2100 through 59-0201-2100**, pp. 499-533. **Don Drum**, Executive Director, Public Employees Retirement System of Idaho (PERSI), highlighted a few of the specific changes that occurred in the process.

MOTION: **Senator Agenbroad** moved to approve **Docket No. 59-0000-2100**. **Senator Riggs** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 15-0400-2100 **Notice of Omnibus Rulemaking - Proposed Rule**, p. 68. **Michelle Peugh**, Policy Manager, Idaho Division of Human Resources (IDHR), outlined substantive changes in the rule. She noted there were additional, less substantive changes made for clarity, with the goal to keep IDHR rules relevant and applicable.

DISCUSSION: **Senator Guthrie** queried what was the cost and thought behind donated leave. **Ms. Peugh** explained the policy change was a result of the COVID-19 pandemic. Several state employees had to miss work and the IDHR decided that while having employees being able to donate vacation to other employees to use as sick leave, the amount of hours for employees to use was limited. The IDHR worked with the State Controller's Office to allow state employees to donate both vacation and sick leave to others to use as sick time if they had exhausted all accrued leave.

MOTION: **Senator Riggs** moved to approve **Docket No. 15-0400-2100**. **Senator Agenbroad** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chair Souza passed the gavel to Chairman Patrick.

ADJOURNED: There being no further business at this time, **Chairman Patrick** adjourned the meeting at 3:03 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary