

HOUSE COMMITTEE ON
BUSINESS, LABOR, AND CONSUMER AFFAIRS

January 19, 2005 Hearing Room B

8:30 AM Tapes 6 -8

Corrected 10/07/2005

MEMBERS PRESENT: Rep. Alan Brown, Chair

Rep. Sal Esquivel, Vice-Chair

Rep. Mike Schaufler, Vice-Chair

Rep. Paul Holvey

Rep. George Gilman

Rep. Derrick Kitts

Rep. Chip Shields

STAFF PRESENT: Janet Adkins, Committee Administrator

Katie Howard, Committee Assistant

MEASURES/ISSUES HEARD AND WITNESSES:

Office of Regulatory Streamlining Overview - Informational Meeting

Patrick Allen

Tom Gallagher

Insurance Pool Governing Board Overview Informational Meeting

Howard "Rocky" King

HB 2062-Public Hearing

Howard “Rocky” King

HB 2063-Public Hearing

Howard “Rocky” King

HB 2064-Public Hearing

Howard “Rocky” King

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker’s exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 6, A

005	Chair Brown	Calls the meeting to order at 8:32 a.m. and opens the informational meeting
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OFFICE OF REGULATORY STREAMLINING OVERVIEW - INFORMATIONAL MEETING

010	Patrick Allen	Manager, Office of Regulatory Streamlining. Submits written materials (EXHIBITS A-F). Reads from testimony (EXHIBIT A). Describes history and future of department. HB 3120 created advisory committee on regulatory streamlining. Refers to EXHIBIT B . Highlights agency streamlining projects, Business Climate Survey, and Online License Directory from the report.
110	Allen	Talks about convenience stores as one of the most regulated industries in Oregon and office wants to work with OLCC, Agriculture, and DEQ to streamline their permit process. Refers to EXHIBIT C . Asks five basic questions from testimony (EXHIBIT A). Refers to EXHIBIT D . Provides overview of the 34 bills and brief explanation.
193	Tom Gallagher	Legislative Advocates. Mentions that working on the committee has been most practical time he has spent working on government regulations. Explains that they did not change the outcome of regulations. Believes that there is a way to reduce government cost in the budget through consolidation. Explains that the regulated community pays a high price when preparing to present information and buildings for permits. Reiterates that savings can be made without

changing policy outcome. Refers to HB 3120 and HB 2011 committee reports on page 4 (**EXHIBIT E**). Discusses current bill, HB 2188.

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| 285 | Gallagher | Mentions that when changing regulations legislature and agencies should consider the recommendations on page 4 (EXHIBIT E). Talks about danger of having multiple departments regulate a single entity. Discusses importance of reviewing arcane regulations. Explains that the legislature is the only entity who can streamline regulations. |
| 401 | Chair Brown | Addresses Allen and asks how many local governments regulate convenience stores. |
| 406 | Allen | Explains that in that particular area there is little local regulation if they are not trying to expand or build. Mentions that they are working with the League of Oregon Cities to create pilot projects where state and local governments identify regulatory processes and improve them. |
| 427 | Gallagher | Adds that local governments are very responsive to their communities and fixing the state pieces would be a tremendous help in streamlining. Mentions that on the City of Portland website they talk about regulatory streamlining. |
| 460 | Rep. Schaufler | Notes that, when businesses have signs outside their buildings, the local government is very involved in regulating those signs. |
| 503 | Chair Brown | Asks if five of the bills mentioned are in this committee. |
| 504 | Allen | Confirms that there are five bills. |
| 505 | Gallagher | States that he is leaving the exhibit with the committee. (EXHIBIT F). |

TAPE 7, A

NOTE: TAPE 7, A IS A DUPLICATION OF TAPE 6, A.

TAPE 6, B

INSURANCE POOL GOVERNING BOARD OVERVIEW - INFORMATIONAL MEETING

011	Howard "Rocky" King	<p>Administrator, Insurance Pool Governing Board and the Oregon Medical Insurance Pool. Refers to (EXHIBIT G). Discusses Oregon Medical Plan in the 1990s. Goes over uninsured statistics and shows how the economy affects rates of people who are uninsured. Explains that healthcare trends and the economy of the late 1990s and early 21st century have increased uninsured rate. Mentions that currently one in six Oregonians do not have health insurance. Talks about Oregon Medical Insurance Pool (OMIP) (EXHIBIT H). Legislature established OMIP in 1998. Explains that there are four plans and charges 120 percent of the regular market premium price. For every dollar collected OMIP spends about \$1.60 in claims due to their high-risk, chronic conditions of those it insures. They have the ability to assess market shares of insurers to cover any losses OMIP incurs. 10,400 people in the high risk pool. Mentions people with no portability option came into the pool in 1996 and make up about 2,000 people in the OMIP pool. OMIP pool is 60 percent female with an average age of 50 and 62 percent earn under 35,000 dollars a year. Mentions that OMIP served 35,000 people in course of their existence.</p>
160	King	<p>Talks about the IPGB. Refers to page 8 (EXHIBIT I). Explains that the board makes policy concerning OMIP and reports to Cory Streisinger administratively. Refers to page nine. Mentions that they received over 2500 phone calls from people looking for assistance with health insurance or for information about health insurance last week. IPGB first offered certified plans that focus on low premiums and more catastrophic-oriented coverage. In 1993, with the expansion of Medicaid, began marketing that program. Mentions history of late 1990s. In 1998, board saw that people were getting coverage in the regular market and saw no reason for the certified plans. In 1999, the plans were phased out and stopped offering them in 2000. Talks about economic downturn and high insurance premiums. In 2001, the legislature decided to get into the insurance business.</p>
267	King	<p>State that House Bill 2537 from 2003 said that employers who had not had insurance since July 2003 or were a new business who were formed after July 2003 could purchase insurance. Explains that the board got an employer plan that was 30 percent less expensive than other plans by providing some significant cost sharing, excluding some benefits, and limiting payouts. Refers to EXHIBIT J. Lifetime maximum is 500,000 dollars, which is primarily what got rates down. Trying to bring in younger, healthy workers, because a large percentage of these workers are the ones who have exited the market. Talks about the ways the plan saves money. Refers to Children's Group Plan (EXHIBIT J). Says that it is better than most and details how it is a good package.</p>
342	Rep. Schaufler	

Ask if drug benefits are only for life-threatening diseases or if they would cover women's contraceptives or Viagra.

- 345 King Explains that the drug plan does cover women's contraceptives but not Viagra. The plans cover more than just lifesaving drugs in the generics and preferred names categories, but for the non-preferred the non-lifesaving drugs are not covered except for the children. Cost of the children's plan is not cheaper, but the board can go to the employer with the alternative group plan and provide a lot of options. Explains that employers can cover just the children or the employee and just the spouse or just the employee.
- 399 Rep. Kitts Asks about the difference between a preferred and non-preferred drug.
- 405 King Explains that he does not know exactly. Gives an example of medications that could be on the list and how drugs get on the list. Mentions that there is a lower co-pay for preferred drugs. Mentions Regency Blue Cross and Health Net Plan of Oregon have stepped forward to offer the plans. States that he has appreciated that these two have stepped up to encourage small businesses to enroll in health plans.

TAPE 7, B

- 017 King Between January 25 and first week of March, they will start training in 23 cities for the new health plans. Refers to page 10. **(EXHIBIT I)** Begins talking about Family Health Insurance Assistance Plan (FHIAP). Explains that it fosters independence by having people pay part of the premium and creates choice. Creates confidentiality by allowing them to carry a private insurance card, not a Medicaid card. Stresses that FHIAP is budget driven not demand driven. Indicates that there is a reservation list when the program reaches budget capacity. Controversial part was that they wanted to cover people who were uninsured for six months. To get federal waiver had to cover these people. Indicates that 400,000 to 600,000 people are between 100 and 200 percent of the federal poverty level and 130,000 to 140,000 of them are uninsured. Program only has enough slots for 16,000 to 18,000 of these individuals. Mentions that in 1999 and 2001 Legislature directed the Department of Human Services to get a federal waiver and the waiver that the department got matches federal dollars with state dollars. Indicates that 26 million of state funds will be used in the upcoming Governor's Budget and that the total budget is 81 million dollars. Refers to page 15 and explains eligibility requirements for FHIAP. **(EXHIBIT I)** Mentions that all eligible

children must be covered. Explains differences of FHIAP in relation to Medicaid.

- 128 King Refers to page 16 (**EXHIBIT I**). Gives an example of a person who wants to enroll in the FHIAP.
- 140 Rep. Schaufler Asks if all of the plans offer women contraceptives in the drug benefit plans.
- 145 King Believes that they do but does not know every group plan. Talks about applying for a subsidy and how the employer determines the coverage and premiums. Explains how the employee is reimbursed for part of the premium covered by the subsidy for group plans. Refers to Small Employer Health Plan (**EXHIBIT K**). For the individual plan, they have a choice of all the plans under a thousand dollar deductible. Mentions that they do not subsidize dental insurance. The chosen insurance company then bills FHIAP for the premium and then they bill the employee for the individual market. Once the individual's portion of the premium has been paid, FHIAP send the payment to the insurance company.
- 182 Rep. Schaufler Asks if the budgets will be radically affected by the downturn in revenue and how many people will be affected by the cut.
- 187 King Explains that, when they went to the federal government to get the waiver, an agreement was made that specified that the state had "a maintenance of effort". This meant that the state had to spend the same amount per year in the program for a five year period of time. Have to expend \$40 to \$42 million of state funds to meet the requirements and if this is not done they may owe the federal government money. It is one of the only programs that it is being expanded to meet the federal maintenance of effort agreement. Mentions that they have about 8,400 enrolled in the program with another 2400 approved for subsidies. Indicates that they are hoping to add eight to ten thousand people in the rolls (**EXHIBIT I**).
- 240 Rep. Schaufler Asks if adding people will help meet federal obligations
- 242 King Says that it is imperative. Explains that any fund they do not expend this biennium, they would have to expend in the next biennium. Refers to page 23 and statistics at the top of the page. Says that it is difficult for people to afford insurance for their dependants in the group market. Refers to page 25 and discusses the cost of the program. Less expensive in the group market because of the employee contribution than in the individual market. Refers to page 26.

Discusses statistics for the individual market. Refers to page 27. Mentions that each person has a co-pay and deductible, not just the premium. Notes that about 25 percent of people earn under the federal poverty level, usually because of family size. Offers to answer questions **(EXHIBIT I)**.

- 325 Rep. Holvey Commends King for his presentation. Asks if FHIAP is only able to serve 17 percent of those eligible.
- 330 King Explains that FHIAP is really just a model and a test and that it has always had a dollar limit on it. Talks about how Measure 30 took apart the health plan and. Stresses that they are working as fast as they can to advertise the program. Mentions article in *Oregonian* on January 18.
- 388 Rep. Holvey Laments about the cost of health insurance when people do not qualify for the FHIAP plan and expresses concern for the people who are still unable to afford healthcare.

TAPE 8, A

- 001 King Says that Holvey is correct. In 1989 and 2000, the average premium was 120 to 130 dollar range and generally the employer covered the cost. Explains that the real problem is when the employer has to pay for dependants and that is why they developed the children's plan, which can be paid through the FHIAP subsidy for low-income people.
- 014 Rep. Esquivel Asks if plan covers diabetes.
- 020 King Explain that in the certified plans, diabetes will be covered under the doctor and drug benefits. Assures the committee that diabetics are almost always served as is someone with cancer, heart disease, and MS.
- 035 Rep. Shields Asks who the members of the IPGB are.
- 040 King Explains that there is a bill coming that will abolish the board and make it into an advisory committee. States that the board members are Ellen Lowe, Gary Decamp, Ken McCartin, Steven Doty, and Dianna Pauley McCoy.
- 055 Rep. Shields

Asks if there is a document that was approved or given to the board that was used to determine who was eligible particularly for the alternative group plan.

- 060 King Says that all the decision documents are on the website. (www.ipgb.state.or.us/) Says that he will get a packet to Rep. Shields.
- 067 Rep. Shields Asks if there is a time limit when someone goes into the plan.
- 069 King Explains that there is no time limit. Says that there is a sunset in 2008 if the legislature does not take action. Points out that they are targeting businesses with less than 5 employees. States that large employers usually transition out.
- 090 Chair Brown Opens public hearing on HB 2062.

HB 2062-PUBLIC HEARING

- 092 Howard “Rocky” King Administrator, Insurance Pool Governing Board. Refers to testimony (**EXHIBIT L**). Says that, in discussions with stakeholders, there are two or three issues with bill that may need to be clarified through an amendment. Promises to bring those back to the committee. Reads from list about what the fourteen changes the bill makes (**EXHIBIT M**). Offers to answer questions.
- 189 Rep. Schaufler Asks if there are drug benefits in all the plans if they will be covering women’s contraceptives.
- 196 King Believes that the plans do.
- 197 Rep. Schaufler Asks if all plans in Oregon cover women’s contraceptives.
- 198 King Offers to return that information to the committee
- 200 Rep. Shields Asks why rehabilitation for drug and alcohol addicts is not covered, because it does not seem as though it would cost that much more to add since people would be dissuaded by the 1000 dollar deductible and few would take advantage of it.
- 211 King Explains that IPGB wanted a 30 percent reduction and cannot cover every benefit in the plans. Encourages employers to look at the

general market for the plans for drug and alcohol addiction. Adds that plans are geared towards catastrophic and normal care coverage and adds that it is not for those with mental health needs or high prescription costs.

- 230 Rep. Shields Asks if all employees have to be a part of the plan at a given business.
- 233 King Responds that there is 100 percent participation for employees. The employee does not have a choice but emphasizes that it is for people who would otherwise have no insurance. Admits that it is not a plan that he wants as the standard plan for the state.
- 241 Rep. Schaufler Asks if/when the bill becomes law, it will help us meet the federal obligation.
- 244 King Explains that only if children are enrolled in the Children's Group Plan and are able to use the FHIAP subsidy. The general alternative plan does not meet the requirements to subsidize it under FHIAP.
- 260 Chair Brown Mentions the referral to Ways and Means. Closes public hearing on HB 2062. Opens public hearings on HB 2063 and HB 2064.

HB 2063 AND 2064-PUBLIC HEARING

- 270 Adkins Explains HB 2063.
- 282 King Summarizes HB 2063 and HB 2064 following list. **(EXHIBIT O AND Q)** Submits testimony **(EXHIBIT N AND P)**.
- 350 Chair Brown Asks if there will be any amendments on 2063 or 2064.
- 352 King Answers that he does not anticipate any amendments.
- 353 Chair Brown Asks that bills be brought back sometime next week. Closes public hearing on HB 2063 and HB 2064. Opens work session for the purpose of the introductions of committee bills.

INTRODUCTION OF COMMITTEE MEASURES - WORK SESSION

- 366 Chair Brown

Introduces committee bills. (**EXHIBIT R, S, T, AND U, respectively**)

372 Rep. Schaufler MOTION: Moves LC's: 237, LC 238, LC 239, LC 240 BE INTRODUCED as committee bills.

382 VOTE: 5-0-2

EXCUSED: 2 - Rep. Gilman and Rep. Kitts

Chair Brown Hearing no objection, declares the motion CARRIED.

385 Chair Brown Adjourn. 10:25 AM

EXHIBIT SUMMARY

- A. Regulatory Streamlining, Prepared testimony, Patrick Allen, 5 pp**
- B. Regulatory Streamlining, Report to the Governor 2004, Patrick Allen, 27 pp**
- C. Regulatory Streamlining, Factors Agencies Should Weigh when Evaluating Need for New/Expanded Regulation, Patrick Allen, 3 pp**
- D. Regulatory Streamlining, Regulatory Streamlining Legislative Agenda, Patrick Allen, 5 pp**
- E. Regulatory Streamlining, Report of the Advisory Committee on Agency Rule Streamlining, Patrick Allen, 16 pp**
- F. Regulatory Streamlining, Statewide Regulatory Streamlining Summary, Patrick Allen, 56 pp**
- G. Insurance Pool Governing Board, Oregon Population Survey 2004: Health Insurance Statistics, Howard "Rocky" King, 2 pp**
- H. Insurance Pool Governing Board, Health Benefit Plan Summary and Premium Rates and Instructions, Howard "Rocky" King, 8 pp**
- I. Insurance Pool Governing Board, Agency Overview January 2005, Howard "Rocky" King, 28 pp**
- J. Insurance Pool Governing Board, Small Employer Health Plans, Howard "Rocky" King, 8 pp**
- K. Insurance Pool Governing Board, Small Employer Health Plans Brochure, Howard "Rocky" King, 2 pp**
- L. HB 2062, Prepared testimony, Howard "Rocky" King, 2 pp**
- M. HB 2062, Section by Section Outline, Howard "Rocky" King, 2 pp**
- N. HB 2063, Prepared testimony, Howard "Rocky" King, 2 pp**
- O. HB 2063, Section by Section Outline, Howard "Rocky" King, 2 pp**
- P. HB 2064, Prepared testimony, Howard "Rocky" King, 2 pp**
- Q. HB 2064, Section by Section Outline, Howard "Rocky" King, 2 pp**

- R. Introductions, LC 237, Staff, 30 pp**
- S. Introductions, LC 238, Staff, 26 pp**
- T. Introductions, LC 239, Staff, 3 pp**
- U. Introductions, LC 240, Staff, 2 pp**