

MINUTES
HOUSE BUSINESS COMMITTEE

- DATE:** Thursday, March 21, 2013
- TIME:** 1:30 PM or Upon Adjournment
- PLACE:** Room EW41
- MEMBERS:** Chairman Henderson, Vice Chairman Thompson, Representatives Collins, Crane, Palmer, Barbieri, Batt, Agidius, Clow, Hixon, Kauffman, Monks, Morse, Stevenson, Youngblood, Smith, Rusche, Gannon
- ABSENT/
EXCUSED:** Chairman Henderson
- GUESTS:** Steve Thomas, citizen; Colby Cameron, Idaho Association of Health Underwriters; Wayne Hoffman, Idaho Freedom Foundation; Woody Richards, Association of Health Insurance Producers; Shad Priest, Regence Blue Shield; Julie Taylor, Blue Cross of Idaho
- Chairman Thompson** called the meeting to order at 1:30 p.m.
- MOTION:** **Rep. Hixon** made a motion to approve the minutes of March 19, 2013. **Motion carried by voice vote.**
- SCR 121:** **Sen. Patrick** presented **SCR 121** which rejects a Rule of the Bureau of Occupational Licenses relating to the Rules of the Idaho Driving Business Licensure Board. He said **Docket Number 24-2501-1201** was rejected because the rule is not consistent with legislative intent.
- MOTION:** **Rep. Hixon** made a motion to send **SCR 121** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Thompson** will sponsor the bill on the floor.
- SCR 122:** **Sen. Patrick** presented **SCR 122** which rejects a Rule of the Bureau of Occupational Licenses relating to Rules of the Board of Architectural Examiners. He said the resolution pertains to IDAPA 24.01.01 where Section 550, Subsection 03, relating to contracts and Section 550, Subsection 04, relating to direct supervision are rejected. He said a temporary rule is not needed in this case and the remaining language in the rule remains intact.
- MOTION:** **Rep. Hixon** made a motion to send **SCR 122** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Thompson** will sponsor the bill on the floor.
- H 289:** **Rep. Luker** presented **H 289**, the Idaho Free Market Health Insurance Act. He said this is an alternative to the Health Insurance Exchange (HIX). He said **H 289** requires those carriers who sell insurance within the State Insurance Exchange to offer a product outside of the State HIX at 70% or less of the minimum policy or lowest cost policies of the HIX designated as platinum, gold, silver, and bronze level policies. He said these products will provide a low cost insurance option with coverage of children up to age twenty-six and a six month waiting period for pre-existing health conditions. He said the policies must be available at any time with no open enrollment period. He said policies can be configured with options to suit the client's needs and will have no mandated or set prices for deductible and co-payments. He requested that a letter from the Idaho Attorney General discussing **H 289** be distributed to the members of the committee and included in the minutes of this meeting. He said **H 289** allows alternative policies to the State Health Insurance Exchange. He said this legislation utilizes the Patient Protection and Affordable Care Act of 2010 (PPACA) rating system and requirements such as age, smoking, families, and geographic area. He said the eleven health insurance

companies in Idaho interested in participating in the State Exchange were not consulted regarding this bill.

Steve Thomas, citizen, spoke **in opposition** to **H 289**. He said a free market is characterized by contracts between willing buyers and willing sellers. He said an enabling act is not necessary to create a "free market" that already exists. He said this bill seems to fix prices which is illegal by federal and state law. He said this bill will place health insurance providers at odds with the federal mandates of PPACA.

Chairman Thompson requested the written testimony of **Tom Shores**, State President at Idaho Association of Health Underwriters, which is offered **in opposition** to **H 289**, be distributed to the committee members and appended to the minutes.

Colby Cameron, Idaho Association of Health Underwriters, spoke **in opposition** to **H 289**. He noted the written testimony of Tom Shores has a typo on the title and it should read "Testimony Against House 289". He said the brokers are happy to represent themselves and sell insurance policies under the terms of PPACA and are not in favor of some of the ambiguities contained in **H 289**. He gave the term "appropriate rating" as an example of a term which is not thoroughly defined. He said he and his fellow brokers would support a revised **H 289** that could possibly offer a product which could be sold, however they do not support the bill as written. He said he would be happy to look at any changes proposed under General Orders, however, noted that the short time to accomplish this as the legislative session is drawing to a close.

Wayne Hoffman, Executive Director, Idaho Freedom Foundation, spoke **in support** of **H 289**. He said free market solutions which offer price fixing options are problematic and he recommends removal of the 70% provision. He said all required elements of **H 289** must meet certain minimum requirements of the Idaho Department of Insurance. He recommends removal of all provisions in the bill pertaining to suspension or revocation of health insurer's licenses.

Rep. Collins invoked Rule 38 stating a possible conflict of interest as he was professionally involved in the health insurance industry in the past. He indicated that he will be voting on this legislation.

Shad Priest, Regence Blue Shield of Idaho, spoke **in opposition** to **H 289**. He said it would leave insurance providers in the difficult position of determining how to comply with the federal laws and conflicting Idaho Code proposed under this bill. He said the market is buried in uncertainty and this legislation would add to that uncertainty. He said that currently there is no prohibition in federal law against offering additional insurance products to the public. He said additional mandates with their accompanying provisions do not assist the free market, rather they would inhibit the market. He said the bill does not give consumers additional choices. He said insurance companies are subject to federal and state anti-trust laws. He said government price controls drive competition out of the market. He said, due to the limited population, Idaho is not an attractive market for health insurers and **H 289** will make Idaho less attractive.

Woody Richards, Association of Health Insurance Plans, spoke **in opposition** to **H 289**. He said there are mandates in this bill which are problematic to implement.

Rep. Luker came to the podium to summarize **H 289**. He said this legislation is not price fixing rather it poses cost reduction minimums. He said there are no penalties to insurance companies in this bill. He said there are very few mandates in **H 289**, thereby it offers more flexibility than the federal mandates. He stated his willingness to revise the language of **H 289** under General Orders.

MOTION:

Rep. Collins made a motion to hold **H 289** in committee.

MOTION TO ADJOURN: Rep. Crane made a motion to adjourn and allow H 289 to return to the committee upon the call of the Chair.

ROLL CALL VOTE: Roll call vote was requested on the motion to adjourn. **Motion failed by a vote of 6 AYE and 9 NAY with 3 ABSENT/EXCUSED.** Voting in favor of the motion: Reps. Crane, Palmer, Batt, Hixon, Monks, Stevenson. Voting in opposition to the motion: Reps. Thompson, Collins, Clow, Kauffman, Morse, Youngblood, Smith, Rusche, Gannon. Absent/Excused: Reps. Henderson, Barbieri, Agidius.

SUBSTITUTE MOTION: Rep. Crane made a motion to send H 289 to General Orders.

ROLL CALL VOTE ON SUBSTITUTE MOTION: Roll call vote was requested on the substitute motion to send H 289 to General Orders. **Motion failed by vote of 7 AYE and 9 NAY with 2 ABSENT/EXCUSED.** Voting in favor of the motion: Reps. Crane, Palmer, Batt, Agidius, Hixon, Monks, Stevenson. Voting in opposition to the motion: Reps. Thompson, Collins, Clow, Kauffman, Morse, Youngblood, Smith, Rusche, Gannon. Absent/Excused: Reps. Henderson, Barbieri.

ROLL CALL VOTE ON ORIGINAL MOTION: Roll call vote was requested on the original motion to hold H 289 in committee. **Motion carried by vote of 9 AYE and 7 NAY with 2 ABSENT/EXCUSED.** Voting in favor of the motion: Reps. Thompson, Collins, Clow, Kauffman, Morse, Youngblood, Smith, Rusche, Gannon. Voting in opposition to the motion: Reps. Crane, Palmer, Batt, Agidius, Hixon, Monks, Stevenson. Absent/Excused: Reps. Henderson, Barbieri.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:04 P.M.

Representative Thompson
Chair

Catherine Costner
Secretary