

MINUTES

SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, January 21, 2020

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Souza, Ward-Engelking, and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

PASSED THE GAVEL: Chairman Patrick passed the gavel to Vice Chairman Agenbroad to introduce the presenters for the rules being heard.

DOCKET NO. 18-0000-1900 **Rules of the Idaho Department of Insurance (IDOI)**, p. 333. **Dean Cameron**, Director, IDOI, outlined the changes and adoptions in the rule. He noted after discussion with the title industry, it was determined that the requirement for title agents to provide the IDOI with an audit of their escrow accounts every three years was not necessary because underwriters typically audit their accounts on an annual basis. These audits will be used by the IDOI to ascertain compliance with statute. The annual cumulative value limit of self-promotional items to each recipient was causing overly burdensome documentation for title agents and was eliminated.

MOTION: **Senator Lakey** moved to approve **Docket No. 18-0000-1900**. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0000-1900F **Rules of the Idaho Department of Insurance (IDOI), Fee Rule**, p. 209. **Dean Cameron**, Director, IDOI, outlined the changes and adoptions in the rule. He reported two fees were eliminated. He noted most fees are collected as part of the licensing system. The sprinkler system fees collected under the fire protection rule remained the same.

MOTION: **Senator Guthrie** moved to approve **Docket No. 18-0000-1900F**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0408-1901 **Individual Disability and Group Supplemental Disability Insurance Minimum Standards Rule (Chapter Rewrite)**, p. 625. **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), outlined the changes and adoptions in the rule. **Mr. Cameron** indicated this rule applies to all individual and group policies and certificates providing hospital confinement indemnity, disability income protection, accident only, specified disease, specified accident, or limited benefit health coverage. This is referred to collectively as "supplementary disability insurance," delivered, issued for delivery, continued or renewed in this state, or covering a resident of this state, unless specifically exempted. **Mr. Cameron** noted the major change in this rule was the removal of unnecessary and ambiguous language. Sections addressing major medical coverage were reorganized and some were removed.

Mr. Cameron reported the terms and coverages of individual and group supplementary disability insurance were standardized; facilitate public

understanding and comparison of coverage; eliminate provisions that may be misleading or confusing in connection with the purchase of the coverages or with the settlement of claims; and provide for full disclosure in the marketing and sale of this insurance. **Mr. Cameron** stated several sections on specific disease coverage were combined. The application of supplemental policies was clarified, a potential loophole was closed, language was clarified, and disclosures added. Negotiated rulemaking was conducted.

MOTION: **Senator Souza** moved to approve **Docket No. 18-0408-1901**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 18-0416-1901 **Rules Governing Short-Term Health Insurance Coverage (New Chapter)**, p. 645. **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), outlined the changes and adoptions in the rule. **Mr. Cameron** indicated negotiated rulemaking was conducted. He outlined some of the major components, stating the rules promulgated an impact on both the traditional short-term plans, which previously had no rules, and enhanced short-term plans. He stated rules were issued on an emergency basis and a pending basis so carriers would be able to develop plans. Four of the five plans have an actuarial value of Bronze plans or higher, with two plans qualifying at the Silver plan level. Renewal is guaranteed, meaning a client cannot be forced out for up to 36 months and can also convert to an Affordable Care Act (ACA) plan. All of the five plans cover essential health benefits. Rates are tied to the same index rate. This plan acts as a buffer for those who have not signed up for insurance.

TESTIMONY: **Mike Reynoldson**, Senior Vice President, Government Affairs and Public Relations, Blue Cross of Idaho, testified in support of the rule. He noted the ACA plans are very expensive and this new plan is affordable and offers many options. **Mr. Reynoldson** highlighted the positive aspects of this plan.

DISCUSSION: **Senator Lakey** and **Mr. Reynoldson** discussed why this plan is less expensive than the ACA plan. They discussed managing risk factors and the evaluation of individuals based on their health and lifestyle. **Mr. Reynoldson** indicated the ACA plan does not allow for this type of evaluation. With this short-term plan, clients are given a discount so they are not paying for coverage they do not need.

Senator Souza and **Mr. Reynoldson** had a discussion about customizing insurance coverage to meet the needs of the client and examining an affordable insurance option for middle-class Idahoans. Idaho is a pioneer in ensuring plans are robust, but still allowing flexibility.

In response to a question from **Senator Martin** about the effect this new policy had on Medicaid expansion, **Mr. Reynoldson** replied that fewer insureds have moved off of the Medicaid plan than anticipated. **Senator Burgoyne** and **Mr. Reynoldson** discussed pre-existing conditions, waiting periods, differences in plans, cost, and discounts.

MOTION: **Senator Thayn** moved to approve **Docket No. 18-0416-1901**. **Senator Lakey** seconded the motion.

DISCUSSION: **Senator Lakey** and **Mr. Cameron** discussed the attraction of healthy clients back into the pool, which comes from rule, with guidance from the federal government. **Senator Burgoyne** stated the rule implements a policy choice made at the federal level and articulated at the state level.

Senator Ward-Engelking and **Mr. Cameron** discussed access and attraction to this plan. The young and healthy will be attracted back into the overall risk pool, which has both the ACA and enhanced short-term plans. These plans will provide the added benefit to early diagnoses of problems that could occur.

- VOICE VOTE:** The motion to approve **Docket No. 18-0416-1901** carried by **voice vote**.
- DOCKET NO. 18-0606-1901** **Rules for the Surplus Line Regulation**, p. 652. **Dean Cameron**, Director, Idaho Department of Insurance (IDOI), reported this is not a traditional product that can be offered to consumers. This rule provides procedures for the placement of surplus lines insurance. This is not health coverage, but more property coverage. He stated this rule was not renewed. Conditions could be issued by statute, rule, or order. **Mr. Cameron** remarked the Director of the IDOI can issue an order. The old rule was long and full of conditions. **Mr. Cameron** stated the IDOI wanted carriers to work through traditional insurance companies that are traditionally licensed. Everything is combined into one rule, which allows the IDOI to be more responsive.
- MOTION:** **Chairman Patrick** moved to approve **Docket No. 18-0606-1901**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 12-0000-1900** **Rules of the Idaho Department of Finance (IDOF)**, p. 255. **Anthony Polidori**, Consumer Finance Bureau Chief, IDOF, outlined and highlighted the changes in this rule. He indicated mortgage origination rules that duplicated existing statutes were eliminated, making mortgage rules more readable and less confusing when compared with statutory requirements. He stated consumer finance rules that were obsolete or redundant due to existing statute were eliminated to provide greater clarity to Idaho credit unions.
- MOTION:** **Senator Burgoyne** moved to approve **Docket No. 12-0000-1900**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 12-0000-1900F** **Rules of the Idaho Department of Finance (IDOF), Fee Rule**, p. 140. **Anthony Polidori**, Consumer Finance Bureau Chief, IDOF, outlined the changes in this rule. He highlighted the elimination of the Idaho Endowment Care Cemetery Act (IECCA) rules in their entirety. The elimination of these rules will make compliance with this IECCA more straightforward and easier to understand for applicants. **Mr. Polidori** remarked the fees or charges authorized in this rulemaking are based upon pre-existing rules previously promulgated by the IDOF and reviewed and approved by the Legislature. These rules support the IDOF's orderly supervision of the offer and sale of securities to Idaho citizens.
- MOTION:** **Senator Thayn** moved to approve **Docket No. 12-0000-1900F**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 12-0109-1901** **Rules Pursuant to the Idaho Credit Code**, p. 274. **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Mr. Polidori** stated if approved, the effect of this rule would be to promote consistent, uniform, and familiar industry standards in the marketplace by updating references to the Federal Consumer Credit Protection Act (FCCPA) and its implementing regulations, as amended through January 1, 2020. **Mr. Polidori** pointed out updating references to federal laws and regulations is an effort by the IDOF to avoid exposing Idaho's consumer finance licensees to inconsistencies in federal and state requirements. He gave a brief synopsis of incorporation by reference materials previously adopted in statute and proposed newly revised or amended versions.
- MOTION:** **Senator Souza** moved to approve **Docket No. 12-0109-1901**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
12-0110-1901**

Rules Pursuant to the Idaho Residential Mortgage Practices Act, p. 277. **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Mr. Polidori** stated if approved, the effect of this rule would be to promote consistent, uniform, and familiar industry standards in the marketplace by updating references to federal laws and regulations (Truth-in-Lending Act and Regulation Z - Real Estate Settlement Procedures Act and Regulation X) as amended through January 1, 2020. **Mr. Polidori** pointed out updating references to federal laws and regulations is an effort by the IDOF to avoid exposing Idaho's consumer finance licensees to inconsistencies in federal and state requirements. He gave a brief synopsis of incorporation by reference materials previously adopted in statute and proposed newly revised or amended versions.

MOTION:

Senator Guthrie moved to approve **Docket No. 12-0110-1901**. **Senator Martin** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
12-0111-1901**

Rules Pursuant to the Idaho Collection Agency Act, p. 280. **Anthony Polidori**, Consumer Finance Bureau Chief, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Mr. Polidori** noted that if approved, this rule would provide a contemporary reference and definition for the Fair Debt Collection Practices Act, 15 United States Code 1692, originally incorporated by reference in the Idaho Collection Agency Act. **Mr. Polidori** remarked updating references to federal laws and regulations is an effort by the IDOF to avoid exposing Idaho's collection agency licensees to inconsistencies in federal and state requirements.

MOTION:

Senator Martin moved to approve **Docket No. 12-0111-1901**. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
12-0108-1901**

Rules Pursuant to the Uniform Securities Act (2004), p. 268. **Patty Highley**, Senior Securities Analyst, Idaho Department of Finance (IDOF), outlined the changes in this rule. **Ms. Highley** stated if approved, this rule would update references to federal law and allow continued authorization to require and accept agent filings and fees associated with those agents that offer and sell securities under federal Regulation A Tier 2 offerings and retain the ability to identify who is soliciting in the State of Idaho.

MOTION:

Senator Guthrie moved to approve **Docket No. 12-0108-1901**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Vice Chairman Agenbroad passed the gavel back to Chairman Patrick.

ADJOURNED:

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:52 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary