

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, January 31, 2023

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Cook, Vice Chairman Lenney, Senators Lakey, Guthrie, Ricks, Foreman, Hartgen, Ward-Engelking, and Ruchti

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 Cook** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m. He announced the Minutes Approval would be moved to later on the agenda.

GUBERNATORIAL REAPPOINTMENT: **Committee Consideration of the Gubernatorial Reappointment of Keith Reynolds, Director, Idaho Department of Administration (IDOA)**, of Garden City, Idaho, for a term commencing January 2, 2023 and serving at the pleasure of the Governor. **Mr. Reynolds** gave an overview of his background. He noted he was a Certified Public Accountant (CPA) and had a real estate license. He was the general manager of the wholesale grocery operation for Jackson's food stores and eventually became the Chief Financial Officer. When the downturn hit in 2008-2009 he started working for the State of Idaho. He remarked he liked working for the State and being involved with the Legislature. During his tenure with the State, he has held various positions that included that of fiscal officer, deputy director, purchasing administrator, and risk manager.

Mr. Reynolds outlined his goals both long- and short-term. Currently, an invitation to negotiate for open procurement of health insurance was in the works. A funded high-deductible plan with a Health Savings Account (HSA) would be implemented. This was a way to potentially turn employees into better consumers and shoppers of their health care, while at the same time providing an option that would be more attractive for younger employees. The teachers' initiative relating to health care was an exciting dimension. Last year 26 school districts were added to the plan with the expectation that many more districts would be added in 2023.

In addition, he noted the IDOA was in the process of marketing the 45-acre Idaho Transportation Department (ITD) property on State Street. **Mr. Reynolds** reported ITD recognized the facility was underused. ITD moved to temporary quarters at the Chinden Campus. The permanent space for ITD was in the process of being remodeled. **Mr. Reynolds** noted the Legislature envisioned centralizing agencies and the Chinden Campus was fulfilling that goal.

He remarked his long-term goal was to promote a culture of continual improvement, with the common theme to promote customer service. Training for employees was ongoing and yielding results.

DISCUSSION: **Senator Lakey** queried when the timeline on health insurance and procurement was going to conclude. **Mr. Reynolds** reported the final conclusion was expected near the end of May, including negotiations. Implementation would take another year. He noted this was a reasonable timeline. He said the IDOA hoped to have a decision on the carrier by July 1, however, due to a delay in implementation, the timeline for the decision was moved to next year.

In response to a question from Chairman Cook about the capacity of the Chinden campus, **Mr. Reynolds** reported eight of the buildings were occupied by the State and the other three were leased out.

Senator Guthrie asked what happened to campuses formerly occupied by the State after agencies moved to the Chinden Campus? **Mr. Reynolds** explained some of those campuses were leased space and some were located at the Capitol Mall, which was at capacity. He said the prudent thing to do was to surplus the old ITD building and the funds from the sale of that property would be returned to the Permanent Building Fund to offset the cost of the ITD remodeling at the Chinden Campus.

Senator Ricks stated that it appeared the existing ITD building was vacated. He queried where were those employees housed? **Mr. Reynolds** replied they were housed in a building at the Chinden Campus. He explained the facility was impressive and he offered to conduct a tour.

Chairman Cook noted the Gubernatorial Reappointment vote would take place at the next meeting.

**MINUTES
APPROVAL:**

Senator Ward-Engelking moved to approve the Minutes of January 24, 2023. **Senator Ruchti** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Chairman Cook passed the gavel to Vice Chair Lenney.

**DOCKET NO.
59-0101-2201**

Rules for the Public Employee Retirement System of Idaho (PERSI) - Proposed Rule. **Don Drum**, Executive Director, PERSI, noted there were no changes to the pending rule and it was being adopted as originally proposed. Idaho Code § 59-1302(15) defined "employer" and directed compliance with the Internal Revenue Regulations (Regulations). The Regulations that PERSI followed were not finalized and were no longer valid, thus requiring the removal of paragraphs a., b. and c. from Idaho Administration Procedure Act (IDAPA) Docket No. 59.01.01.004.13. He noted the addition of school employees as a separate rate class under Idaho Code § 59-1322 and the addition of the definition of "school employee" under § 59-1302(31A) required a change to the definition of a "general member" in Docket No. 59.01.01.004.17. The definitions of Normal Retirement Age, Permissive Service Credits, Police Officer, and Teacher in Docket Nos. 59.01.01.004.19, .22,.23, and .30 respectively, did not need to be defined in IDAPA.

MOTION:

Senator Ward-Engelking moved to approve **Docket No. 59-0101-2201**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
17-0101-2201**

Administrative Rules Under the Workers' Compensation Law - Temporary and Proposed Rule. Paul Jefferies, Rules Review Officer, Idaho Industrial Commission (IIC), stated the current Idaho Code § 72-404 required the IIC to review all settlements in order to be satisfied that settlements were in the best interest of the parties. The current Docket 17.01.01.802.b.vii. required attorneys to identify medical bills which were unpaid at the time of settlement and to describe the treatment to be given to these bills from the proceeds of settlement. Resolution of unpaid bills was in the best interest of the claimant.

He noted that H 590 repealed the current Idaho Code § 72-404 and replaced it with a new version of the statute which removed IIC's responsibility to approve settlements in most cases. Accordingly, the IIC no longer had an interest in requiring claimants to specify how unpaid medical bills were treated at the time of settlement. Removing this section of IDAPA was consistent with the new provisions of Idaho Code § 72-404. This temporary rule conferred a benefit to all parties to settlements by conforming the rule to the provisions of the new statute. Under the proposed rule, attorneys would no longer be required to itemize bills that remained unpaid at the time of settlement, nor would the attorney need to explain the treatment of any unpaid bills stemming from the settled case.

MOTION:

Senator Lakey moved to approve **Docket No. 17-0101-2201**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
17-0101-2202**

Administrative Rules Under the Workers' Compensation Law - Temporary and Proposed Rule. Patti Vaughn, Benefits Administration Manager, Idaho Industrial Commission (IIC), indicated the IIC wanted to implement an update to the electronic claim reporting standard as a more efficient alternative to the maintenance of paper claims. The implementation date was coordinated with the IIC's broader systems modernization effort. This rule conferred a benefit by revision of the implementation date of the proposed update of the electronic claim reporting standard to September 14, 2023. She reported the IIC's Benefit Department was responsible for maintaining the workers' compensation claim reports. These claim reports communicated the events of a claim and the benefit payments made on behalf of an injured worker. The staff monitored the claim data to ensure that benefits were paid accurately and promptly as required by statute. She gave a brief history of converting paper-based claims handling to electronic.

In 2017, the IIC mandated Electronic Data Interchange (EDI) Claims 3.0 as the standardized protocol for reporting claim information. The EDI Claims protocol was developed by the International Association of Industrial Accident Boards and Commissions (IAIABC) and was essentially the digital language by which two computers talked to one another. The EDI was used by 39 states across the country. **Ms. Vaughn** noted the 3.0 version was no longer supported, but version 3.1 became effective December 1, 2022. She noted the purpose of the rule was to give adequate notice to electronic trading partners so they could properly test their data transmissions before implementation of the IIC's systems modernization. The timeline was delayed due to complications from the vendor. Implementation of EDI Claims 3.1 was delayed to September 14, 2023.

Ms. Vaughn stated the IIC adopted a Temporary Rule effective August 3, 2022, announcing the new implementation date. The date change was discussed with the IIC Advisory Committee in August 2022 and also in November 2022 to solicit comments. There were no objections.

MOTION:

Senator Ruchti moved to approve **Docket No. 17-0101-2202**. **Chairman Cook** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
17-1101-2201**

Administrative Rules of Peace Officer and Detention Officer Temporary Disability Act (ZBR Chapter Rewrite) - Proposed Rule. Kamerron Slay, Commission Secretary, Idaho Industrial Commission (IIC), reported the IIC was striving to prevent the accumulation of costly, ineffective, and outdated regulations, to reduce a regulatory burden to achieve a more efficient operation of government. The rule changes were intended to perform a comprehensive review of this chapter by collaboration with the public to streamline or simplify this rule language.

Ms. Slay noted that in 2007, the Peace Officer and Detention Officer Temporary Disability Act Fund (Fund) was created as Idaho Code, Chapter 11, Title 72 and was administered by the IIC. The Fund provided a full salary to peace officer and detention officers who were injured on the job while responding to an emergency; or when in the pursuit of an actual or suspected violator of the law; or when the injury was caused by the actions of another person. A \$3 fine on felony or misdemeanor criminal convictions and certain driving and possession of alcohol infractions contributed to the Fund.

Ms. Slay noted that throughout the review process, input was received on a quarterly basis from stakeholders and through the Advisory Committee on Workers' Compensation. Negotiated rulemaking was conducted along with public hearings. Handouts and summaries were published on the IIC's website with an effort to be transparent.

MOTION:

Chairman Cook moved to approve **Docket No. 17-1101-2201**. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Vice Chair Lenney passed the gavel back to Chairman Cook.

RS 30137

Relating to Workers' Compensation. Senator Guthrie reported this legislation removed outdated language added to Idaho Code in 1971 requiring worker compensation insurance companies to have a physical location in Idaho or only contract with Idaho resident adjusters. This legislation did not impact the regulation or oversight of the industry; therefore, there was no fiscal impact to the General Fund or local government funds.

DISCUSSION:

Senator Foreman remarked this proposed legislation was simple and straightforward. He inquired if there was a chance there would be a job loss among Idahoans. **Senator Guthrie** stated most of workers' compensation in Idaho was mostly done by the State. This proposed legislation could have the potential to strengthen the opportunity for the private sector to keep some of the market share and provide equilibrium on the delivery of workers' compensation.

Senator Ruchti commented all of these cases were ones that dealt with adjusters. It was frustrating when trying to deal with an adjuster who was located out-of-state. He noted local adjusters understood the people of Idaho. Attorney fees consumed some of the money clients recovered. He said he had questions and concerns when this proposed legislation received a hearing.

Senator Lakey stated he had a potential conflict of interest pursuant to Senate Rule 39 (H), but intended to vote. He noted he was a member of the State Insurance Fund Board, and was in support of the proposed legislation.

MOTION:

Senator Lakey moved to send **RS 30137** to print. **Vice Chair Lenney** seconded the motion. The motion carried by **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairman Cook** adjourned the meeting at 2:13 p.m.

Senator Cook
Chair

Linda Kambeitz
Secretary