

MINUTES  
**HOUSE BUSINESS COMMITTEE**

**DATE:** Monday, February 13, 2012

**TIME:** 1:30 P.M.

**PLACE:** Room EW41

**MEMBERS:** Chairman Black, Vice Chairman Henderson, Representative(s) Collins, Bilbao, Chadderdon (Malek), Crane, Patrick, Bayer, Palmer, Thompson, Barbieri, DeMordaunt, Guthrie, Batt, Smith(30), Rusche, Cronin

**ABSENT/  
EXCUSED:** None

**GUESTS:** Phil Barber, American Insurance Association; Allan Frew, Idaho Transportation Department; Bill Roden, CenturyLink; Paul Jackson, Farmers Insurance; Woody Richards, attorney; JoAn Condie, Idaho Cable Telecommunicaitons Association; Ed Lodge and Sarah Fuhriman, CenturyLink; Kris Ellis and Tony Smith, Benton Ellis; Kathie Garrett, Idaho Academy of Family Physicians; Jeremy Pisca, Saint Alphonsus Health System; Miguel Legarreta, Realtors; Angela Richards, citizen; Dawn Justice, Idaho Bankers Association

**Chairman Black** called the meeting to order at 1:32 p.m. and welcomed **Rep. Luke Malek**, who is substituting for Rep. Chadderdon this week.

**MOTION:** **Rep. Bilbao** made a motion to approve the minutes of February 9. **Motion carried by voice vote.**

**Chairman Black** announced that the five bills previously listed on today's agenda, **H 420, 421, 422, 423 and 469**, will be held for hearing at a future date. He explained that because the committee agenda was not on the internet over the weekend, some may think that proper notice had not been given before the bills were considered. The RSs on the agenda will be heard, however, since there is usually no additional testimony taken during an introduction hearing.

**RS 21207C1:** **Ed Lodge**, representing CenturyLink, presented **RS 21207C1** Mr. Lodge explained that he had met with the Idaho Association of Cities and the Idaho Cable Association to develop some common ground language that could be included in the legislation. He indicated there is also language included to satisfy the highway districts and electrical co-ops. Mr. Lodge said the Idaho Cable Association supports the proposed legislation, although for different reasons than CenturyLink.

**Mr. Lodge** testified this legislation will create a simplified procedure by which land-based video service providers will be able to enter the marketplace. The legislation preserves local control and continues the right of cities and counties to receive up to a five percent franchise fee based on gross revenues.

In response to a question about PEG channels, **Mr. Lodge** said he has not yet found a way to accommodate all the needs and concerns of the PEG people. He said he did get a new definition of gross revenues. He also said of the five percent franchise fee, any or all of it can be used for PEG channels. Mr. Lodge said this bill does not require or mandate PEG fees but does allow PEG channel capacity and does require all video service providers to provide PEG channels on their networks. Asked why the PEGs were not satisfied with this legislation, Mr. Lodge said they wanted additional PEG funding delineated in the legislation.

During further committee discussion, **Rep. Barbieri** stated he is not sure the PEGs are adequately protected. **Rep. Cronin** pointed out there is no obligation and no incentive on the part of a provider to enter into negotiations. **Mr. Lodge** said under current federal law providers have to pay five percent of revenues to the city,

and have to provide PEG capacity to the city. He said providers are allowed, but not mandated, to provide PEG fees; this is negotiated at the local level. He said cities cannot mandate PEG fees.

In response to further questions, **Mr. Lodge** said passage of this legislation will not negate the agreement between Pocatello or other local communities and Cable One. He said until Cable One opts into a state franchise, those agreements are still in place. He affirmed that once Cable One becomes a state franchisee, it could unilaterally cancel contracts, although he was not sure whether they would have to buy out of their existing contracts. **Rep. Smith** clarified that, in the case of the Pocatello renegotiated agreement, the change from 1/2 percent to 30 cents represented a decrease.

**Rep. Guthrie** clarified that the PEG fee is a pass-through fee and does not represent an additional burden on the provider. He said it is charged to the customers and then passed through, and he noted that the customer does not have a say in whether or not to incur that fee. Rather, it is the city and the provider who agree on the PEG fees.

**MOTION:** **Rep. Patrick** made a motion to introduce **RS 21207C1**. **Motion carried by voice vote.** **Rep. Barbieri** requested that he be recorded as voting **NAY**.

**RS 21254:** **Rep. Thompson** presented **RS 21254**. **Rep. Thompson** said this legislation was developed by the insurance industry in response to concerns about the number of uninsured motorists on Idaho's roadways. It creates an online insurance verification program with real-time response capability to verify the existence of motor vehicle insurance coverage. This program will be available to law enforcement, the Department of Transportation, the Department of Insurance, and the courts. **Rep. Thompson** said all carriers writing coverage in the state will be required to take part in this program. If a person is verified as having coverage, he or she will not be subject to an infraction for failure to carry proof of insurance. The program will allow the user to send a secure request to the insurer of record, based on the license plate number and the vehicle identification number, to verify that insurance is in force. **Rep. Thompson** introduced **Paul Jackson**, Farmers Insurance, to answer further questions.

Responding to committee questions, **Mr. Jackson** said the funding of the proposed system was discussed with proponents and the general fund seemed to be the best source of funds. He said if it was financed with a policy fee, that would seem to penalize those who carry insurance, whereas the general fund spreads the cost among everyone. **Rep. Thompson** said he had brought a similar bill to the Transportation Committee and said he had been communicating with the insurance community and transportation industry during the interim to prepare this legislation.

During committee discussion, it was pointed out that this legislation may actually save insurance companies money because they may not have to mail out as many forms. It may, however, be difficult to obtain funding from JFAC. **Mr. Jackson** said he did not have a cost analysis on the financial effect of this legislation on insurance companies; he said there will be some costs involved for the companies. A concern was expressed about further raising insurance premium rates to cover the irresponsible actions of those who do not carry insurance. **Rep. Thompson** said the intent of the bill was solely to protect Idaho citizens. **Mr. Jackson** agreed, and said there will be an additional benefit to the courts, since there may be a reduction in citations moving through the court system. He said last year there were over 63,000 citations issued for failure to provide proof of insurance; of those, 75% were dismissed because the driver actually had insurance coverage but was not able to produce proof of insurance. **Mr. Jackson** said there may be some slight increase in policies sold because of the added pressure to have insurance in place.

Asked about the effective date, **Mr. Jackson** said the date was picked to give the Department of Transportation enough time to develop their system and bring it into compliance with this new system. He said this system has no impact on current law in terms of the penalties for driving without insurance; it will simply aid in identifying those people who do so.

**MOTION:** **Rep. Palmer** made a motion to introduce **RS 21254**. In support of his motion, Rep. Palmer said further questions can be answered at the bill's full hearing, and stated most of the costs will be taken care of by the Idaho Transportation Department. He said this will make it easier for law enforcement to determine whether drivers have insurance. **Motion carried by voice vote.** **Rep. Bilbao** requested that he be recorded as voting **NAY**.

**RS 21169:** **Kris Ellis**, representing Realty in Motion, presented **RS 21169**. Realty in Motion is the new owner of the Kuna Melba News, but Ms. Ellis stated they will not be affected by this legislation. She explained that current law requires a newspaper to be continuously publishing for a period of 18 months before it is allowed to print public notices. This legislation will reduce that time requirement to 24 consecutive weeks. She noted the new requirement will be more in line with the practice in other states.

**MOTION:** **Rep. Rusche** made a motion to introduce **RS 21169**. **Motion carried by voice vote.**

**RS 21265:** **Ken McClure**, representing the Idaho Medical Association, presented **RS 21265**. Mr. McClure reported on his efforts to work with the Idaho Hospital Association on "any willing provider" legislation, saying the parties will continue to work on possible compromises.

As background information, **Mr. McClure** explained that if a physician wants to treat patients in a hospital, he or she has to be a member of that hospital's staff. There is anxiety in the medical community about the relationship between hospitals and doctors. Some physicians who are owners of specialty hospitals feel threatened about their ability to continue practicing in community hospitals. Mr. McClure cited an example from Idaho Falls, where a group of physicians attempting to build a specialty hospital were told they could no longer practice in the community hospital. Mr. McClure said physician credentialing should be based on competence only, not on economic considerations. This legislation specifies that hospitals can decide the criteria for staff membership, but they may not deny credentials to a doctor solely because he has ownership in another organization or because he is a member of a competing organization. It also specifies that a doctor should be able to practice in both hospitals in a particular city. This recognizes a patient's need to be treated by his or her own doctor. Finally, the legislation bars favoritism in credentialing, saying that a competent physician should not be barred from practicing.

In response to a question about the appeal process for a physician who is denied privileges, **Mr. McClure** said there is an internal appeal process, required of all hospitals, and there are also processes for appeal provided in the bylaws of the hospital boards. Ultimately the decision can be challenged in court as well.

Responding to further questions, **Mr. McClure** said a doctor will not be able to be denied status only because he or she is on another facility's staff. He explained the "exclusive contracting" provisions, saying in certain locations the hospitals sometimes have to guarantee an exclusive contract to attract doctors. For instance, this is particularly true in radiology, pathology, or emergency room care. He said physicians are reconciled to the fact that exclusive contracts exist, and the provisions in subsection 3 are not a significant concern for them.

**MOTION:** **Rep. Bayer** made a motion to introduce **RE 21265**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 2:20 p.m.

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Representative Max C. Black  
Chairman

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MaryLou Molitor  
Secretary