

MINUTES  
**HOUSE BUSINESS COMMITTEE**

- DATE:** Wednesday, March 07, 2012
- TIME:** Upon Adjournment of the House
- PLACE:** Room EW41
- MEMBERS:** Chairman Black, Vice Chairman Henderson, Representative(s) Collins, Bilbao, Chadderdon, Crane, Patrick, Bayer, Palmer, Thompson, Barbieri, DeMordaunt, Guthrie, Batt, Smith(30), Rusche, Cronin
- ABSENT/  
EXCUSED:** None
- GUESTS:** Mike Brassey, Uniform Law Commission; Joie McGarvin, America's Health Insurance Plans; Elizabeth Criner, Idaho State Dental Association; Lyn Darrington, Regence BlueShield of Idaho; Tony Smith, Benton Ellis; Wayne Hoffman, Idaho Freedom Foundation; Max Greenlee, Risch Pisca; Woody Richards, Attorney/Lobbyist; Reiley O'Brien,
- Chairman Black** called the meeting to order at 2:20 p.m.
- MOTION:** **Rep. Rusche** made a motion to approve the minutes of February 27. **Motion carried by voice vote.**
- MOTION:** **Rep. Bilbao** made a motion to approve the minutes of February 29 and March 1. **Motion carried by voice vote.**
- HCR 45:** **Rep. Bob Nonini** presented **HCR 45**. Stating that he has been a vocal opponent of government-run health care exchanges, Rep. Nonini said he thought he should offer alternative ideas to address the high cost of health insurance as well as the issue of accessibility. Referring to a recent Idaho Statesman article, Rep. Nonini pointed out that Regence and Blue Cross seem to be advocates of an exchange. He said if the insurance industry wants to set up an exchange, the Legislature should not stand in the way. Therefore, this resolution encourages Idaho health insurance providers to establish their own private exchange.
- Responding to committee questions, **Rep. Nonini** said the idea of companies establishing a private exchange would probably run counter to **Rep. Wood's** proposed legislation. Rep. Nonini said that after considerable discussion early in the session, the consensus was that the only way to make a state exchange self-sustaining was to raise premium taxes. He said he is not sure how assessing additional fees on health insurance carriers to raise the necessary revenue for an exchange will help drive down the cost of health care. He suggested the insurance companies could contribute the funding for an exchange from their considerable reserves, thus saving the taxpayers from paying for it.
- Asked about the term "seeks to force states" to implement government-owned health insurance exchanges, **Rep. Nonini** said it is his understanding that if the state does not establish an exchange that is satisfactory to the federal government, the federal government would force its own exchange on the state. He stated it is acquiescence for the state of Idaho to establish an exchange approved by the federal government. Rep. Nonini said he is not addressing the Medicaid issue but is rather focusing on the individual mandate that requires everyone to have health insurance. If insurance companies choose to form their own exchange, that does not qualify as a "mandate." Rep. Nonini likened such an exchange to travel sites such as Travelocity, where consumers can comparison shop for air fares and other travel accommodations.

**Rep. Nonini** was asked how an exchange designed by insurance companies would meet the federal guidelines. He said he still expects the state to fight against implementing the federal exchange, and he believes this resolution will indicate to insurance companies that they have the blessing of the Legislature to create an exchange on their own. Asked why a consumer would choose to opt for a private exchange rather than choosing a subsidized product from a federal exchange, Rep. Nonini said many people will always choose a government subsidy. His belief is that it is each person's responsibility to take care of his or her own health insurance and health care needs. For those financially unable to do so, there is free or subsidized medical treatment available at any public hospital's emergency room. Rep. Nonini said a site like [www.ehealthinsurance.com](http://www.ehealthinsurance.com) might provide a partial solution, but he would like to see Blue Cross, Regence and Pacific Source collaborating on a private exchange, paid for by the insurance companies. Asked whether he had the Department of Insurance review this resolution, Rep. Nonini said their representatives attended the print hearing but he had not had specific discussion with them. He said the resolution does not create any new Code sections but is simply an encouragement to move toward a solution.

**Wayne Hoffman**, Executive Director of the Idaho Freedom Foundation, testified **in support of HCR 45**, saying the resolution will put the Legislature on record as supporting free markets.

Responding to committee questions, **Mr. Hoffman** said the private sector has not been able to solve the idea of an exchange because the government has tried to inject itself into the solution. He also pointed out that the private sector has to some extent worked on the problem by creating websites where consumers can shop for insurance products.

**MOTION:**

**Rep. Rusche** made a motion to **HOLD HCR 45** in committee. In support of his motion, he said there are numerous parts of the resolution that are clearly aimed at inflammatory but unproven allegations, specifically in lines 10 through 17. He said line 18 and lines 21-23 misstate the Affordable Care Act requirements. Rep. Rusche said he believes the end result of a private insurance exchange owned and run by insurance companies is not likely to be satisfactory to Idaho policyholders. He is also concerned about integrating an exchange with Medicare and Medicaid eligibility.

**SUBSTITUTE MOTION:**

**Rep. Barbieri** made a **substitute motion** to send **HCR 45** to the floor with a **DO PASS** recommendation. In support of his motion, Rep. Barbieri said his main concern with a state-run exchange is the cost of the bureaucracy to run it, since the Director of the Department of Insurance has stated fees would have to be developed to pay for it. This resolution merely puts the Legislature on record as saying it is a good idea for insurers to begin this process of developing their own exchange. This will allow a fuller debate on the issue to see whether that kind of exchange would be appropriate.

Responding to a committee questions, **Rep. Rusche** said he does not understand how turning over an exchange to the federal government would "strip the state" of its sovereignty over health insurance matters.

**Rep. Henderson** expressed support for the substitute motion, saying he thinks the concept of an exchange developed by the insurance companies is worthy of debate, and he thinks the Legislature should be a part of the debate. **Rep. Crane** also expressed support for a fuller discussion of the issue, saying a state health insurance exchange does strip sovereignty based on the fact that the federal government is mandating the purchase of health insurance, even if Idaho runs the exchange on a state basis.

**VOTE ON  
SUBSTITUTE  
MOTION:**

A roll call vote was requested on the substitute motion. Substitute motion carried by a vote of **14 AYE** and **3 NAY**. **Voting in favor of the substitute motion: Reps. Henderson, Collins, Bilbao, Chadderdon, Crane, Patrick, Bayer, Palmer, Thompson, Barbieri, DeMordaunt, Guthrie, Batt, and Chairman Black. Voting in opposition to the substitute motion: Reps. Smith (30), Rusche, and Cronin. Rep. Nonini** will sponsor the bill on the floor.

**S 1307:**

**Mike Brassey**, representing the Uniform Law Commission, presented **S 1307**. Mr. Brassey said the Uniform Law Commission was formed in 1892 to provide a group that could study and recommend laws that could be adopted by all states. Since Idaho joined the Commission in 1910, the state has adopted about 125 uniform laws. S 1307 deals with Article 9 of the Uniform Commercial Code (UCC), Secured Transactions. Mr. Brassey said this bill contains the 2010 amendments to Article 9.

**Mr. Brassey** testified the bill has 22 sections. Of those, six are to conform to other amendments, six make technical corrections, two sections are made up entirely of the transition and effective date sections, and one section conforms another article of the UCC to the amendments in this legislation. The remaining seven sections are substantive. Mr. Brassey briefly reviewed those seven sections, the most significant of which is Section 11 on page 22, dealing with the name of the debtor. It attempts to create a place to go to find a name that all parties can rely on. The first choice will be the name as it appears on a driver's license; the second choice will be an "individual name," and the third choice is the surname and first name of the debtor. Driver's licenses were chosen because they are the most commonly held identification document.

Section 12 on page 24 deals with name changes and the time frame in which a debtor must report any change in name, as well as what happens to a security interest in name change cases. Other sections deal with the three-part process to perfect a security interest in personal property, security interests when a debtor moves out of state or merges with a company located out of state, and clarification of the effect of filing a "correction statement." Other changes in the bill deal with what it means to "control" electronic chattel paper, as well as new forms for filing with the Secretary of State to perfect a security interest.

In answer to questions from the committee, **Mr. Brassey** said questions arising over name change and after-acquired property typically occur in commercial transactions where the security interest is in the inventory of a seller. Any of the inventory purchased after the time the security interest was initially filed is considered "after-acquired" property. There is sometimes a concern about who has priority on that property if there are competing creditors. Mr. Brassey said he knows of no opposition from the banking industry, either locally or nationally, and the retailers have not taken a position on the legislation.

**MOTION:**

**Rep. Patrick** moved to send **S 1307** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Barbieri** will sponsor the bill on the floor.

There being no further business to come before the committee, the meeting was adjourned at 3:10 p.m.

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Representative Max C. Black  
Chairman

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MaryLou Molitor  
Secretary