

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 21, 2025

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS: Senators Co-Chair Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow
Representatives Co-Chair Horman, Miller, Furniss, Handy, Petzke, Tanner (14), Manwaring, Mitchell, Price, Galaviz

**ABSENT/
EXCUSED:** Tanner (14)

Co-Chair Horman called the meeting to order at 8:01 a.m.

Co-Chair Horman announced the budget setting schedule has been delayed until JFAC is able to resolve the Change in Employee Compensation (CEC) and health insurance benefits decisions.

Mr. Noah Peterson, Analyst, LSO Budget & Policy, provided an overview of the Department of Finance, including its organizational structure. He also examined the consolidated fund analysis, the five-year expenditures chart, FY 2024 expenditures by expense class, the five-year base snapshot, and the budget enhancements for FY 2024 and FY 2025.

Mr. Peterson presented the FY 2026 enhancement requests for the Department of Finance for various personnel positions, detailing their respective areas of focus and responsibility. The Department also requests onetime enhancements for computer equipment as recommended by the Office of Information Technology (OITS). He pointed out the Governor recommends every enhancement except the two positions for the Consumer Finance Bureau.

Ms. Patricia Perkins, Director of the Department of Finance, responded to committee questions, highlighting the increase in cybercrime, especially targeting the elderly. She explained the Department has been collaborating with Idaho State Police (ISP) and other law enforcement agencies to track financial fraud. Due to the growing issue, the Department is seeking to expand its team, particularly to address complex cases such as cryptocurrency fraud. She also confirmed the Department supports the Governor's recommendation, despite his exclusion of the two additional positions for the Consumer Finance Bureau.

Mr. Peterson provided an overview of the Department of Insurance, including its organizational structure. He also reviewed the consolidated fund analysis, the five-year expenditures chart, FY 2024 expenditures by expense class, the five-year base snapshot, and the budget enhancements for FY 2024 and FY 2025.

Mr. Peterson presented the FY 2026 enhancement requests for the Department of Insurance. These include ongoing funding for a staff actuary, a regulatory compliance specialist, and a compensation increase for the State Fire Marshal; it also requests onetime funding for replacement items, which include equipment and trucks for the State Fire Marshal.

Mr. Dean Cameron, Director of the Department of Insurance, answered committee questions. He gave a brief update on Pharmacy Benefit Managers (PBM) reform, stating data collection is ongoing. A new analyst is handling complaints regarding issues such as unpaid dispensing fees and PBM unresponsiveness.

Dir. Cameron thanked the Legislature for funding the 1332 waiver, a federal matching grant program aimed at reducing insurance premiums. He shared since its implementation, individual health insurance premiums on the exchange have decreased by 20% and premiums are now lower than they were five years ago for the same age group. Additionally, the number of carriers participating in the exchange has doubled, due to the high-risk pool established by JFAC and the additional funding making the 1332 waiver possible.

Dir. Cameron explained Idaho's high-risk insurance pool was established for people who could not qualify for health insurance. While other states discontinued similar programs, Idaho maintained and modified its pool into a disease-specific system acting as reinsurance. Insurance companies pay premiums, and a tax contributes to the pool, which helps subsidize costly medical conditions and keeps insurance rates lower by spreading the risk.

In response to a committee question, **Dir. Cameron** explained the tightening of the property insurance market began three years ago due to catastrophic events like wildfires, inflation, supply chain issues, and rising home values. Reinsurance rates are also increasing, with one carrier experiencing a 1000% rise. Many homeowners are facing non-renewals and premium hikes, while some of Idaho's largest carriers, also serving California, are dealing with insolvency issues. Despite nearly nine years without insurance company insolvencies in Idaho, three have occurred this year.

Dir. Cameron explained proposed legislation aims to create a high-risk pool for property insurance, similar to the health insurance high-risk pool. This pool serves two purposes: helping homeowners strengthen their defenses against wildfires and providing a mechanism to keep insurance carriers in the state. He emphasized while insurance carriers face inflation and rising home prices, they must justify rate increases and avoid inappropriate exclusions. The goal is to collaborate with carriers while ensuring consumer protection.

Co-Chair Horman noted the original schedule for the day's meeting called for a report from the Millennium Fund Committee. The Millennium Fund Committee has not yet convened; it will report to JFAC at a later date.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 8:54 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary