

MINUTES

HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, March 07, 2017
TIME: 1:30 PM or Upon Adjournment
PLACE: Room EW05
MEMBERS: Chairman Hartgen, Vice Chairman Anderson, Representatives Harris, Holtzclaw, Horman, Packer, Redman, Kingsley, Moon, Syme, Scott, King, Chew
**ABSENT/
EXCUSED:** None
GUESTS: Susan Buxton and Michelle Peugh, Division of Human Resources; Blake Youde, State Board of Education

Chairman Hartgen called the meeting to order at 1:57 pm.

SCR 104: **Sen. Thayn** presented **SCR 104**, which directs the Department of Administration to implement a health transparency tool to help state employees save money on their health insurance. The Department may either have price, quality and availability information for procedures on the state insurance carrier's website, or implement a medical diversion program, which allows a third-party vendor to contact employees when they need medical imaging or surgery and would provide lower cost options found in different medical facilities. The Interim State Employee Group Insurance and Benefits Committee, which will meet in the fall, will give the Department direction on which option to choose and the deadline for the Department to implement a tool is July 1, 2018.

In response to Committee questions, **Sen. Thayn** explained the costs in the Fiscal Note. The \$100,000 cost for the website tool came from the Department of Administration; the \$1.8 million cost for a medical diversion program came from the per employee cost charged by the company that runs a similar program in Oklahoma, but based on the correct employee numbers for Idaho. He confirmed the Department is free to choose either option and the funding is already in place via the State Health Insurance Fund, but the chosen cost will not be in the current year's budget.

MOTION: **Rep. Packer** made a motion to send **SCR 104** to the floor with a **DO PASS** recommendation.

In answer to further Committee questions, **Sen. Thayn** explained why he chose a concurrent resolution format that directs the Department of Administration, rather than the Interim Committee. He asserted a transparency tool is needed and will be topic of discussion for the Committee. Their job will be to determine which tool is best and the Department will follow their recommendation accordingly.

Jennifer Pike, Administrator, State Office of Group Insurance and **Keith Reynolds**, Deputy Director, Department of Administration, were asked to answer questions regarding how the state would save money by using a transparency tool. They testified the state is fully insured using a hybrid model, meaning the state effectively pays claims directly. If state employees began seeking out lower cost facilities for medical imaging and surgery, the state would immediately see savings via the lower claim amounts.

Vice Chairman Anderson spoke in **opposition** to the motion; he felt the legislation preempts the work of the Interim Committee and restricts what they can choose to do regarding health care issues in the state.

Reps. Scott and Redman spoke in support of the motion, expressing their opinion this is a step in the right direction toward transparency and medical cost savings.

**ROLL CALL
VOTE:**

Chairman Hartgen requested a roll call vote on the motion to send **SCR 104** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE
MOTION:**

Rep. Scott made a substitute motion to send **SCR 104** to the floor with no recommendation.

**ROLL CALL
VOTE:**

Roll call vote was requested. **Substitute motion carried by a vote of 10 AYE, 2 NAY, 1 Absent/Excused. Voting in favor** of the motion: **Chairman Hartgen, Vice Chairman Anderson, Reps. Holtzclaw, Horman, Packer, Redman, Scott, Kingsley, Moon and Syme. Voting in opposition** to the motion: **Reps. King and Chew. Rep. Harris was absent/excused. Rep. Syme** will sponsor the bill on the floor.

S 1046:

Sen. Thayn presented **S 1046**, which requires the state to offer state employees an optional Health Savings Account (HSA) paired with a high-deductible health plan. The state would be required to deposit a minimum of \$500 annually in each HSA and the cost would be \$68,000 for a one-time payroll system modification. The use of HSA's will be budget positive for the state because the \$500 contributions will come from money that would have gone to the insurance company for the deductible, with additional money left over for cost savings.

In response to Committee questions, **Jennifer Pike** explained the Department currently uses a third-party vendor to administer Flexible Spending Accounts and they could also administer HSA's. She said having the program administered by experts, rather than the Department, would reduce administrative costs.

MOTION:

Rep. Scott made a motion to send **S 1046** to the floor with a **DO PASS** recommendation.

Mr. Reynolds explained in years past the Department has studied the cost savings of switching to high-deductible, HSA eligible health plans and determined the state would save \$900 per individual that changed to a \$2000 deductible plan. He noted this left plenty of latitude for the state to deposit a minimum of \$500 in each account and testified, assuming this minimum payment, the legislation would be revenue positive.

In response to Committee comments that \$500 was an inadequate amount to incentivize people to change to HSA eligible plans, **Sen. Thayn** agreed, but noted he was unable to pass legislation last year that called for a higher amount to be deposited and stated his goal was to get the tool in place as a starting point.

**VOTE ON
MOTION:**

Chairman Hartgen stated he was in doubt regarding the voice vote on the motion and asked for a roll call vote.

**ROLL CALL
VOTE:**

Motion failed by a vote of 4 AYE, 7 NAY, 2 Absent/Excused. Voting in favor of the motion: **Chairman Hartgen, Reps. Redman, Scott and Kingsley. Voting in opposition** to the motion: **Vice Chairman Anderson, Reps. Holtzclaw, Horman, Packer, Moon, Syme and King. Reps. Harris and Chew were absent/excused.**

S 1061: **Susan Buxton**, Administrator, Division of Human Resources, presented **S 1061**, which amends Idaho Code to clarify the application of the state personnel system to certain classified and nonclassified positions under the auspices of the Department of Education. The bill was worked on jointly by the State Board of Education (SBE) and the Division of Human Resources. The legislation does not change overtime provisions for elected officials or any other state employees. It identifies the professional staff of all state educational institutions and agencies under the SBE's governance, including Idaho Public Television, as nonclassified employees. The legislation also changes the dividing point between classified and nonclassified employees from the middle of pay grade K (355 Hay points or more) to pay grade L (373 Hay points or more) to provide better delineation.

In response to Committee questions, **Ms. Buxton** restated the legislation does not affect any overtime provisions and clarified the difference between classified and exempt status. The decision about which employees are classified or nonclassified is a state decision and does not affect overtime eligibility. Exempt or non-exempt status is subject to the federal Fair Labor Standards Act and does determine overtime eligibility.

Tracie Bent, Chief Planning and Policy Officer, State Board of Education, was called upon to further clarify. She stated part of the reason for the cleanup of the language is this confusion and noted some state employees, regardless of their classified status, are still eligible for overtime. She stated the changes made by the legislation would ensure Idaho statute is not in conflict with the Fair Labor Standards Act.

MOTION: **Vice Chairman Anderson** made a motion to send **S 1061** to the floor with a **DO PASS** recommendation.

ROLL CALL VOTE: Roll call vote was requested. **Motion carried by a vote of 6 AYE, 5 NAY, 2 Absent/Excused. Voting in favor** of the motion: **Chairman Hartgen, Vice Chairman Anderson, Reps. Redman, Syme, King and Chew. Voting in opposition** to the motion: **Reps. Holtzclaw, Packer, Scott, Kingsley and Moon. Reps. Harris and Horman were absent/excused. Rep. Syme** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 3:57 pm.

Representative Hartgen
Chair

Erica McGinnis
Secretary