

# House Commerce & Human Resources Committee

Minutes  
2006



## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** January 17, 2006

**TIME:** 1:30 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Representatives Lake, Trail, Crow, Bradford, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Vice Chairwoman McKague, and Representative Garrett

**GUESTS:** Bob Fick, Communications Manager, Dept. Of Commerce and Labor  
See attachment 1 sign in sheet.

**Chairman Schaefer's opening remarks:** **Chairman Schaefer** opened the Committee hearing by welcoming the Committee members back from the last session. He informed the Committee members that the interim committee, Change in Employment Compensation Committee (CEC), held some good hearings this last summer, and he urged them to read the report, and become acquainted with the legislation that took place.

**Chairman Schaefer** talked about the interim hearing that took place this summer with the Department of Commerce and Labor regarding the issues on the continuing loss of federal funds. He urged the Committee to read this report.

**RS15438C2** **Bob Fick, Communications Manager, Department of Commerce and Labor**, presented **RS15438C2**. This legislation will enhance the Dept. of Commerce and Labor's ability to detect and deter fraud, and recover amounts owed under Idaho's Employment Security Reserve Fund Law (ESRF). He discussed the five pieces of this legislation:

1). The first issue is operational, which will change the ratio of the unemployment trust fund paid into the ESRF. Currently, there is over \$200 million in this fund, which the state earns interest from. **Mr. Fick** discussed how the Idaho federal trust account will be used to create a diversion of the funds for Unemployment Insurance (UI) benefits. The 17 percent paid by employers can now be invested into the ESRF, and will eliminate the requirement that the balance in the federal reserve be less than 49 percent before it can be deposited into the general state fund account. He talked about the shift in the \$25 million that was invested in the trust, and will earn one percent or \$1 million to be used toward grants for the UI benefits. He said there is approximately \$500,000 that will be used from a special account, and he explained how these funds go through the special administration fund.

2). The second issue will give the Director the option or choice of benefit payments, and how they will be used. This section will bring in to line how the practice of adjustments for refunds take place.

3). The third issue deals with call-in tips on UI fraud. He said the caller's name is taken and recorded in the data base, and is available for anyone to see who the whistle blower is. This bill will keep the informant's name confidential.

4). **Mr. Fick** said this section provides that the penalty in interest will be offset by the dollar amount owed to the State by recapturing the refunds owed by debtor.

5) **Mr. Fick** discussed how this law deals with recaptured fraud payments, penalties and interest on debts owed to the department.

**Questions from  
Committee  
Members:**

**Rep. Lake** asked **Mr. Fick** about the reserve account increase return on the balance, and why does it set a trigger to send the funds to the federal account before being redeposited to the State's account. **Mr. Fick** said when the reserve fund falls below the 49 percent mark, it prohibits a diversion when the reserve balance equals or exceeds one percent of the state's taxable wages. He said the diversion will only occur for 2006, because the reserve balance will rise above the one percent of the state's taxable wages, and remain there through 2010. The 17 percent diversion to the fund would trigger again in 2011, and will probably occur every three to five years after that under those projections as the reserve fund balance fluctuates above or below the one percent of rising state taxable wages. He informed the Committee Members that this allows the State to decide how best to invest this money rather than the Federal government.

**Motion:**

**Rep. Ringo** moved to introduce **RS 15438C2** to print. The motion passed by voice vote.

**RS15455**

**Bob Fick, Communications Manager, Department of Commerce and Labor**, informed the Committee this bill extends the sunset clause on the Workforce Development Training Fund Tax (WDTF) another five years to January 1, 2012. He said if this amendment isn't added the WDTF will be repealed on January 1, 2007. He said the WDTF funds have trained over 17,000 workers, and many of these workers are now earning approximately \$11 per hour.

**Questions from  
Committee  
Members:**

**Rep. Trail** asked how much of the WDTF money was used to train employees in Clearwater County. **Mr. Fick** replied he didn't have that information, and he would have to get back to him.

**Motion:**

**Rep. Bradford** moved to introduce **RS15455** to print. The motion passed by voice vote.

**RS15493**

**Bob Fick, Communications Manager, Department of Commerce and Labor**, stated this legislation creates a Science and Technology Advisory Council in state statute and define its governing structure. He said these high technology jobs pay two times more than the average wage in Idaho. **Mr. Fick** discussed the program, and the people who started it.

**Questions from**

**Rep. Crow** wanted to know if the cost of this program is being absorbed

**Committee Members:** by the Department. **Mr. Fick** responded that the cost is currently in the program.

**MOTION:** **Rep. Crow** moved to introduce RS15493 to print. She also made the motion to strike “de minimis negative impact” from this legislation, and replace it with “no fiscal impact”. The motion passed by voice vote.

**Comments:** **Chairman Schaefer** again urged the Committee Members to read the Interim CEC report.

**ADJOURN:** 2:35 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** January 19, 2006

**TIME:** 1:30 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Crow, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd(2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representatives Crow, Bradford, Garrett, Bolz

**GUESTS:** See Attachment 1.

**Joint Hearing on Idaho's International Trade Commission**

**Minutes were taken by the Senate Secretary, Olga Copley.** Please find attached a copy of the agenda for the Joint Hearing that took place on January 19. See Attachment 2.

See Senate Minutes dated January 19, 2006. See Attachment 3.

**ADJOURN:** 2:30 p.m.

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Representative Robert Schaefer  
Co-Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** January 23, 2006

**TIME:** 1:30 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Crow, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** None

**GUESTS:** See Attachment 1

**RS 15499** **Chairman Schaefer** opened the hearing by introducing **Alan Winkle, PERSI**, who presented RS15499, the Firemen's Retirement Fund (FRF).

**Mr. Winkle** informed the Committee this legislation is at the request of Chairman Schaefer. He explained that current law ceases to give benefits to an ex-spouse upon the death of a member. This bill will allocate lifetime benefits to the ex-spouse after the death of a member or the death of the ex-spouse, whichever comes first. He said this should solve the problem of the firemen's benefits.

**Motion:** **Rep. Lake made the motion to send RS 15499 to print. The motion passed by voice vote.**

**Bill #: H405** **Bob Fick, Communications Manager, Department of Commerce and Labor (DCL)**, distributed a handout explaining that this legislation extends the sunset until 2012. The money appropriated for the training program is set to expire January 1, 2007 if this bill isn't passed. He talked about the various companies that have trained potential employees, and have used the funds for training. In 2005 there were 5,200 employees that were trained through this program with a starting wage of approximately \$10 per hour. Currently, there are 2,200 training jobs that are available pending the outcome of this bill.

**See Attachment 2**

He said that 3 percent of the workforce training dollars is allocated to call centers that are attached to a stable business. Regular calling centers do not qualify for these funds.

He discussed funds and success of training employees at Simplot, but the plant still closed. He said approximately 900 Simplot employees who took advantage of the training and learned other skills have received jobs with other businesses and companies.

**Questions from Committee** **Rep. Trail** asked what tools were used for training these people. **Mr. Fick** said that various technical schools, colleges, and other companies that

**Members:** have the facilities for training and teaching new skills. He talked about a technical school that offered a welding class, but due to lack of interest the class was closed, he said it might be reopened at this time.

**MOTION:** **Rep. Pasley-Stuart made the motion to send HB 405, to the House Floor with a do pass recommendation. The motion passed by voice vote.**

**HB 406** **Bob Fick** introduced **Karl Tueller, Office of Science & Technology Advisory Council (STAC)**. **Mr. Tueller** distributed a power point presentation, which he read and explained the role of the STAC. He informed the Committee Members that this legislation is an attempt to place the STAC into permanent state statute with a governing structure. He discussed the impact STAC currently has on the economy of Idaho with the creation of 53,000 high-tech jobs in the high-wage bracket. **Mr. Tueller** discussed the structure of the STAC taken from developed industries. He added that STAC is recognized as a large portion of the state's economy. He talked about the Governor putting this plan together in 1999, and then developing the plan in 2000.

### **See Attachment 3**

**Roger Madsen, Director of the Department of Commerce & Labor (DCL)**, spoke to the Committee stating that the DCL has reestablished the Executive Order from the Council in the last four years to attract high-tech jobs. He said they have identified 26 action items, and six strategies to accomplish these goals. He discussed the six elements of the STAC plan: To attract and retain a skilled workforce; Invest and promote University-Industry; Facilitate commercial technology development in Idaho; Build an entrepreneurial culture that will support and nurture new businesses; Invest in an infrastructure needed to support a technology-based economy; and Establish a national and international image for Idaho as a leading technology center. He urged the Committee to support this legislation.

**John Grossenbacher, Chairman, Science & Technology Council**, read a letter he wrote in December 2005, to the Governor. The letter states that Idaho Companies, large and small that have interests in the technology areas, have been identified as the core to the state's technology-economy. The letter states that the Council should engage directly with the Idaho Technology business community to form a partnership in an effort to move forward. **Mr. Grossenbacher** said the Governor wants private industry to step up to the plate in high technology, and has appointed 15 members representing small and large industry to form a stakeholder's advisory council. He informed the Committee that two University presidents have asked the Governor if they could also be on this council. He urged the Committee to support this legislation.

**Questions from Committee Members:** **Rep. Lake** asked if the Council is housed by the Governor. **Mr. Tueller** replied that the Governor's office provides the staff.

**Rep. Kemp** wanted to know what the Council's top three accomplishments are. **Mr. Tueller** said the Council has developed a matrix that determines the type of business, and assists in the coordination in high technology jobs with local, state, and federal interests to increase a positive economic

impact; 2) The Council is a strong advocate of industry through colleges, the Department of Commerce and Labor, State Board of Education, and other agencies and organizations; and 3) Identify core strengths in Idaho's image to bring in high-tech jobs.

**Mr. Tueller** informed the Committee that the Council only gives direction. The Committee members and Mr. Tueller discussed the competencies and the interim committee on bio-agriculture. **Mr. Tueller** didn't know what the impact in economics is to the state, but said that high technology jobs are the fastest, climbing wages in the state. They discussed the plan of action how STAC will develop guidelines to bring industry to Idaho.

**Rep. Bolz** asked if anyone from the bio-Ag business is on the Council. **Mr. Tueller** replied they have several persons that are experts in bio-Ag, but not necessarily in the agriculture business. **Chairman Schaefer** asked if this could be pursued to make the Council complete.

**Motion:** **Rep. Mathews made the motion to send HB 406, to the House Floor. The motion passed by voice vote with Rep. McKague voting no.**

**Motion:** **Rep. Ringo made the motion to delete "de minimis negative impact" on the fiscal note of the Statement of Purpose (SOP), and replace it with "no negative impact." The motion also deletes the second part of the paragraph starting with, "The amount of this de minimis negative impact.....times the Council meets." The motion passed by voice vote.**

**HB 407** **Bob Fick** distributed a handout which he explained. He said removing the 49 percent trigger allows 17 percent of every UI dollar to flow into the State Reserve Fund held in the Idaho State Treasury until the balance exceeds one percent of taxable wages. He walked the Committee Members through the handout explaining the ratio change on the two accounts, the Federal Reserve held Trust Funds, and the State's Reserve Fund. He said the principal amounts targeted in this legislation are the \$116 million in the Federal Reserve Fund, and \$85 million in the State's Reserve fund. **Mr. Fick** said after 2006, the 17 percent will return to the Employers' Contribution Fund, and placed in the State Reserve Fund, 80 percent will go to the Federal Trust Fund, and 3 percent will remain in the Workforce Training Program.

#### **See Attachment 4**

**Questions from Committee Members:** **Rep. Lake** asked about the earnings on the U.S. Trust Fund, and if this fund is used to pay UI benefits, also if this bill is passed where will the dollars go. **Mr. Fick** replied that the earnings from the interest of the State Reserve Fund will be used for administrative purposes, and the operation of programs.

**Rep. Lake** asked if the bill isn't passed out of Committee, what will the Department do. **Mr. Fick** said that \$600,000 will be cut this year if this bill isn't approved. He said the Department will have to change the way programs are operated, and the steps to do this is more drastic now due to fewer federal grants. The Department cut 30 FTE last year, and 30 FTE are expected to be cut this year.

**Rep. Lake** asked about the Reed Act, and the impact from the appropriation. **Mr. Fick** said the balance from the Reed Act is minimal on the average effective tax rate. He informed the Committee this bill will safeguard the 1 percent of taxable wages.

**Rep. Lake** asked if it is okay to hold this bill in Committee for 1 week while the Idaho Association of Commerce and Industry (IACI) work out the issues they have with this legislation. **Chairman Schaefer** asked Director Madsen, Department of Commerce and Labor, if he had any problems placing this bill on hold for a week. **Director Madsen** replied no. He said a lot of states are closing their offices because of budget cuts. When he left the Department in 1985, there was 900 employees, and when he returned to state government in 1995, there are 500 employees. **Director Madsen** discussed the new concept of working with \$150 million budget versus a \$225 million budget. Some of the offices that have closed are; Weiser, Jerome, Gooding, Rupert, Caldwell, and other small communities. There has been discussion about opening call centers to assist those people looking for jobs.

**Rep. Lake** asked **Director Madsen** if it is okay to hold this bill for 1 week. **Director Madsen** said it is okay with him to place the bill on hold. He said after Hurricane Katrina, and some of the other disasters that have happened the federal government has placed Idaho at the bottom of the ladder.

**Motion:** **Rep. Lake made the motion to place HB 407 on hold for 1 week. The motion passed by voice vote. Representative Skippen voted no.**

**Introduction:** **Vice-Chairwoman McKague** chaired the hearing on the Dockets.

**Docket:**  
**59-0103-0601** **Alan Winkle, Public Employee Retirement System of Idaho (PERSI)**, opened stating this temporary rule will require the Retirement Board (Board) to establish contribution rates. He said in 2003, the Board adopted proposed rules to provide for three annual contribution rate increases to begin on July 1, 2004. He said market conditions have improved, and the Board postponed the second and third annual rate increase to July 1, 2006. But, with the continued fair market conditions this rule will postpone the rate increase to July 1, 2007, and July 1, 2008, concurrently. He talked about police officers, and how they have been affected due to a decline in funding.

**Motion:** **Rep. Lake made the motion to adopt Docket 59-0103-0601. The motion passed by voice vote.**

**Docket:**  
**59-0106-0501** **Alan Winkle, PERSI**, said this is a pending rule that will be made based on actuarial studies and data. It has been determined that current contribution rates for funding unused sick leave for public school employees is inadequate to meet future obligations. The rule will increase the contribution rate from the employees' salaries. The rate increase will be phased in over a three year period beginning July 1, 2006. Other technical changes in the rule updates addresses, corrects a typographic error, and clarifies retirement election requirements that will provide a default election when a member fails to make one. The rule also conforms to a statutory change that will allow inactive members to purchase service.

**Motion:**                **Rep. Bolz moved to adopt Docket 59-0106-0501. The motion passed by voice vote.**

**ADJOURN:**            2:50 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** January 25, 2006

**TIME:** 1:30 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Garrett, Skippen, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representatives Anderson, Bolz, Bradford, Crow

**GUESTS:** See Attachment 1

**Motion on Minutes:** **Rep. Pasley-Stuart made the motion to adopt the minutes of the January 17, 2006 Committee hearing, as written. Rep. Kemp seconded the motion. The motion passed by voice vote.**

**Introduction:** **Vice-Chairwoman McKague** opened the hearing by introducing **Bob Fick, Communications Manager, Department of Commerce and Labor (DCL)**. She informed the Committee Members that the rules heard today are Pending Rules from DCL.

**Docket: 09-0104-0501** **Mr. Fick** opened the hearing by informing the Committee this rule and rules 09-0104-0502 and 09-0104-0503 are from the Benefit Payment Control Bureau. He said this rule is a cosmetic change due to the reorganization of the DCL. There is no fiscal impact to the general fund.

**Docket: 09-0104-0502** **Mr. Fick** explained this rule will bring the Unemployment Insurance Program (UI) into compliance with penalty/fee collections.

**Docket: 09-0104-0503** **Mr. Fick** said this will add definition to IDAPA that will allow the phrases "fraud overpayment" and "non-fraud overpayment" to be used in DCL documents. It will also provide for an automatic write-off due to "no fiscal impact" from overpayments. It clarifies language on overpayments from claimants on penalties, and how interest accrued is handled. This rule will forgive amounts received, and prioritize how monies are recovered by partial payments. He said that the interest will be deducted first.

**Rep. Kemp** asked if there is another rule that rewards claimants who pay in full and on time. **Mr. Fick** replied no.

**Introduction:** **Don Arnold, DCL**, informed the Committee the next two dockets are from the Appeals Bureau, DCL.

**Docket: 09-0106-0501** **Mr. Arnold** said this rule deals with "what can", and "cannot" be excluded as evidence.

**Introduction:** **Mr. Fick** introduced **Roger Holmes**, Bureau Chief, Benefits Bureau.

**Docket:**  
**09-0130-0501**      **Roger Holmes** informed the Committee this is a chapter name change for DCL, which will now be “Unemployment Insurance Benefits Administration Rules”.

**Docket:**  
**09-0130-0502**      **Mr. Holmes** said this updates and requires that UI claimants must file in the state they in which reside, and report on work-seeking activity.

**Docket:**  
**09-0130-0503**      **Mr. Holmes** said this is a housekeeping rule that changes the name “Job Service” to “local office” or “Department”. It will require claimants that have not registered to do so with the local office. This also deletes language “length of unemployment” from criteria that determines a claimant’s work history.

**Docket:**  
**09-0130-0504**      **Mr. Holmes** said this rule extends authority for cross-matching motor vehicles with people’s social security number.

**Docket:**  
**09-0130-0505**      **Mr. Holmes** this rule deals with the practice and how a claimant’s UI wages are determined.

**Docket:**  
**09-0130-0506**      **Mr. Holmes** said this rule will bring DCL into compliance with a new law that was passed last year on how a claimant re-qualifies for UI.

**Docket:**  
**09-0130-0507**      **Mr. Holmes** this rule states that “a specific instance when a claimant can file and is alleviated due to compelling circumstances to be changed and be consistent with statute”, and be defined more clearly.

**Docket:**  
**09-0135-0501**      **Mr. Fick** informed the Committee this rule allows the Director of DCL to determine civil penalties.

**Docket:**  
**09-0135-0502**      **Mr. Fick** said this establishes time restrictions for Professional Employer Organizations (PEO), to apply for experience rate transfer from clients. It requires PEOs and clients to file jointly. It will also bring the PEOs under guidelines currently established for other entities.

**Docket:**  
**09-0135-0503**      **Mr. Fick** said this is a housekeeping rule. The proposed name change will reflect the DCL reorganization in the tax and benefit overpayment bureaus that no longer exist.

**Docket:**  
**09-0135-0504**      **Mr. Fick** said this rule will put into place how fees are collected on the civil penalties law that was passed last year.

**Docket:**  
**09-0135-0505**      **Mr. Fick** said this law deals with the casual labor law, and brings the state into compliance with the federal government.

**Docket:**  
**09-0135-0506**      **Mr. Fick** said this law brings the DCL into the 21<sup>st</sup> Century by making available employer business registration reporting online.

**Docket:**  
**09-0135-0507**      **Mr. Fick** this rule requires the release of records for investigations.

**Docket:**  
**09-0135-0508**      **Mr. Fick** this rule reduces the paperwork that would normally be required when a business is transferred to inform all interested parties in lieu of the issuance of a status used to compute partial experience rate transfers.

This language will be removed and replaced with examples of factors to be considered when determining the successor business is substantially the same as the predecessor business. The rule also considers how to handle partial payments when transferring an experience rating. The change will bring DCL into compliance with the federal SUTA Dumping Act.

**Docket:**  
**09-0135-0509**

**Mr. Fick** said this rule defines the “direction and control” test for independent contractors to terminate a worker without contractual liability. It deletes Section D, and will bring the Department into compliance from a Idaho Supreme Court ruling.

**Docket:**  
**09-0201-0501**

**Mr. Fick** said the proposed and adopted changes to IDAPA eliminates inaccurate or redundant language, and application requirements for Block Grant Programs. He said this rule went through the public hearing process with no negative response.

**Mr. Fick** discussed the Eligible Activity Priority Ranking on page 124, and how each project is assigned points.

**Rep. Lake, Mr. Fick**, and the Committee Members discussed projects that are modeled after the Boys and Girls Club. The Club is used as a model, because they are below the poverty level and use government programs that use Block Grant funds.

**Chairman Schaefer** commented that the program should find someone in the private sector other than the Boys and Girls Club that can be emulated to provide a conservative approach.

**Rep. Garrett** wanted to know why the word “must” was incorporated in the language for youth projects to emulate the Boys and Girls Club.

**Director Madsen** said that language should not be in there. He will talk to someone in the Department about the language, and bring it back next year with the change.

**Docket:**  
**09-0203-0501**

**Mr. Fick** said this rule is an attempt to re-focus on quality of jobs. He discussed new language on page 133, which creates a new point value system for scope programs. It eliminates reference to rural influence, and rewards existing projects.

**Mr. Fick** discussed several of the changes in this docket. Page 134 is a language change, and deletion of Certified Gem Communities.

Page 137 creates a funding match for downtown developers in an attempt to leverage more cash toward grants.

Page 142 eliminates the state regulation, and adopts federal regulation.

**Rep. Kemp** asked if there will be more or fewer grants to assist the smaller communities. **Mr. Fick** said there are some monies for the smaller communities, but federal grants have decreased 10 percent in the last couple of years.

**Docket:**

**Mr. Fick** informed the Committee this rule is a change for Idaho’s tourism

09-0203-0501

website.

**Motion:** Rep. Lake made the motion to adopt Dockets: 09-0104-0501; 09-0104-0502; 09-0104-0503 for the Benefit Payment Control Bureau. The motion passed by voice vote.

**Motion:** Rep. Garrett made the motion to adopt Dockets: 09-0106-0501; 09-0106-0502 for the Appeals Bureau. The motion passed by voice vote.

**Motion:** Rep. Lake made the motion to adopt Dockets: 09-0130-0501; 09-0130-0502; 09-0130-0503; 09-0130-0504; 09-0130-0505; 09-0130-0506; 09-0130-0507 for the Benefits Bureau. The motion passed by voice vote.

**Motion:** Rep. Kemp made the motion to adopt Dockets: 09-0135-0501; 09-0135-0502; 09-0135-0503; 09-0135-0504; 09-0135-0505; 09-0135-0506; 09-0135-0507; 09-0135-0508; 09-0135-0509 for the Employer Accounts Bureau. The motion passed by voice vote.

**Motion:** Rep. Trail made the motion to adopt Docket 09-0201-0501 for the Idaho Community Development Block Grant Program. The motion passed by voice vote.

**Motion:** Rep. Skippen made the motion to adopt Docket 09-0203-0501 for the Idaho Regional Travel & Convention Grant Program. The motion passed by voice vote.

**Discussion:** Director Madsen, DCL, addressed the Committee by thanking them for all their hard work and perseverance in assisting the Department with this legislation. He informed the Committee that the Department has lost three major employees this week, and lost one employee last week, because they were offered better wages elsewhere.

He said that Idaho has gone from 49<sup>th</sup> in the country to number one for best rated programs. He talked about the efficiency of the Department who will receive 45,000 checks this next week, and have the checks processed and deposited within 24 hours.

He discussed the 3 percent raise that was just voted on for state employees. He said the raise is a morale booster, but it is only a merit raise, and not everyone will receive it. He said the Department is losing its' Information Technology people to other places of business that can pay more money. The Department's web page person just left for a higher paying job.

Rep. Garrett asked Director Madsen what his definition of merit is, and commented that some agencies don't see job expectations as merit. Director Madsen replied the Department is addressing the merit pay in two ways, one is to make sure that the lowest paid employees receive a little something.

Rep. Trail commented that he has data that show several state agencies are paying their employees 20 percent below the poverty level.

**ADJOURN**

3:00 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

- DATE:** February 1, 2006
- TIME:** 1:30 p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart
- ABSENT/  
EXCUSED:** Representative Crow
- GUESTS:** See Attachment 1
- Introduction:** **Chairman Schaefer** informed the Committee Members that the first CEC meeting is scheduled for this Friday. He introduced Bob Fick, Communications Manager, Department of Commerce and Labor (DCL), who will open the hearing on H 407.
- BILL #H 407:** **Mr. Fick** said based on conversations with the Idaho Commerce & Labor External Advisory Committee, and others involved in this legislation, he asked the Committee to place H 407 on hold for another week until certain issues are worked out. He said that the Advisory Council and their Committee Members will be meeting tomorrow to work on the details.
- Chairman Schaefer** asked for a unanimous consent to hold Bill # H 407 for one week. The Committee Members agreed.
- Bill #H 451** **Alan Winkle, PERSI**, presented H 451. He said this is the Firemen's Retirement Fund bill. It provides the process in the distribution of retirement benefits when there is a surviving spouse and a ex-spouse. He discussed the impact of the retirement fund, and stated they had to place a cap on the fund due to the decrease in members. **Mr. Winkle** distributed a chart explaining how the distribution takes place when there is a current spouse and a ex-spouse. He discussed the changes and new language in the bill. He said if a divorce is already started when this bill goes into affect, the spouse can ask the court to have the ADRO (approved domestic retirement order) applied, but it is at the court's discretion. See Attachment 2
- Questions from  
Committee  
Members:** **Vice Chairwoman McKague** asked if there is a time limit that a ex-spouse had to be married to a member to collect this retirement fund. **Mr. Winkle** said in the past it was five years, but this legislation does not require any length of time.
- The Committee directed questions to Karl Malott, President of the Professional Fire Fighters of Idaho. **Mr. Malott** informed the Committee Members if PERSI doesn't have a problem re-opening an ADRO, they will comply with the court order. See Attachment 3

**MOTION:** **Rep. Ringo made the motion to send H 451 to the House Floor with a do pass recommendation. The motion passed by voice vote.**

**Docket  
17-0208-0501** **Tom Limbaugh, Chairman, Industrial Commission**, distributed a copy of his written testimony. (See Attachment 4) The new law requires the Industrial Commission to change the method of how medical providers are reimbursed under the Idaho worker's compensation system. He distributed information which he referred to in his statement. (see handouts #1-#14). He discussed Bill# H 331, which passed in the 2005 Legislature, signed by the Governor, and became law on July 1, 2005. (See handout #1).

**Mr. Limbaugh** read a letter from Senator John Goedde directed to the President of the Senate, Jim Risch, dated March 29, 2005. It states the Advisory Committee from the Industrial Commission has struggled for over two years unsuccessfully to correct this problem. The letter also states that Bill# H 331 adopts a fee schedule and the authority for the Industrial Commission to set conversion factors. (See handout #2).

**Mr. Limbaugh** discussed Resource Based Relative Value System (RBRVS), which is used to determine allowable charge amounts for Medicare physician services, and how it is used within Medicaid managed care, such as; PPOs & HMOs, Worker's Compensation, and commercial insurance. He discussed Relative Value Units (RVU) to Current Procedural Terminology (CPT) codes. He informed the Committee that the new law will require that CPT codes be grouped in the following areas: Medicine, surgery, physical medicine, radiology, anesthesia and pathology. The Industrial Commission developed and assigned monetary conversion factors to each area, but said there are serious problems with the current CPT system. Some of the CPT codes within the groupings need to be set apart from certain groups due to procedures which are reimbursed at a much higher level while other procedures are very low. (See handout #3)

**Questions from  
Committee  
Members:** The Committee Members and Mr. Limbaugh discussed the conversion factors. **Rep. Kemp** asked Mr. Limbaugh if the Committee rejects this rule will the Industrial Commission come back with a better one. **Mr. Limbaugh** asked the Committee not to reject this rule until the Industrial Commission has the opportunity to re-write a new temporary rule to become effective on April 1, 2006.

**Mr. Limbaugh** discussed handouts #4 - #14. He referred to handout #11 that explains the State Insurance Fund CPT code for 2005.

**Lynn Kelly, Practice Manager, Boise Physical Medicine & Rehabilitation Clinic**, distributed a written copy of her testimony. She asked the Committee to support the base rule by allowing it to be modified with a temporary rule so that more time can be given to refine the fee schedule proposed by the Idaho Industrial Commission (IIC). She gave an overview of her workgroup of professionals that reviewed the IIC proposal, and have determined the proposal is a good start, but they still have some concerns which she addressed. One of the concerns came from a national study based on output data when fees are reduced the physicians will require patients to return more often to compensate and recover fees that have been reduced, which creates an increase in costs. She discussed

Mr. Limbaugh's handout #11 regarding codes for services, and codes being overpaid. She said it is normal for a Dr. to under bill, while 80 percent of the charges come from the services provided by hospitals. See Attachment 5

**Woody Richards, representing the Associated Logger Exchange (ALE), and the Property Casualty Insurers Association (PCI)**, distributed three handouts which he addressed. He talked about the National Council on Compensation Insurance, Inc., (NCCI). He informed the Committee there is currently no mandatory medical fee schedule in Idaho. He said that NCCI estimates that implementing the medical fee schedule as proposed on January 11, 2006 will increase the overall system costs in Idaho by 2.3 percent or \$7 million. This proposal includes Medicare relative value units that reflect Idaho specific values. An alternative schedule reflecting national relative value units would result in an overall system cost increase of 5.2 percent or \$17 million. The original Industrial Commission proposal from September 16, 2005 included a different set of conversion factors by category, and indicates an increase of .8 percent or \$3 million. See Attachments 6, 7, & 8

**Ken McClure, Attorney for Givens-Pursley, and representing Idaho Medical Association**, informed the Committee this rule is based on data which results in high maximum allowable payments. He discussed three points: 1) Idaho is ranked second lowest per capita on reimbursement for Drs. payments; 2) Compare Idaho rates with other states, and Idaho is still the highest; and 3) Worker's Compensation (WC) patients in Idaho use attorneys more than any other state. He said that Drs. in Idaho don't want to treat WC patients, because of the reimbursement factor. It takes 100 plus days for a reimbursement payment from WC compared to 20 days from sureties. He informed the Committee that the IIC gathered data from people that work in Drs. Offices, and developed questions that were presented at the two IIC public hearings. He stated that Idaho needs more Drs., and that would fix "our problem".

**Questions from  
Committee  
Members:**

The Committee Members and Mr. McClure discussed the reasons why Drs. prefer to treat people with health insurance rather than treat WC patients. **Mr. McClure** informed the Committee that WC requires more paperwork, and the reason for the higher fee is in administration costs. He said that Drs. do not set the fee schedule, it is imposed on them.

**Kent Day, Liberty Mutual Insurance**, stated they oppose the adoption of this rule as it was filed in November 2005. He said as the rule is presented that Liberty Mutual cannot support it, but they supported Bill # H 331. He distributed a handout that compares the national average with Idaho's average for Orthopedic-shoulder arthroscopy CPT code in 2005 is 46.5 percent higher than the national average costs. The Radiology-Lumbar MRI CPT code is 38.7 percent higher than the national average cost, and Evaluation and Management costs are 41.1 percent higher than the national average. See Attachment 9

**Teresa Molitor, representing Idaho Association of Commerce & Industry (IACI)**, submitted a written statement from IACI asking for improvement in the worker's compensation system beyond what H 331 intended. She asked the Committee to reject this rule. See Attachment 10

**Dave Whaley, representing the AFL-CIO**, said he sat in on the Commissioner's committee between the Drs., and attorneys. The Drs. in Boise said if the system pays like Medicare, they will not take on any more worker's compensation cases.

Barbara Malone, Associate for The Gallatin Group, distributed a handout from **Lyn Darrington, Principal, representing Employers Insurance Group (EIG)**, who was not able to attend today's hearing. Ms. Darrington's letter states that EIG has concerns with the proposed fee schedule for physicians. She said the proposed fee does not address outpatient facility, inpatient hospital, durable medical equipment, nursing, and pharmacy benefits, which are major costs of the worker's compensation system. She states that EIG is the 14<sup>th</sup> largest worker's compensation carrier in the nation, and EIG welcomes any opportunity to share their expertise in the development of an appropriate fee schedule for the state of Idaho. See Attachment 11

**Motion:** **Rep. Mathews made the motion to reject Docket 17-0208-0501, Industrial Commission.**

**Rules Coordinator:** **Dennis Stevenson, Administrative Codes**, discussed what will happen if the rule is suspended, rejected or left alone. He explained the options before the Committee that deal with the temporary rule. The options are to: 1) Approve the rule for extension allowing it to remain in effect after the conclusion of the session; 2) Reject the entire rulemaking causing it to die at the end of the session; or 3) Reject certain parts of the temporary rule that the Committee objected to, but allow the remainder of the rule to be extended and to take effect.

**Mr. Stevenson** informed the Committee that holding the rule for two weeks would not accomplish anything more than what the Commission and stakeholders were already working on. His suggestion was to reject the rule now during this hearing, and have Legislative Services Office (LSO) accept this rule out of the Omnibus Concurrent Resolution to show it has been rejected. This would then give the Commission the go ahead to proceed with the drafting of a new temporary rule to replace the rejected one. **Mr. Stevenson** said it is his understanding that the Senate is waiting to see what action the House Committee will take, and they would go along with a rejection of this rule.

**Substitute Motion:** **Rep. Pasley-Stuart made a substitute motion to hold Docket 17-0208-0501 for two weeks. The motion passed by voice vote with Representative Anderson voting no.**

**ADJOURN:** 3:00 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

- DATE:** February 7, 2006
- TIME:** 1:30 p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail,, Skippen, Anderson, Kemp, Ringo, Shepherd (2), Pasley-Stuart
- ABSENT/  
EXCUSED:** Representatives Crow, Bradford, Bolz, Mathews, and Garrett
- GUESTS:** See Attachment 1
- Introductions:** **Chairman Schaefer** opened the hearing, and informed the Committee there will be a Change in Employment Compensation (CEC ) meeting at noon tomorrow, February 8, 2006.
- Rep. Lake** said that RS 15940 has been heard as HB 407 in a previous Committee hearing, and asked **Chairman Schaefer** if he could make a motion to send the bill straight to 2<sup>nd</sup> reading. **Chairman Schaefer** replied yes.
- RS 15940** **Bob Fick, Communications Manager, Department of Commerce and Labor**, opened RS 15940. He said that section 1 provides additional funds that are used to support administrative staff through the benefits paid by reimbursement from employers paid to former employees. The second section provides refunds from fraud overpayment, and collects penalties from claimant's false statement or failure to report a material fact. The third section provides confidentiality for a whistle blower on a claimant that filed false information. The fourth section allows penalties on the amount owed to the Department to be offset against refunds owed to the debtor by either agency. **Mr. Fick** stated this section also makes technical corrections.
- Questions from  
Committee  
Members:** **Chairman Schaefer** commented that he would like to speak to Mr. Fick after today's hearing is over to discuss a similar situation on whistle blowers with the Department of Corrections.
- MOTION:** **Rep. Lake made the motion to move RS 15940 for second reading to the House floor. Rep. Skippen seconded the motion. The motion carried by voice vote.**

**RS 15942**

**Bob Fick** informed the Committee this legislation was part of RS 15940. This part deals with the way Unemployment Insurance Trust Fund is invested. He said it will create a one time only funding in 2006 to keep the 17 percent, and deposit it for use by the Department for administrative staff. **Mr. Fick** said the Department has been losing federal monies, and this one time funding will allow the continuation and operation of the Department's programs. He said that the interest earned from the Reserve Fund will increase revenue to the Special Administration fund for their share of indirect costs. If this legislation doesn't pass, the funds will be requested from the state's general fund.

**Questions from  
Committee  
Members:**

**Rep. Lake** asked about the position of the reserve tax fund. **Mr. Fick** said the reserve fund was created in 1991 from interest and penalties to be deposited into the state-invested Employment Security Reserve Fund. He said the reserve fund monies go into the reserve fund, and the interest from the Reserve Fund will be deposited into the Special Administration Fund that can be used to administer Department programs.

**Motion:**

**Rep. Skippen** made the motion to send RS 15942 to print. The motion carried by voice vote.

**Motion:**

**Rep. Lake** made the motion to TABLE HB 407. The motion carried by voice vote.

**ADJOURN:**

1:50 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** February 9, 2006

**TIME:** 1:35 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representatives Crow, Bolz, and Bradford

**GUESTS:** See Attachment 1

**Minutes:** After the Committee reviewed the minutes from January 23, **Rep. Lake** said he had issues with some language on the minutes. He asked if the Committee could vote on the minutes at a later date when he confirmed the language regarding the Federal Trust Fund, and the State Reserve Fund.

**Minutes:** **Rep. Lake moved to accept the minutes of February 7. The motion passed by voice vote.**

**RS 15347** **Blair Jaynes, Industrial Commission**, opened the hearing on removing the wording "Pecuniary Gain" from the Workers' Compensation Code. He said this legislation is back because a judge made a ruling which broadens the definition of exemption in the workers' compensation law by adding two words on page 1, line 15 "business", and "normally" on line 24. There is some new housekeeping language. He said "normal business" means that workers' compensation is carried by an employer for that specific business, such as for monetary gain. If a business is a not for-profit, or not a normal occupation outside the realm of the employees' regular job, workers' compensation is not required. He said that Idaho is the last state to make this change. This legislation reinforces the continuing requirement that all covered private employment must still be conducted in the service of the normal trade, business, profession or occupation of the employer.

**MOTION:** **Rep. Ringo made the motion to introduce RS 15347. The motion passed by voice vote.**

**RS 15458C1** **Rep. Garrett** informed the Committee this RS is at the request of the Workers' Compensation Advisory Committee. She said the definition of balance billing is when an injured worker is approved for coverage under Workers' Compensation, and receives treatment from a medical provider who submits a bill to surety for payment. If the surety doesn't pay the full amount, the injured worker is then billed by the medical provider, which is inconsistent with state law. The injured worker is not responsible for charges from medical providers when the claimant has been approved to receive Workers' Compensation. This legislation identifies who the

providers are, and brings the inconsistency into line with the Idaho Workers' Compensation Law.

- Motion:** **Rep. Trail made the motion to introduce RS 15458C1. The motion passed by voice vote.**
- RS 15502C2** **Rep. Mathews** presented RS 15502C2 informing the Committee it is a joint memorial to Idaho's Congressional Delegation, and the United States Congress that Idaho does not support terrorism. He discussed the world bank, and other large lending institutions that the United States (U.S.) contributes money to support third world nations. Among other things, he said that we do not want to support loans to countries by these institutions that may be funneling funds to support terrorism. The money sent to these financial institutions are U.S. tax payers dollars, and this is a message stating that "our dollars will not be used to support terrorism".
- Discussion:** Committee discussion followed.
- Motion:** **Rep. Trail made the motion to introduce RS 15505C2.**
- Substitute Motion:** **Rep. Mathews made a substitute motion to hold RS 15505C2 in Committee for one week for further discussion.**
- Discussion:** **Rep. Lake** reminded the Committee that an RS cannot be held in Committee.
- Chairman Schaefer** said he will address some of the issues discussed in Committee with the sponsor of this RS.
- Amended Substitute Motion:** **Rep. Pasley-Stuart made an amended substitute motion to send RS 15505C2 back to the sponsor. The motion passed by voice vote with Representative Mathews voting no.**
- RS 15958C1** **Rep. Garrett and Rep. Pasley-Stuart** presented RS 15958C1. She said this legislation will direct the Human Resources in the state agencies to establish a peer review process that will ensure a fair procedure for all the people involved. This process can increase productivity and morale, because employees feel their problems have been resolved in a fair manner. The employee may request a peer review from outside the Department in which they work. **Rep. Garrett** informed the Committee this peer review process is advisory in nature only, and it is optional. She added if this becomes law this year, it will become part of the rules next year.
- Rep. Pasley-Stuart** said this legislation will make problem solving less adversarial, and employees will feel they are being heard. She encouraged the Committee to send this legislation to print.
- Motion:** **Rep. Skippen made the motion to introduce RS 15958C1. The motion carried by voice vote.**
- ADJOURN:** 2:20 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** February 13, 2006

**TIME:** 1:30 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representative Crow

**GUESTS:** See Attachment 1

**Minutes:** **Rep. Lake moved to accept the minutes of January 23. The motion passed by voice vote.**

**Rep. Lake moved to accept the minutes of January 25. The motion passed by voice vote.**

**Bill# H 578** **Bob Fick, Communications Manager, Department of Commerce and Labor (DCL)**, opened the hearing on H 578. He distributed a handout on the Special Administration Fund Annual Report. He said this fund is a 17 percent diversion for 2006 only. Removing the 49 percent trigger allows 17 percent of every UI dollar to flow into the State Reserve Fund held in the Idaho State Treasury until the balance exceeds one percent of taxable wages. He discussed the two accounts: the Federal Reserve held Trust Funds; and the State's Reserve Fund. He said the principal amounts targeted in this legislation are the \$116 million in the Federal Reserve Fund, and \$85 million in the State's Reserve Fund. **Mr. Fick** said after 2006, the 17 percent will return to the Employers' Contribution Fund, and placed in the State Reserve Fund, 80 percent will go to the Federal Trust Fund, and 3 percent will remain in the Workforce Training Program. He said this diversion doesn't change the dollar amount employers pay into the fund nor does it affect employee benefits. In 2005, over 46,000 employers in the state of Idaho paid \$130 million into the State's Reserve Fund. He added that Idaho was the 11<sup>th</sup> highest in the nation in UI dollars paid out last year. He talked about the 62 percent reduction of federal funds in the last five years. He said that the federal government has based their budget on national data. With the lack of federal funds the Department may have to go to call centers, but stated they are trying to keep a local presence in the communities, and not close the workforce centers in Idaho. See Attachment 2

**Teresa Molitor, representing Idaho Association of Commerce and Industry (IACI)**, informed the Committee that IACI supports this bill. She commented that she didn't know what the Public Affairs Committee will do.

**Pam Eaton, President of Idaho Retailer's Association**, stated they

support this bill now that it is split from H 407.

**Questions from  
Committee  
Members:**

**Rep. Lake** asked when the \$25 million is returned to the account at the end of this year, will it continue to earn \$1 million in interest every year after this. **Mr. Fick** replied yes. **Rep. Lake** asked when will the one percent trigger the diversion again. **Mr. Fick** responded never. This is a one time only situation, and it cannot be triggered again.

**MOTION:**

**Rep. Lake moved to send H 578 to the House Floor with a do pass recommendation. The motion passed by voice vote.**

**Bill # H 648**

**Brad Jaynes, representing Industrial Commission**, distributed written testimony. He explains that Idaho's Worker's Compensation Law was enacted in 1917 to provide injured workers and their families with compensation without the need to file a lawsuit or prove that their employers's negligence caused the injury or death. One of the amendments "not for pecuniary gain" came from the original 1917 law. He states that Idaho is the only state that still retains this exemption. The Idaho Supreme Court has determined that "not for pecuniary gain" had nothing to do with not-for-profit, and said it has nothing to do with money. He said this law could result in many employers that were required to carry worker's compensation to claim exemption, because they do not receive "equivalent" payment for their services provided by their employees. This will ensure that Idaho workers regardless of the profit or non-profit status of their employers will continue to be protected by Idaho's worker's compensation law. See Attachment 3

**Teresa Molitor, representing IACI**, informed the committee they oppose this bill for two reasons: 1) section 1, subsection 4, the definition for "employment" changed. She stated that it is perilous to tamper with the definition in the worker's compensation law, it can invite litigation; and 2) the word "normally" is not a good definition for a business carried on by an employer.

**Questions from  
Committee  
Members:**

**Rep. Mathews** commented that the ruling came down from a Supreme Court case. **Ms. Molitor** responded that the bill is problematic with the way it is drafted.

**Rep. Pasley-Stuart** asked Ms. Molitor if she had worked on the verbiage with the Industrial Commission. **Ms. Molitor** replied no.

**John Barrett, Attorney**, addressed Rep. Pasley-Stuart's comment, stating he sat in on the Industrial Commission Advisory Committee from the last session, and informed the Committee that Mr. Jaynes had advised them to withdraw this legislation from the last legislature due to Judge Larson broadening the language by inserting the words "business" and "normally" to strengthen the intent of the language. He said the language change is based on legal research, and the proposed language is valid, and does what it's intended to do. He said that other states made this change back in the 1970s, and Idaho is the last state to do this. He added that the Advisory Committee will be glad to get rid of the old law.

**Max Sheils, Attorney, Ellis, Brown & Sheils**, informed the Committee that he was part of the Advisory Committee for worker's compensation.

He said at that time the IACI people supported this bill. He feels that the bill is tightened with this language.

**Motion:** **Rep. Garrett made the motion to send Bill # H 648 to the House Floor with a do pass recommendation. The motion passed by voice vote.**

**Bill # H649** **Rep. Garrett** opened the hearing on Bill # H 649. She said this bill defines balance billing under the Worker's Compensation statute, and clarifies that balance billing is not permitted. She informed the Committee that balance billing occurs when a medical provider continues to bill an injured worker, and insists on payment from the injured worker. She said this is inconsistent with the Idaho Worker's Compensation Law. The injured worker is not responsible for charges from medical providers when it is a worker's compensation claim. She asked the Committee if she could yield to Max Sheils, Attorney from Ellis, Brown & Sheils.

**Max Sheils** explained to the Committee what balance billing is. He said this law will enforce and convince providers that balance billing is not allowed by statute. **Mr. Sheils** talked about participating with the Worker's Compensation subcommittee who worked with insurance companies and medical providers to arrive at this language. He informed the Committee that the state of Oregon provides a punitive fine of \$1000 to providers for each balance billing sent to a worker's comp patient. He stated that Oregon has not had to use this, and the Industrial Commission Advisory Committee felt that Idaho didn't need this penalty.

**Rep. Anderson** asked Mr. Sheils if Oregon didn't use the penalty because it is so onerous. **Mr. Sheils** replied no. He said that the Idaho Industry Commission wanted to try this without inserting a penalty provision.

**Teresa Molitor** distributed a handout from IACI on balance billing. (See Attachment 4). She said that IACI Human Resources Committee voted to support Bill # H649. She states that IACI has some concerns with the lack of penalty for offenders. She discussed a letter from Jon Bauman, Attorney with Elam & Burke, dated November 17, 2005, written to Max Sheils. The letter applauds Mr. Sheils for clarifying a problem that has been going on for years, which is: balance billing is not permissible. See Attachments 5

**Lyn Darrington, representing Employers Insurance Group (EIG)**, informed the Committee that a Worker's Compensation group in Nevada supports this law, but would prefer a penalty.

**Dave Whaley, representing AFL-CIO**, stated it is their consensus this is a good bill, and the AFL-CIO supports it.

**John Barrett, Attorney**, discussed the current statute not defining balance billing. He talked about the new language that states "no provider shall engage in balance billing". He said that Idaho has one of the more sophisticated systems. He commented "with Idaho's environment, this bill will work".

**Motion:** **Rep. Bradford made the motion to send Bill # H 649 to the House**

**Floor with a do pass recommendation. The motion carried by voice vote.**

**Chairman Schaefer** thanked Mr. Barrett and Mr. Sheils for their hard work in bringing this legislation together. He said this is a good bill for business and labor.

**ADJOURN:** 2:40 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** February 15, 2006

**TIME:** 1:30 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representative Crow

**GUESTS:** See Attachment 1

**Minutes:** **Rep. Bolz moved to accept the minutes of February 9.**

**Discussion:** Rep. Ringo and Kemp requested some language change in the minutes.

**Substitute  
Motion:** **Rep. Ringo made a substitute motion to correct the language and adopt the minutes. The motion passed by voice vote**

**BILL # H 647:** **Rep. Garret and Rep. Pasley-Stuart** presented H 647. **Rep. Garrett** informed the Committee this bill will give the employees the option to have a peer review hearing. Currently, employees feel they are not being heard because everyone involved in the disciplinary action is from the same Department. This will allow the employees the option to have someone from outside the Department assist and evaluate the situation. She said that H 647 gives the Human Resource people the option to use this tool for problem-solving.

**Rep. Pasley-Stuart** said the state of Idaho is open for design and collaboration of all employees. She said this process does not prevent employees from communicating with management. All peer review is not binding. She hopes this option will be appealing for employees to choose over the regular way the process is handled. She added that the military has had peer review for decades. She read an article from the EEOC on the peer review process, and also read two letters from employees that have suffered under the current system. She stated that it is Rep. Garrett's and her belief that employees in the state are the most important resources in Idaho. She asked the Committee support this bill

**Ann Heilman, Administrator, Human Resources Division**, addressed the peer review position, and informed the Committee there is no fiscal impact to the general fund. The funding involved will come from a percent of the Human Resource's actual payroll. **Ms. Heilman** said that peer review will bring in outside personnel not involved in the "chain of command" to the process who can look at the situation in a different light.

**Questions from Committee Members:** **Rep. Anderson** asked what would prevent a trouble maker from abusing the system. **Ms. Heilman** responded they expect employees “testing” the system who may feel this peer review process doesn’t work.

**Motion:** **Rep. Kemp made the motion to send Bill # H 647 to the House Floor with a do pass recommendation. The motion passed by voice vote.**

**Docket: 17-0208-0501** Industrial Commission-Miscellaneous Provisions rule: **Chairman Schaefer** informed the Committee that he discussed this rule with the Tom Limbaugh, Chairman, Industrial Commission, who said the Commission went back to the table after the confusion they had left the Committee in from the last hearing. They expect to have a new temporary rule in place in a couple of weeks. He stated the Commission would not object if no action is taken on this rule.

**Dennis Stevenson, Administrative Codes**, informed the Committee the best way to handle this rule is to reject it, and bring back a new rule to the Committee in two weeks.

**Questions from Committee Members:** **Rep. Garrett** asked if the people who are working on this rule feel comfortable that progress will improve at the end of two weeks to re-write a new rule. **Mr. Limbaugh** responded yes. She said there are people in the audience that have come to testify. She said rather than wait for two weeks when a new rule is written, could these people testify now. **Chairman Schaefer** replied yes.

**Testimony:** **Sen. Goedde** discussed a letter he sent to the Idaho Senate and House Committee Members on issues before this Committee regarding Docket 17-0208-0501. He addressed five points from his letter: 1) The Industrial Commission has struggled for two years to address physician compensation and unable to reach consensus; 2) The fiscal note and intent language of H 331 called for a reduction in both physician reimbursement and workers’ compensation rates; 3) the National Council on Compensation Insurance (NCCI) set rates for Idaho and 36 other states; 4) the State Insurance Fund reports that if doctors bill at proposed schedule based on 2005 pay outs, rates will increase by 18 percent; and 5) the proposed rule violates legislative intent on two counts: a) by increasing the rates for workers’ compensation; and b) increasing the physician reimbursement rate. **Sen. Goedde** said this rule should be rejected. See Attachment 2

**Rep. Garrett** wanted to know if the April 1<sup>st</sup> date is not met, will doctors be reimbursed if a temporary rule is not in place. **Mr. Limbaugh** replied it could. He said if one of these rules are not in place, the Commission could be breaking the statute. **Rep. Garrett** stated it sounds like the Commission will be in non-compliance whether this rule is passed or not. **Mr. Limbaugh** informed the Committee that the Commission is very close in completing the new rule, and said it could be done by March 1. **Rep. Garret** asked if the groups working on this rule have helped the process or should the Committee reject the rule and wait for a new one.

**Dennis Stevenson, Administrative Codes**, was asked for his input. He informed the Committee that the Commission will continue to operate under the current temporary rule, not the proposed rule if they go past the

April 1 effective date.

**Bob Seehusen, CEO, for Idaho Medical Association**, informed the Committee that more work needs to be done on the re-writing of the rule. He said they are looking for savings, and a balance on lowering the fees. He asked the Committee not to reject this rule.

**Dr. Jeff Hessing** distributed a worker's compensation analysis, which he explained to the Committee showing the current rates, and the proposed rates. He said that 50 percent of his practice is worker's compensation, and this proposed rule will decrease his rates drastically. He supports the Industrial Commission's effort in reducing the fees. He talked about facility fees going up and not being able to get a handle on it. See Attachment 3

**Dr. Tim Doerr** distributed an analysis on his worker's compensation rates. He informed the Committee that he has been in practice as a Orthopedic Surgeon for nine years, and 37 percent of his practice are worker's compensation cases. He stated that the largest discrepancy in the worker's compensation codes are the codes for the nervous system. He said it is the consensus among doctors in California and Colorado that they do not want to see worker's compensation patients with these reduced reimbursement rates. He said that doctors in Idaho compete for worker's compensation patients, because they are reimbursed generously. He commended the Industrial Commission in their effort to set these rates in Idaho. He talked about the number of worker's compensation patients that go through the system, and stated that approximately 80 percent who go through the process return to work, and the other 20 percent who are the trouble makers that don't want to return to work. He discussed his situation with office expenses going up, but his reimbursement rates are going down. He said "when this happens, you start picking your patients that are the most cost efficient". He stated "it is easier to keep physicians in the system rather than make a drastic cut and loose the them". See Attachment 4

**Rep. Mathews** asked if all parties involved agree that they are close to completing the new rule. **Mr. Limbaugh** replied yes.

**Motion:** **Rep. Mathews made the motion to reject the temporary rule, Docket 17-0208-0501. The motion passed by voice vote.**

**Discussion:** **Susan Belzer, Idaho Medical Association**, informed the Committee she worked for Medicare for 15 years, and was there when they developed the conversion factors. She said that H 331 is in line with those factors.

**Chairman Schaefer** informed the Committee there are other issues that will need to be addressed at a later date.

**Kent Day, Mutual Insurance**, asked about the rest of worker's compensation issues, such as; drugs, facilities, etc.. **Mr. Limbaugh** said that the Industrial Commission is only looking at doctors at this time.

**Rep. Kemp** wanted to know where the 10 percent came from. **Mr. Limbaugh** responded that a letter written by Sen. Goedde on March 29,

2005, discussed reimbursement rates for doctors decreasing by 10 percent. (See handout #2) He said the two percent is the contemplated reduction in the employers premium rate.

**Chairman Schaefer** thanked everyone for their effort to resolve this issue. He said the Committee will be looking forward to the new rule in two weeks.

**ADJOURN:** 3:00 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** February 27, 2006

**TIME:** 2:15 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Rep. Crow

**GUESTS:** See Attachment 1

**Presentation:** **Chairman Schaefer** opened stating this is the Insurance Premium Holiday presentation. He introduced Eric Milstead, Budget & Policy Analyst, Legislative Services Office. **Mr. Milstead** distributed information regarding the CEC bill that was heard in the Joint Finance Appropriations Committee (JFAC ). He said this is a cash reserve increase from the previous medical insurance contract with Regence Blue Shield. **Mr. Milstead** said the increase happens when there is a contractual obligation with the carrier who provides a reserve fund in the event that insurance premiums do not cover the claim under a given contract. He stated that the reserve fund is approximately 10 percent of the annual premium collected under the contract which provides about \$13 to \$15 million to the reserve account. In the last year of the Regence Blue Shield contract there was a sharp decline in claims, and the balance in the reserve fund grew under that payout period for a balance of \$25 million. Once the prior insurance contract expires and all existing claims have been satisfied, any remaining reserve balance under the expired contract may be used by the state, but only for certain purposes. For example, the reserve balance could be used to offset increases in the current insurance plan. Because of the unexpended reserves the decision was made to take this reserve which is estimated to be approximately 3.5 percent increase from parts of FY 2006 and FY 2007. This reserve will be applied to state employees and state retirees as a paydown for employers in FY 2007. The reserve fund from the employer's basic life and disability insurance premiums, which is paid solely by the state is also added to this paydown for a seven month holiday period for the state account in FY 2007. See Attachment 2

**Rep. Garrett** asked if this paydown spends all the funds from the reserve account. **Mr. Milstead** said under this proposal it doesn't paydown the entire reserve. The premium holiday paydown will be approximately \$12 million. The estimated paydown is between \$4.7 to \$5 million which leaves a balance to be used toward the estimated increase in growth of 3.5 percent in the contract that has been assigned for the coming year.

**Rep. Lake** asked if this paydown is required. **Mr. Milstead** said no. He

stated when there is an excess in funds, and the state doesn't use these funds, the federal government will claim their portion of the balance or 20 percent of the excess funds. **Rep. Lake** asked if part of the excess funds are dedicated funds from the federal government. **Mr. Milstead** replied yes.

**Rep. Kemp** asked what contributed to this large reserve. **Mr. Milstead** said the primary reason is the claims didn't happen as expected which allowed the reserve fund to grow.

**Rep. Lake** wanted to know if the new state health insurance contract requires a reserve. **Mr. Milstead** said it does. Under the new contract with Blue Cross/Blue Shield there is a healthy reserve balance. He added this is a continuation of a trend in low claims, but he stated it isn't normal. **Rep. Lake** wanted to know why claims are going down and premiums are going up. **Rick Thompson, Administrator**, was asked to respond. He informed the Committee that he is in charge of the division that manages insurance programs. He said that data collected nationwide is finding a decrease in claims by approximately 3.5 to 6 percent.

**Rep. Trail** asked if the reserve funds are invested, and does this increase the funds currently in the state's account. **Mr. Milstead** said yes. The reserve funds are invested, and the state holds the contract for this account.

**Chairman Schaefer** asked if the state has any wellness programs. **Mr. Thompson** replied yes. He said that the state government has currently kicked off the wellness program on tobacco. The second program will be in weight management, and the third program will be the disease management program which is a pilot program.

**Pam Ahrens, Director of the Department of Administration**, said they need to commend the state and employees who implemented the communication tool to involve employees. She discussed the implementation that is the vehicle of the insurance program. She said that employees are communicating and making an impact on good decisions. This partnership between the state and state employees involving the wellness program will give the state employees and their families the tools to make choices which keep costs down. She thanked the Committee for their good questions. She said it is a good experience to be involved in this process, and to have the opportunity to manage this excess money.

**Chairman Schaefer** asked who made the decision to use the money this way. **Mr. Milstead** said it was the Governor's initial recommendation to have this insurance premium holiday for two months in 2007. There was discussion among the joint committee members on the inconsistency of allowing a premium holiday and at the same time a rate increase in insurance, and this plan is the balance the committee agreed on. **Chairman Schaefer** commended the Department in their effort to help all the employees. He thanked Mr. Milstead for the information and his presentation.

**Chairman Schaefer** stated that the CEC Committee recommended less

than one percent or \$5 million, and about \$4 million to cover the increase of costs in the employees insurance plan. **Mr. Milstead** said JFAC dedicated \$5 million to targeted occupational groups that are experiencing a high turnover, and this will help cover those groups. He said there is an RS to be introduced which will implement this proposal.

**BILL # S 1268:** **Alan Winkle, PERSI**, presented S 1268. He informed the Committee this bill deals with the application for disability retirement. PERSI will be required to look at the date that an individual last worked, and that person will have one year from that date to file an application for disability. He said the state has a 90-day application period, and the federal government is one year. This legislation will give PERSI members sufficient time to apply for disability, and also eliminate applications that are questionable and problematic due to unnecessary delay.

**Motion:** **Rep. Lake made the motion to move S 1268 with a do pass recommendation to the House Floor. The motion passed by voice vote.**

**Bill # S 1269** **Alan Winkle, PERSI**, said this bill repeals the old voluntary contribution program when members could make contributions after they retired. He said with the implementation of the 401K Plan, the program is no longer necessary. This bill is a request to give PERSI the authority to delete the old program.

**Rep. Mathews made the motion to send S 1269 to the House Floor with a do pass recommendation. The motion carried by voice vote.**

**Bill # S 1270** **Alan Winkle, PERSI**, said this is the sick leave program that is administered by PERSI for state employees and school district employees. He discussed new language on page 1, line 19, that states, "rate of pay as determined by the retirement board". He informed the Committee there are some school districts that are going to a four-day work week. This legislation will give the board the flexibility to maintain equity in the system in determining the rate of pay in these unique circumstances.

**Bill # S 1270** **Rep. Ringo made the motion to send S 1270 to the House Floor with a do pass recommendation. The motion passed by voice vote.**

**Bill # S 1271** **Alan Winkle, PERSI**, said this bill defines death benefits payable on behalf of an active, inactive, disabled, and retired members of PERSI. He said when a retiree under the PERSI plan returns to work the benefits from their first retirement are suspended and they began incurring an incremental benefit on a new job. He said under this bill if a member passes away while they are re-employed, the survivor will also receive that benefit with respect to salary and service accrued for that period. The survivor will receive the member's suspended benefit, and the current benefit payable from their reemployment.

**Questions from Committee** **Rep. Lake** asked if retirees can receive benefits from their first retirement when they are currently working full time. **Mr. Winkle** said

**Members:** no. A member can only receive full benefit payments if they are working part-time or less than 20 hours per week. The Committee Members discussed employees that have retired and returned to work, and the IRS rules and guidelines they are allowed to work from the federal government.

**MOTION:** **Rep. Lake made the motion to send S 1271 to the House Floor with a do pass recommendation. The motion carried by voice vote.**

**Bill # S 1272** **Alan Winkle, PERSI**, stated this legislation comes from federal law that impacts the requirement of a non-vested PERSI member who separates from employment be paid their separation benefit within three years. This benefit can be rolled over to another qualified plan or IRA, or taken as a lump-sum distribution. He said that a recent change to federal law requires a mandatory roll-over of an account balance that is in excess of \$1,000, unless the member has requested a lump-sum distribution. If a member cannot be located to distribute their funds, this bill eliminates the mandatory roll-over of account balances exceeding \$1,000, and avoid the new federal mandatory roll-over requirements. He informed the Committee Members they have a program to locate these people, but if the member cannot be located, PERSI would have been required to set up an IRA account to invest this missing person's contribution. He said that PERSI has discussed this situation with systems in other states who have stated if they cannot locate a member they can waive this mandatory law and keep the contribution funds in their system.

**Motion:** **Rep. Trail made the motion to send S 1272 to the House Floor with a do pass recommendation. The motion carried by voice vote.**

**ADJOURN:** 3:00 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** March 1, 2006

**TIME:** Wednesday

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Garrett, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representatives Crow, Bolz, and Bradford

**GUESTS:** See Attachment 1

**Minutes:** **Rep. Garrett moved to accept the minutes of February 9. The motion passed by voice vote.**

**Rep. Lake moved to accept the minutes of February 13. Rep. Garrett made a substitute motion to accept the minutes with the corrected name change. The motion passed by voice vote.**

**Rep. Lake moved to accept the minutes of February 15. The motion passed by voice vote.**

**Rep. Ringo moved to accept the minutes of February 1. The motion passed by voice vote.**

**Chairman Schaefer** informed the Committee that S 1363 is in a subcommittee chaired by Rep. Garrett.

**Rep. Garrett** said the other members involved in this subcommittee are: Representatives Bradford and Pasley-Stuart. She informed the Committee Members that the subcommittee will meet at 4:00 p.m. on Tuesday, March 7, after the Committee's joint hearing in the Gold room with the Senate Committee. The subcommittee will go through the 23 pages of S 1363. She said that Ann Heilman, Human Resources Division, Matt Freeman, LSO, and Pam Ahrens, Director, Department of Administration will also be present to answer any questions the subcommittee members may have.

The subcommittee will meet again on March 9 at 4:00 p.m. to finalize S 1363 recommendations to the full committee. She said everyone is welcome.

**BILL # S 1334:** **Sen. Goedde** informed the Committee this bill is an attempt to correct a change that took place back in 1990. He said at that time, Class C firefighters were entitled to 50 percent of their disability when they retired, Several years ago a retired firefighter discovered that he was receiving only 50 percent of his disability when it should have been 65 percent. **Sen. Goedde** stated if this firefighter is paid retroactive to when the

change was made from 50 percent to 65 percent, he could claim \$80,000. This bill will provide that any back benefits payable will not include any interest, and will not be considered underpayments. It also clarifies that the disability provisions of this act will be applied to all paid firemen hired between July 1, 1978 and October 1, 1980 who were incapacitated in the performance of duty and whose retirement date was prior to April 3 1990.

**Questions from  
Committee  
Members:**

**Rep. Lake** wanted to know if the firefighter was on disability all these years. **Sen. Goedde** said he didn't think so. **Alan Winkle** responded that the firefighter had been employed for only two years, and this was prior to the law change.

**MOTION:**

**Rep. Trail made the motion to send S 1334 to the House Floor. The motion carried by voice vote.**

**Bill # S 1345**

**Sen. Corder** introduced S 1345. He gave a short summary on the history of the bill and why it is before the Committee. There were several elected employees who are also PERSI members who are earning double salaries. This bill will not expand the re-employment rights of retirees, it only extends for elected positions. He addressed other provisions of this bill, which are: 1) the retiree must be retired at least six months, 2) the retiree must be elected to a different position than one that may have been held prior to retirement, and 3) no benefit is accrued during the re-employment. The only actual impact is the loss of UAAL contributions which is small, approximately 2.79 percent of salary.

**Questions from  
Committee  
Members:**

**Rep. Trail** wanted to know how many people will this impact in a year. **Sen. Corder** replied approximately five people with a loss of \$5,580 a year from UAAL contributions.

**Motion:**

**Rep. McKague made the motion to send S 1345 to the House Floor with a do pass recommendation. The motion passed by voice vote with Representative Pasley-Stuart voting no.**

**Bill # S 1371**

**Rep. Garrett** informed the Committee this bill is at the recommendation and unanimous consensus of the Worker's Compensation Advisory Council. It extends death benefits to a child of a deceased worker whose death has been caused by a compensable accident or occupational disease to receive income benefits if they are a full-time student in an accredited educational institution or vocational training program. She informed the Committee that she had an 18 year old niece who wasn't able to continue her education after the death of a parent because she couldn't afford it. She said the National Council on Compensation Insurance (NCCI) estimates the overall impact of this legislation is less than two-tenths of one percent assuming the children go to school until they are 23 years of age. She stated that Idaho supports its children and wants every child to receive an education. She urged the Committee to pass this bill.

**Rep. Garrett** asked if she could yield to Jack Barrett, an Attorney who has researched this legislation in other states. **Mr. Barrett** informed the Committee that 40 states have this legislation in place. Sixteen states utilize the age of 23 years of age, and the other states range between 18 to 25 years of age. He stated that Idaho death benefits are one of the

lowest in the nation. He has spoken with administrative staff from three Idaho universities who have informed him that a full-time student receiving death benefits here in Idaho has to work full-time to assist in the cost of their education. See Attachment 2

**Questions from  
Committee  
Members:**

**Rep. Lake** wanted to know who will track these students to make sure they are really going to school. **Mr. Barrett** responded that the Industrial Commission has assurances in place that will regulate full-time students. He said this has never been a problem though because there isn't enough money for a student to "dodge it".

**Rep. Ringo** asked what the death benefit amount is for a surviving spouse. **Mr. Barrett** replied it is 45 percent of the average state wage which in 2005 was \$244.35 weekly for a period of 500 weeks or until remarriage. Upon remarriage a lump sum payment equal to 100 weeks or the balance of 500 weeks, whichever is less, is paid to the surviving spouse.

**Rep. Pasley-Stuart** asked if there was any opposition to this bill in the Senate. **Mr. Barrett** replied no.

**Motion:**

**Rep. Mathews made the motion to send S 1371 to the House Floor with a do pass recommendation. The motion passed by voice vote.**

**ADJOURN:**

2:10 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** March 7, 2006

**TIME:** 1:30 p.m.

**PLACE:** Gold Room, 4<sup>th</sup> Floor

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Crow, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

#### **Joint Meeting - House and Senate Commerce & Human Resources Committees Gold Room, 4<sup>th</sup> Floor**

**ABSENT/  
EXCUSED:** Representatives Crow and Skippen

**GUESTS:** See Attachment 1

**Chairman Sen. Andreason** called the joint meeting to order at 1:30 p.m. He announced that he has received a number of e-mails and faxes and felt it necessary to read them to the Committee Members. He informed the members that the House Commerce and Human Resources Committee rejected this rule on February 15, because the Industrial Commission requested to draft a new temporary rule. The new rule was drafted on February 23, 2006, with an effective date of April 1, 2006, and the reason for this presentation today. He said a meeting was held on March 3, at the request of Molly Steckel, representing the Idaho Medical Association (IMA), who had requested that all testimony and questions be included in the formal record of this meeting. See Attachment 2.

**Docket No.** Presentation by **Tom Limbaugh, Chairman, Industrial Commission**  
**17-0208-0602**

This is an Informational update from the Industrial Commission on the Proposed Miscellaneous Provisions/Conversion Factor for Various /CPT Coded Medical Services.

**Mr. Limbaugh** distributed a copy of his testimony. He informed the Committee Members that the Commission has adopted a new medical provider fee reimbursement temporary rule which is published in the March Administrative Bulletin. He updated the Committee Members on the new rule. See Attachment 3.

**Questions from  
Committee  
Members:** **Sen. Goedde** asked if the doctors are willing to release information on the amount they are paid by providers. **Mr. Limbaugh** replied no. He said unless the Commission can see what the doctors are paid in comparison with the Commission's CPT codes that have been developed, they will not be able to satisfy the doctors.

**Sen. Goedde** stated that in the first temporary rule there was dispute resolution language, and wanted to know why the Commission took that language out of the current temporary rule. **Mr. Limbaugh** responded,

and read language from his copy of the temporary rule on page 23, which states, "where a service of the CPT Code, RVU and conversion factor is claimed to be exceptional or unusual the Commission may determine a reasonable charge for that service, based on all relevant factors in accordance with the procedures set out by the Commission".

**Mr. Limbaugh** discussed the medical fee schedule, and said that 40 states work with these codes and they do not have a problem with them. He talked about how each dollar applies to each unit in the CPT code.

**Mr. Limbaugh** responded to questions from the Committee Members. They discussed the IMA and the Commission's CPT codes, and how they are working to solve the problems.

**Mr. Limbaugh** discussed data obtained from the state insurance fund that will assist the Commission in the development of a program that will show actual paid data in comparison to actual paid amounts.

**Mr. Limbaugh** addressed the fiscal note in HB 331, and the two percent reduction rate for worker's compensation reimbursement, and the letter of intent adopted by the senate that states "the overall physician reimbursement may decrease by 10 percent." He discussed the Commission setting conversion factors and remain aware of the need for access to services for injured workers. He said the Commission felt it was necessary to address the comparison of CPT code data to determine what doctors are actually reimbursed. The Commission felt it was necessary to move forward after they had met with Dennis Stevenson, Rules Administrator, who had suggested if the Commission is going to adopt a new temporary rule, to do so, and have it published in the March Administrative Bulletin. He felt this would give the people and the Commission enough time to review, draft, and adopt a temporary rule to be effective by April 1, or by the end of the session. He said the Commission feels that the IMA and other associations involved are closer to resolving the gap.

**Chairman Schaefer** commented that the Commission could be adopting rules until there is harmony for the doctors who perform the required services. He said there are a number of doctors who are not happy with this situation. He asked the Commission if they will call these doctors to see if the new rule is working. He also asked for information about how many doctors will be left to perform the services under this fee schedule.

**Senator Andreason** suggested that the Commission use e-mail to survey the doctors in Idaho. He feels that more information will be obtained once the new rule is out for everyone to see, which will also give the Commission the numbers they need to work with.

**Mr. Limbaugh** said the IMA is discussing several options with their members. He said within the CPT grouping there are specific line items and procedural codes, and when they are assigned a dollar amount to one grouping some units were reduced, and some units were raised. He said some of these groupings need to break out into different groupings, which will resolve this issue.

**Bob Seehusin, CEO, Idaho Medical Association (IMA)**, begin his

comments about the task force, and their effort in solving the CPT codes gap. He said there are thousands of codes, and it isn't a simple process. To make the system workable, they have to go through each code. The new temporary rule has six or seven categories that have many CPT codes. He said IMA is trying to find the appropriate codes for minor procedures in comparison to major procedures; trying to find savings where appropriate, and the code for that procedure. He said this has been a painstaking job. He stated that Idaho doctors earn some of the highest reimbursement rates in the country for procedures provided to worker's compensation patients. He said that Idaho does have one of the best systems in the country. He commented that having the best doctors in Idaho means that employers can see a savings in worker's compensation by shorter hospital stays. He informed the Committee Members that Idaho has received 68 referrals from Oregon employers to assist with worker's compensation patients. He discussed how worker's compensation has been able to obtain information from the sureties, which allows the Commission to look at doctors who have been reimbursed, and those that have not submitted claims.

**Mr. Seehusin** said that the IMA will have its report to the Commission by next week. He discussed built-in savings, and informed the Committee that the Commission needs to make the sureties also step up to the plate.

**Mr. Seehusin** discussed the Commission, and thanked them for their effort in implementing new conversion factors.

**Woody Richards, representing Insurance Companies**, thanked the Commission and the IMA for their efforts to finding a solution for reimbursement rates. He has met with both agencies, and they are trying to find a solution by breaking down the CPT codes to identify what costs can be increased, and what can be decreased. He said the split between the agencies is trying to determine what the need is for Idaho, and its reimbursement rate. He stated that the Idaho reimbursement rates are 145 percent above medicaid, and is also at the top in the nation. He said working with IMA to reach this system is workable in the medical field to make sure employees have good care. He reiterated that IMA and the Commission are close to a solution, and it is his hope that the issue can be resolved.

**Senator Andreason** summarized Mr. Limbaugh's presentation. He stated that the rule is still a "work in progress", and the Commission is attempting to put together another temporary rule that will be ready by April 1<sup>st</sup>, which will be used as guidance. **Mr. Limbaugh** stated that the second temporary rule has currently been adopted by the Commission, and is effective April 1<sup>st</sup>. He said they are looking forward to working with and will continue to work with the IMA and their suggested recommendations. He said the IMA will have tangible numbers for the Commission to look at as soon as next week. He said they will enter the IMA data into the Commission's program, and if it is favorable the Commission will use their recommendations. **Mr. Limbaugh** informed the Committee that the Commission has the ability to adopt a new temporary rule or amend this one. He stated that the Commission will go into proposed rule-making authority when the session ends, and put this through the normal rule process.

**ADJOURN:** Senator Andreason adjourned the presentation at 2:45 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

#### SUBCOMMITTEE S 1363

- DATE:** March 7, 2006
- TIME:** 4:00 p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Garrett, Representatives Bradford and Pasley-Stuart
- ABSENT/  
EXCUSED:** None.
- GUESTS:** Amanda Brown, State Controller's Office; Matt Freeman, Legislative Services Office (LSO); Ann Heilman, Administrator, Division of Human Resources (HR); Ken Miracle, Human Resources Officer, Department of Agriculture; Tim O'Leary, Human Relations Manager, Idaho State Police; Rick Thompson, Department of Administration
- See Attachment 1
- Introduction:** **Chairman Garrett** opened the hearing by informing the subcommittee it was their responsibility to study S1363. She stated that both Chairman Schaefer and Senator Andreason would like to see the bill passed on the house floor. She introduced Matt Freeman, LSO, who will walk the subcommittee through the amendments for the bill. She said that Mr. Freeman will give a general explanation and point out those parts of the bill that require special attention.
- S 1363** **Matt Freeman, Legislative Services Office (LSO)**, presented S1363 to the subcommittee: See Attachment 2
- Idaho Employee Compensation Philosophy, page 14, line 27:** Currently Idaho Code only deals with the technical aspects of administering state compensation. The Interim committee felt a general statement of compensation philosophy was foundational to the design and administration of an effective plan. The key components of the bill are: 1) to maintain a system including a salary and a benefit components; 2) to be competitive with relevant labor market averages; 3) to advance pay based on job performance and market changes; 4) to provide faster salary advancement for higher performers based on a merit increase matrix; 5) to move employees below midpoint market average in a salary range through the pay range toward the midpoint; and 6) to declare legislative intent and commitment to fund compensation adjustments.
- Idaho Compensation Plan, page 15, line 11:** The current plan considers pay points, but not market realities. Key points of the proposed plan are: 1) the administrator of the division of human resources (HR) establishes benchmark job classifications and assigns pay grades that

appropriately weigh Hay points and market data; 2) each department director prepares a salary administration plan and budget plan; 3) pay advancement is based on performance and market criteria; 4) pay for performance provides for faster advancement based on a merit increase matrix; 5) a performance evaluation documenting performance criteria must be on file for advancement; 6) a formal evaluation process will be implemented; 7) all supervisors who evaluate will receive proper training; and 8) personnel benefits will be substantially similar for like classification and pay grade.

**Section 13, page 16:** A section of Code that has been repealed and replaced by **Section 14**, due to extensive changes. This is a significant change that will require decisions to be based on stated information. Code currently requires HR and the Governor to submit salary and benefit recommendations, but without stipulating guidelines. Section 14 establishes guidelines and provides the legislation with better decision-making information and specific funding recommendations for each component, including: 1) a commendation for market-related changes addressing system-wide structure adjustments; 2) a recommendation for market related changes necessary to address specific occupational inequities; 3) a recommendation for a merit increase component to recognize and reward state employees in the performance of public service; and 4) a recommendation for any changes to the employee benefit package including any adjustments to the overall design of the package and/or employee contributions.

Subsection 3 places the same four requirements on the Governor.

Subsection 4 requires the legislature to address the same components.

**Section 15, page 17:** A new section, Other Pay Delivery Options, provides for increased flexibility in managing the state's large and diverse workforce, such as: 1) raising the CAP on bonus pay; 2) allowing certain exceptions for bonus pay to exceed the CAP; 3) authorizing grant award pay provisions, shift differential pay, and geographic differential pay; 4) providing for temporary salary increases; and 5) setting forth related policies and procedures, and to provide for funding. A key feature requires annual reports to the Governor's office and the legislature.

Subsection 7 provides that specific pay codes be established and maintained in the state controller's office. This change is important because in the past it has been difficult to track pay changes.

**Section 16, page 18: Mr. Freeman** said he would look into why the section was repealed, and whether it is replaced by Section 17.

**Section 17, page 18:** Provides policies for overtime. In 2004, S1282 allowed classified employees to earn comp time. It is unusual for executive employees to be paid on an hourly basis, and be eligible for comp time. This section clarifies and eliminates comp time for employees designated "executive." The definition of "executive" will be used in the FLSA. Section 17 provides for disposition of unused compensatory time. Instead of comp time, changes to vacation leave have been made to encourage recruitment potential.

**Section 6, page 6:** JFAC is authorized to limit the amount of legislative

appropriations for personnel costs which can be transferred to other object costs. The Interim Committee found instances in certain agencies where millions of dollars were moved to cover other expenses.

**Mr. Freeman** discussed proposed changes in S1363.

**Chairman Garrett** asked why the presentation jumped from the new sections back to earlier sections. **Mr. Freeman** said changes were made in two different sections of code referring to classified and non-classified employees. When possible, both classified and non-classified employees are treated the same. It was necessary to refer back to **page 6** where S1363 strikes the reference to Idaho Code, inserting reference to the FLSA. That backward reference was made at the point in the presentation where it became relevant.

**Chairman Garrett** asked if the affected definitions were in statute. **Mr. Freeman** referred to **page 8**, beginning on **line 36**, which gives the definition of "executive employee" under Idaho Code. The FLSA appears to be broader than Idaho Code.

**Page 6, line 10**, before the new language, "Unused compensatory time. . ." it is proposed to insert "such salaried employees shall report absences in excess of four hours a day" in order to codify the intent that executives shall be salaried employees. **Lines 10-13**, the forfeiture clause will remain.

**Rep. Pasley-Stuart** asked the reason for recording absences in excess of four hours. **Ann Heilman** yielded to the question: The state system is ingrained in the hourly treatment of everyone. This is an attempt to move beyond that concept, and acknowledge that salaried employees may work nights and weekends. This addresses the concern of accountability also. If an absence is in excess of four hours, it will accrue to sick leave or vacation time. For consistency, these changes are reflected in several places in Code. References to the FLSA where they affect executives, will be changed to use the Idaho Code definition.

**Mr. Freeman** said that Rep. Pasley-Stuart had brought to his attention on **Page 3, line 49**, referring to "permanent status" is inappropriate language. He said rather than replace it, it has been stricken. There are three other sections of Code where this language appears, and it has also been removed.

**Section 15, page 17 Other Pay Delivery Options**, is new Section 67-5309D. Although there was disagreement in the Interim Committee about raising the bonus CAP, agencies and institutions need to be competitive. It was agreed to with the requirement that there be an annual reporting requirement. **Chairman Garrett** said many legislators are uncomfortable with raising the cap and eliminating the role of the Board of Examiners. If this legislation is to pass the issue will have to be addressed.

The subcommittee summarized the remaining points to be discussed in S1363: Geographic differential pay, and the emergency clause.

**Ann Heilman, Administrator, Division of Human Resources (HR)**, begin her comments by saying she would speak to issues of bonuses,

comp time, geographic shift differentials, and any other topics of interest to the subcommittee. She said that HR will use the rule process to provide more detail.

**Section 15, page 17 (4), lines 36-37 Ms. Heilman** recommended to strike "holding permanent status."

**Ms. Heilman** said there needs to be a balance between the departments pay decisions for shift differential and geographic pay, and the state's responsibility to ensure strategies that do not risk discrimination claims. Care must be taken that the intention to provide flexibility does not result in unnecessary risk to the state. She recommends adding a **subsection © to section (4)**, and insert "employees in the same classification who are similarly situated must be treated consistently in respect to shift differential and geographic pay differential," on **page 17, line 47**. This means that employees who have the same basic job, be in the same geographic area, or have the same hours must be treated consistently.

**Rep. Bradford** said he didn't like the bonus concept. He asked how many bonuses were given annually. **Ms. Heilman** replied that bonuses were addressed as a matter of agency philosophy. She said some agencies give bonuses to almost everyone, and some give them rarely. She stated there is one person, an investment manager for PERSI, who has a special bonus plan tied to performance.

**Chairman Garrett** asked how often bonuses exceed \$1,000, with requests going to the Board of Examiners. **Ms. Heilman** responded, to the best of her memory, there have been only one or two in the last 3 to 4 years. **Chairman Garrett** wanted to know who the members are that comprise the Board of Examiners, and is there a reason it isn't used more often. **Ms. Heilman** said the Attorney General, the Secretary of State, and the Governor or their designees. **Ms. Heilman** said she believes the reason bonuses don't exceed the CAP very often because there are other avenues to take, such as, the temporary merit process using "short term commendables", \$1,000 represents about five percent of the average salary. **Chairman Garrett** wanted to know what is the current average salary. **Ms. Heilman** said \$34,885. If the bonus is changed to five percent, the average bonus would be \$1,744. She said this figure is far less than \$5,000, but still significant.

**Chairman Garrett** asked how many savings awards have been granted. **Ms. Heilman** said at the end of last year there were nine. Several agencies have tried to use the program, but have been frustrated because there is no mechanism to fund from the budget where the saving was made. Some thought it was hypocritical to promote a program where there may not be reward money to award. She stated that S1363 removes that barrier. The details in the bill make clarifications toward the legislative intent.

**Chairman Garrett** asked Ms. Heilman to address the compensatory time issue. **Ms. Heilman** said she concurs there will be a culture shift for employees who have been designated as hourly wage, but hold executive positions. This sends a message that the employee is responsible for the position regardless of a time requirement. This legislation will help recruit new people who will replace those who are retiring; and will help the current work force to become oriented toward

salaries employees.

**Rep. Pasley-Stuart** commented that people coming from the private sector sometimes don't like to think of themselves as hourly employees.

**Ken Miracle  
Department of  
Agriculture**

**Ken Miracle, Human Relations Officer, Department of Agriculture**, testified in support of S1363. He submitted a copy of his testimony. He said that he and Director Tagasugi have closely reviewed the bill and support it. He thanked the interim committee for all of their hard work on behalf of state employees. He feels strongly that it provides retention and recruitment tools. He stated they have lost employees to the federal government and the private sector who may have been retained with this bill. He said the Department has some concerns, but feel they can approach them by working administratively with HR. He stated that they do not want to see the bill "derailed." See Attachment 3

**Rick Thompson  
Department of  
Administration**

**Rick Thompson, Department of Administration**, addressed language on **page 16, lines 49-50**, that gives authority to the director to "implement necessary and authorized changes to benefits by rule." He said the concept of the rule is good, but it does not work with the contracting process. He walked the subcommittee through the time lines involved, and illustrated serious issues that could result. In summary, contracts are made prior to the legislature acting on rules. If the rule should not be approved, existing contracts could be affected. It is unclear if the contract in question or the rules would take precedent; or what remedies would be available.

**Chairman Garrett** asked if there were other instances in statute that are similarly in conflict. **Mr. Thompson** said a director may promulgate rules for group insurance if necessary. The Department has taken the approach that contracts are rules. They are published to the web, and available for review. **Chairman Garrett** asked if the language in S1363 is sufficient for the Department to negotiate insurance contracts. **Mr. Thompson** said this is the only place he is aware of that needs to be changed. **Chairman Garrett** clarified that the words "by rule" should be struck on **page 16, line 50**.

**Brown Wolf  
State Controller's  
Office**

**Brown Wolf, State Controller's Office**, said they are neither for nor against the bill. He wanted to clarify to the Committee if they go forward to implement this as it states with the emergency clause, he wanted the members to know there is a lot of programming and time and effort required to put this in place.

**Tim O'Leary Idaho  
State Police**

**Tim O'Leary, Human Relations Manager, Idaho State Police**, testified in support of S1363. He asked the subcommittee to pass this legislation, and then do the fine-tuning. He said it represents a "quantum shift" in the way compensation is considered, and provides the tools agencies need.

**ANNOUNCEMENTS**

**Chairman Garrett** announced that the subcommittee will meet tomorrow, March 8<sup>th</sup> to consider recommendations of S1363 to the full committee.

**ADJOURN:**

**Chairman Garrett** adjourned the hearing at 5:10 p.m.

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Representative Kathie Garrett  
Chairman

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Cj Johnson  
Secretary

MINUTES

HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

SUBCOMMITTEE S 1363

**DATE:** March 8, 2006

**TIME:** 8:30 a.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Garrett, Representatives Bradford and Pasley-Stuart

**ABSENT/  
EXCUSED:** None.

**GUESTS:** See Attachment 1

**BILL # S 1363:** **Chairman Garrett** opened the hearing on S 1363. She informed the members they will be voting on recommendations to report to the full Committee. She stated that Matt Freeman, LSO, drafted amendments addressing issues discussed in yesterday's meeting. He will walk the Committee through the changes this morning. **Chairman Garrett** asked Mr. Freeman to go through each amendment separately, than read how it fits in the bill. The committee will make a motion at that time to recommend or reject the amendment.

**Matt Freeman, LSO,** addressed the subcommittee stating that the bill drafters did an engrossed version of S 1363 for the Committee Members to follow:

**Section 5**            **Amendments to Section 5 - Hours of Work – Overtime**  
On page 5, line 32, and page 6, lines 1, 2, 10, 27 & 29

**MOTION:**            **Rep. Pasley-Stuart** made the motion to recommend the amendments for Section 5, to include that the 4 hours be changed to one-half day. **The motion passed by voice vote.**

**Section 17**            **Amendments to Section 17 - State Policy**

**Mr. Freeman** said he found additional language on page 18, lines 12, 34, 35, & 44, to change the four hours a day to, "in excess of one-half day".

**Motion:**            **Rep. Pasley-Stuart** made the motion to recommend the amendment to section 17, to include the additional corrected language. **The motion passed by voice vote.**

**Section 19**            **Amendment to Section 19 - Vacation Time**  
Page 19, lines 21, 22, & 27.

**Motion:**            **Rep. Pasley-Stuart** made the motion to recommend the amendment to section 19. **The motion passed by voice vote.**

**Section 7**            **Amendment to Section 7 - Definitions.**

- Motion:** **Rep. Bradford** made the motion to recommend the amendment to section 7, page 8, line 37. Delete “section” and insert “bureau”. **The motion passed by voice vote.**
- Section 14** **Amendment to Section 14 - NEW SECTION - Annual Surveys, Reports and Recommendations.**  
Page 16, line 50.
- Motion:** **Rep. Bradford** made the motion to recommend the amendment to section 14, page 16, line 50. Delete “by rule”. **The motion passed by voice vote.**
- Sections 3, 8 & 15** **Amendments to Sections 3, 8 and 15.**  
Page 3, line 49
- Motion:** **Rep. Pasley-Stuart** made the motion to recommend the amendments to sections 3, 8 and 15.
- Discussion:** **Mr. Freeman** informed Rep. Pasley-Stuart that the language in section 15 is a new section, therefore, the Committee doesn’t need to have a motion to delete and insert language in that section. He stated that he can just delete that language from section 15.
- Motion:** **Rep. Pasley-Stuart** withdrew her motion.
- Motion:** **Rep. Pasley-Stuart** made the motion to recommend amendments to sections 3 and 8. **The motion passed by voice vote.**
- Section 15** **Amendment to Section 15 - NEW SECTION**  
Page 17, lines 30, 36 & 37, delete “holding permanent status”, and add new paragraph (c).
- Motion:** **Rep. Pasley-Stuart** made the motion to recommend the amendments for section 15. **The motion passed by voice vote.**
- Section 3** **Amendments to Section 3 - Conformity with Classified Positions.**  
Page 3. This language will require the Board to approve bonuses that exceed \$2,000.
- Discussion:** **Rep. Bradford** commented that he doesn’t approve of bonuses. He said that \$2,000 is better than \$5,000. He stated that if the agencies want to go above the \$2,000 bonus, they can go through the proper channels.
- Rep. Pasley-Stuart** stated that the interim committee approved the \$5,000 bonus to replace the \$1,000 bonus that had been in effect since 1992. She said the \$2,000 figure will create problems especially for the universities. She stated her concerns, and said she cannot support the \$2,000 bonus in place of the \$5,000 bonus.
- Chairman Garrett** commented that testimony by Ann Heilman, Director of Human Resources (HR), in yesterday’s subcommittee, had stated that

the \$1,000 bonus was five percent of employees salaries in 1992, and the \$2,000 bonus suggested now is approximately five percent of the current average salaries for state employees. **Chairman Garrett** commented there is a mechanism in place for the agencies to give higher bonuses if needed.

The subcommittee discussed how the agencies have not had to ask the Board for higher bonuses above what they had requested.

**Chairman Garrett** reiterated that this language will give the agencies the flexibility when making decisions for bonuses. She stated the motions made here today are only to give recommendations to the full committee.

**Motion:** **Rep. Bradford** made the motion to recommend the amendment to section 3. **The motion passed 2-1, with Rep. Pasley-Stuart voting no.** **Rep. Pasley-Stuart** stated her concerns about the process.

**Discussion:** The subcommittee members discussed recruitment and retaining high profile candidates for universities and agency positions. They talked about the universities facing a serious recruitment crisis, and their concerns about the bonuses for higher educational institutions.

**Ann Heilman, Director, Human Resources**, yielded to **Chairman Garrett's** question about the cap. **Ms. Heilman** responded, stating there is no dollar amount on the cap for retention and recruitment bonuses.

**Motion:** **Rep. Pasley-Stuart** made the motion to recommend the amendment for language in section 3, subsection 11, page 4, which will allow a salary increase as written with no cap. **The motion failed 1-2 by voice vote with Rep. Pasley-Stuart voting yes.**

**Rep. Bradford** made a substitute motion to accept the language as written in the bill, and leave the \$2,000 in as recommended. This will allow the full committee to address the issue. **The motion passed by voice vote.**

**Chairman Garrett** yielded to Rep. Trail who commented that he agrees with Rep. Pasley-Stuart's concerns about the cap. He said the language articulates the universities concerns, and leaves them little financial incentive to retain and recruit high-level staff.

**Section 15** **Amendments to Section 15 - Other Pay Delivery Options**  
Page 17, line 5.

**Section 22** **Amendment to Section 22 - Emergency Clause**  
Page 23

**Motion:** **Rep. Pasley-Stuart** made the motion to recommend the amendment to delete section 22, the emergency clause, in its entirety. **The motion passed by voice vote.**

**Summary:** **Chairman Garrett** closed by thanking the subcommittee members, Matt Freeman and Anne Heilman for their hard work. She asked

Representatives Bradford and Pasley-Stuart if they are comfortable with the outcome, or does the subcommittee need to ask the full Committee for more time. **Rep. Bradford** commented that he hopes Mr. Freeman will be in attendance in the full committee hearing when this bill is presented to assist them with the explanations. **Chairman Garrett** assured him that Mr. Freeman will be available.

**ADJOURN:** **Chairman Garrett** adjourned the hearing at 9:35 a.m.

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Representative Kathie Garrett  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

- DATE:** March 9, 2006
- TIME:** 2:40 p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Crow, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart
- ABSENT/  
EXCUSED:** Representative Skippen
- GUESTS:** See Attachment 1
- BILL # S 1363:** **Rep. Garrett** presented S 1363 to the full committee. She said this legislation represents many long hours put in by various people from interim committees, JFAC, members of the CEC committee, the Senate, and the two current meetings held by the subcommittee who was appointed by Chairman Schaefer.
- Rep. Garrett** discussed the problems that were identified going in to the subcommittee by the HR Director, and other agency Directors, such as; bonus structure, comp time, and status issues. She informed the members that she is satisfied with the final product. She stated that most everyone involved identified all or some of the same problems.
- Rep. Garrett** walked the Committee through each amendment of the bill explaining what they do.
- MOTION:** **Rep. Garrett** made the motion to send S 1363 to amending orders with the attached amendments. See Attachment 2.
- Substitute Motion:** **Rep. Kemp** made a substitute motion to hear each section of the bill with the amendments worked on by the subcommittee.
- Discussion:** **Rep. Pasley-Stuart** wanted to hear testimony from the people who assisted in the development of the amendments.
- Chairman Schaefer** said this hearing is open for testimony, but everyone that signed in on the guest sheet did not request to testify.
- Rep. Crow** commented that the substitute motion is not in order.
- Withdrawn:** **Rep. Kemp** withdrew her substitute motion.
- Informational:** **Chairman Schaefer** informed the Committee Members that it is his concern and intention to get this bill voted on and through the House Floor.

**Amend  
substitute  
motion:**

**Rep. Pasley-Stuart** made a substitute motion to amend the bill to increase the bonus from \$2,000 to \$5,000. **A roll call vote was taken. The motion failed 5-7 with Representatives Trail, Kemp, Ringo, Shepherd, and Pasley-Stuart voting yes.** See Attachment 3.

**Vote on main  
motion:**

**The motion passed by voice vote with Representatives Kemp, Pasley-Stuart, and Ringo voting no.**

**ADJOURN:**

Chairman Schaefer adjourned the Committee at 3:50 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

- DATE:** March 13, 2006
- TIME:** 2:15 p.m.
- PLACE:** Room 416
- MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Bradford, Bolz, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart
- ABSENT/  
EXCUSED:** Representatives Crow, Garrett, Skippen, and Anderson.
- GUESTS:** See Attachment 1
- Minutes:** **Rep. Lake** made the motion to accept the minutes for February 27, as printed. **The motion passed by voice vote.**
- Rep. Mathews** made the motion to accept the minutes for March 1, as printed. **The motion passed by voice vote.**
- BILL # S 1411:** **Alan Winkle, PERSI**, opened the hearing on S 1411. He informed the Committee this bill clarifies the issue of indemnification for PERSI Board Members. This bill sets out the requirements for the five board members, and its trustees. He informed the Committee there are 111,000 members under the PERSI plan, with \$9.5 billion in assets, and \$12 billion in liabilities. The Board is personally and solely responsible as fiduciaries of the fund. The Board members can also act as a corporate body, and they can sue and be sued as the Board. This provision has been in place since it was created in 1965. The trade off is the Board is indemnified against any actions, and it is the commitment of the state of Idaho and by PERSI to defend the Board. This bill provides for claims that are not covered by the Tort Claims Act, and the board member must be operating within the course and scope of employment. Any claims for reimbursement are determined by the court for legal fees and expenses related to such indemnification. He informed the Committee that the court will make the decision what is Tort and what isn't. He urged the Committee's support in passage of this bill.
- MOTION:** **Rep. Lake** made the motion to send S 1411, to the House Floor. **The motion passed by voice vote.**
- Bill # S 1373:** **Sen. Burkett** opened the hearing on S 1373. He informed the Committee this bill will grant paid leave of absence for any state employee who provides an organ transplant. He said employees who provide bone marrow donations will be granted five days of leave, and an organ donor will receive up to 30 days paid leave. They expect this to be a one time donation, and they expect that only one person would be taking advantage of this during a one year period. The fiscal impact will be approximately \$3,100. This bill also provides a tax credit for a citizen of Idaho above what state employees will receive. He informed the Committee there are 750 dialysis patients in Idaho. He urged a do pass

recommendation.

**Motion:** **Rep. Trail** made the motion to send S 1373 to the House Floor with a do pass recommendation. **The motion passed by voice vote.**

**Bill # S 1413:** **Chuck Halligan** informed the Committee that he is presenting S 1413 for Decker Sanders who wasn't able to make it to the hearing. He provided a copy of his testimony to the secretary. **Mr. Halligan** stated this bill amends an existing statute concerning compensation for members of part-time boards, commissions and councils. He said this bill will provide an honorarium option of \$100 per day for these members who in the past could receive as little as zero to maybe \$75 per day. He informed the Committee that the commissions, boards and councils will have to pay this honorarium through their existing budgets so there is no additional fiscal impact from this legislation. He asked the Committee for their support. See Attachment 2.

**Motion** **Rep. Bolz** made the motion to send S 1413 to the House Floor with a do pass recommendation. **The motion passed by voice vote.**

**ADJOURN:** **Chairman Schaefer** informed the Committee that currently there are no more bills to be heard, and they will not meet unless notified. He adjourned the Committee at 3:00 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

## MINUTES

### HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE

**DATE:** March 23, 2006

**TIME:** 1:30 p.m.

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Crow, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representatives Shepherd, Trail, and Crow

**GUESTS:** See Attachment 1

**Minutes:** **Rep. Bradford** made the motion to accept the minutes for March 7, as printed. **The motion passed by voice vote.**

Corrections for Minutes from March 9 were discussed, and changes have been made. They will be approved at the next meeting.

**Rep. Bradford** made the motion to accept the minutes for March 13, as printed. **The motion passed by voice vote.**

**BILL # HCR 65:** **Rep. Garrett** opened the hearing on HCR 65. She informed the Committee Members that this resolution acknowledges the importance of recruiting and retaining highly educated, qualified and respected faculty to ensure continued educational excellence at Idaho's institutions of higher education. It requests that the Idaho State Board of Education study the challenges facing Idaho's institutions of higher education in the recruitment and retention of faculty and to make recommendations. She stated the resolution is a result of the crises that universities are facing. It informs the Board of Education to address the issues that were discussed in S 1363, and they are willing to study this issue further.

**Rep. Bradford** discussed the bonus cap set at \$2,000 for most state agencies, and stated that the option is there for the universities to use a higher bonus for recruiting and retention.

The Committee members discussed classified employees versus the non-classified employees, and the difference in salaries between the state agencies and the universities.

**Rep. Bradford** asked how much control does the Board have over the universities. **Rep. Garrett** informed him that the Director of the Board of Education, Dwight Johnson, is here to answer any questions the Committee members may have, and discuss the Board's willingness in assisting and resolving this issue with the institutions of higher education.

**Rep. Pasley-Stuart** commented that the interim CEC Committee and the Subcommittee already addressed these concerns and felt that the resolution

is not necessary. **Rep. Garrett** responded that there are some unresolved issues from these two committees, and this resolution was brought forth to address these issues. The universities are still facing funding issues that need to be resolved.

**Chairman Schaefer** stated that the Interim CEC Committee failed to address these issues. He informed the Committee that Rep. Roberts did a follow-up study that addresses the universities concerns on salary savings.

**Rep. Garrett** said this resolution is only a request for the Board of Education to find recommendations to bring back to the Committee next session. She stated that the issue is still a work in progress, and the reason for this resolution.

**Dwight Johnson, Executive Director of the Board of Education**, informed the Committee members that the Board is willing to assist and respond to any requests the Committee may have. He stated that the Board and the universities have a good working relationship and he feels they can resolve this funding issue.

- MOTION:** **Rep. Skippen** made the motion to send HCR 65 to the House Floor with a do pass recommendation.
- Substitute Motion:** **Rep. Ringo** made a substitute motion to hold HCR 65, and request that the State Board of Education come back to the full Committee next session with information.
- Discussion:** **Rep. Kemp** addressed the original motion. She said on lines 21 and 27 of the bill states this resolution is a study to resolve personnel issues and challenges facing the universities. Line 29 states that the Board will report its findings and recommendations and will bring this report back to this Committee and the Education Committee during the first regular session of the 59<sup>th</sup> Legislature.
- Rep. Pasley-Stuart** stated that she supports the substitute motion, because the issues can be addressed by a request to the Board.
- Vote on Substitute Motion:** **The motion failed by voice vote with Representatives Ringo and Pasley-Stuart voting yes.**
- Vote on main Motion:** **The motion passed by voice vote with Representatives Ringo and Pasley-Stuart voting no.**
- ADJOURN:** **Chairman Schaefer** closed the hearing. He thanked the Committee members for their good discussions and legislation. The Committee adjourned at 4:00 p.m.

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Representative Robert Schaefer  
Chairman

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Cj Johnson  
Secretary

MINUTES

**HOUSE COMMERCE AND HUMAN RESOURCES COMMITTEE**

**DATE:** March 31, 2006

**TIME:** 10:45

**PLACE:** Room 416

**MEMBERS:** Chairman Schaefer, Vice Chairman McKague, Representatives Lake, Trail, Crow, Bradford, Garrett, Bolz, Skippen, Anderson, Kemp, Mathews, Ringo, Shepherd (2), Pasley-Stuart

**ABSENT/  
EXCUSED:** Representatives Lake, Crow, Garrett, Anderson, Mathews and Pasley-Stuart

**MOTION:** Representative Shepherd (2) moved to accept the minutes of March 9, as written. By voice vote the motion passed.

**MOTION:** Representative Ringo moved to accept the minutes of March 23, with corrections. By voice vote the motion passed.

**ADJOURN:** The meeting was adjourned at 10:55.

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Representative Robert Schaefer  
Chairman

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Mary Betournay  
Secretary