

HOUSE COMMITTEE ON
BUSINESS, LABOR, AND CONSUMER AFFAIRS

February 04, 2005 Hearing Room B

8:30 A.M. Tapes 20 – 21

Corrected 10/07/2005

MEMBERS PRESENT: Rep. Alan Brown, Chair

Rep. Sal Esquivel, Vice-Chair

Rep. Mike Schaufler, Vice-Chair

Rep. George Gilman

Rep. Paul Holvey

Rep. Derrick Kitts

Rep. Chip Shields

STAFF PRESENT: Janet Adkins, Committee Administrator

Katie Howard, Committee Assistant

MEASURES/ISSUES HEARD:

HB 2062 – Work Session

HB 2288 – Public Hearing and Work Session

HB 2160 – Public Hearing and Work Session

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

TAPE 20, A

004 Chair Brown Calls the meeting to order at 8:34 a.m. Opens the work session on HB 2062.

HB 2062 – WORK SESSION

010 Janet Adkins Committee Administrator. Explains HB 2062 and HB 2062-1 amendments. Submits hand-engrossed version of HB 2062 with -1 amendments (**EXHIBIT A**) and the Fiscal Analysis of Proposed Legislation for HB 2062 (**EXHIBIT B**) and HB 2062-1 amendments and subsequent Fiscal Analysis of Proposed Legislation (**EXHIBIT C**). Mentions articles that have been in newspapers about the program.

038 Howard “Rocky” King Submits a letter explaining the definition of a resident for HB 2064 (**EXHIBIT D**). Submits and summarizes written testimony for HB 2062 (**EXHIBIT E, Page 1**). Talks about the -1 amendments and the clarification it makes for the term independent contractor and who would be an independent employee. Discusses the definition of family member and added language.

072 King Continues to summarize written testimony (**EXHIBIT E, Page 2**). Explains why the term recipient has been altered to read “the applicant’s family”. Addresses the change to the covered class of employees, the new definition of assessments, and who can decide policy.

115 King Says that the further clarification on definition of residency was needed after questions arose in regards to HB 2064 (**EXHIBIT B, Page 3**). Explains residency requirements for who can receive Medicaid. Wants to restrict the eligibility for the Family Health Insurance Assistance Program (FHIAP) to exclude those who are not U.S. citizens and do not meet the federal qualifications for the Medicaid waiver demonstration.

143 Chair Brown

Asks if the -1 amendment makes the residency requirement more restrictive.

148 King Affirms that is correct.

149 Rep. Holvey Asks what happens after termination and if the employee gets 90 extra days of insurance.

153 King Explains that they do not receive 90 extra days of insurance but that they can continue benefits through state portability, state continuation, or COBRA. Talks about how employees can establish a period of time before the employee becomes eligible for health insurance. Explains that the amendments make it so that employers cannot set the date for employees to receive health benefits beyond 90 days, but they can make the employees wait anywhere from the start of employment to 90 days after employment has started.

168 Rep. Holvey Asks if the employer is not making premium payments on the employee during the first 90 days when they are not receiving insurance.

170 King States that is correct. Emphasizes that 90 days is the maximum number of days an employer can wait.

174 Rep. Shields Asks about the change of the date to March 1, 2006 and whether that date will allow the Regence and Health Net into the health assessment process.

178 King Says that the pricing and benefits has already been set for the first year of operation. Explains that since they did not have statutory authority when the contracts were drafted, they do not have assessment taking place.

186 Rep. Shields Asks if it is going to affect the dollar amount that the insurance companies pay.

187 King Says that the assessment is not going into effect and that it has to be a part of Request For Proposal negotiations. Explains that they cannot impose that unilaterally and cannot do more than the statute allows.

193 Adkins Submits and explains written testimony explaining HB 2064 on behalf of Howard "Rocky" King (**EXHIBIT D**). States that the letter

explains the question that caused HB 2064 to be re-referred to the committee from the House floor.

205 Rep. Schaufler MOTION: Moves to ADOPT HB 2062-1 amendments dated 1/27/05.

VOTE: 6-0-1

EXCUSED: 1 – Kitts

Chair Brown Hearing no objection, declares the motion CARRIED.

215 Rep. Schaufler MOTION: Moves HB 2062 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.

221 Rep. Shields Speaks in support of HB 2062A. Says that it is a good for small business. Mentions Health Net. Points out that methamphetamine abuse is often associated with the workplace. Looks forward to putting drug and alcohol treatment into the program.

VOTE: 6-0-1

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Rep. Kitts

Chair Brown The motion CARRIES.

248 Chair Brown Closes the work session on HB 2062 and opens the public hearing on HB 2288.

HB 2288 – PUBLIC HEARING

252 Janet Adkins Committee Administrator. Explains HB 2288.

264 David Hercher Oregon State Bar Debtor/Creditor Section Legislative Committee. Submits written testimony in support of HB 2288 (**EXHIBIT F**). Says that the original drafter of ORS 87.206 did not consider the possibility of surpluses and believes that this bill will align the law with the original intent.

277	Rep. Schaufler	Asks for an explanation of HB 2288 in layman's terms.
279	Hercher	Explains a car repair operation where it has a consensual lien where the bank and the repair shop have a claim on the car. Says that the repair shop has the first lien. If the repair shop sells the vehicle and there is a surplus, under the current law, it would go to the owner of the vehicle. Conveys that HB 2288 allows for the second lien creditor to get the surplus before it goes to the debtor.
392	Rep. Schaufler	Reiterates what was just said.
302	Hercher	Affirms that what Rep. Schaufler said is correct.
307	Chair Brown	Asks if a mechanic's lien would be senior to a bank's lien.
310	Hercher.	Says that it is correct.
312	Chair Brown	Asks about a third lien.
314	Hercher	Explains that each consecutive lien would fall in order of priority to receive surpluses.
223	Chair Brown	Asks if fees are charged all the way through.
225	Hercher	States that he does not know. Says that HB 2288 does not affect that part of the statute. Says that he could find out and report to them.
233	Rep. Schaufler	Asks if the people who provide financing are satisfied with the concept HB 2288 is creating.
335	Hercher	Says that the banks directly benefit from the proposal.
343	Adkins	Points out that the expenses incurred by the sale even come before the lien holder.
350	Chair Brown	Closes the public hearing on HB 2288 and opens the work session on HB 2288

HB 2288 – WORK SESSION

354 Rep. Esquivel **MOTION: Moves HB 2288 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Judiciary by prior reference.**

VOTE: 6-0-1

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Rep. Kitts

Chair Brown The motion CARRIES.

373 Chair Brown Closes the work session on HB 2288 and opens a public hearing on HB 2160.

HB 2160 – PUBLIC HEARING

376 Janet Adkins Committee Administrator. Explains HB 2160. Submits HB 2160-1 amendments (**EXHIBIT G**).

410 Carl Lundberg Deputy Insurance Administrator, Department of Consumer and Business Services. Submits and reads from written testimony in support of HB 2160 with proposed amendments (**EXHIBIT H**).

TAPE 21, A

001 Lundberg Continues reading from testimony and begins by reading number two (**EXHIBIT H, Page 1**).

040 Rep. Shields Asks if historically there has been a division between various types of insurance.

044 Lundberg Explains that you cannot combine insurance lines for health and property. Says that they have a homeowner and a commercial policy and those can be combined. Further iterates that if someone has a travel policy with property insurance and health insurance then you cannot put the various lines together under one policy. HB 2160 would allow multiple line policies in insurance.

054 Rep. Shields Reiterates what was just said and asks if different lines can be put together.

056	Lundberg	States that only if their license allowed them to create policies for specific lines that were going into the insurance policy.
062	Chair Brown	Asks if it is a good deal for the consumer.
063	Lundberg	Affirms that it is and notes that it will put new products on the market.
067	Rep. Holvey	References item number three (EXHIBIT H) and questions whether it is advantageous for the beneficiary if policy owner is borrowing against the beneficiary's coverage.
076	Lundberg	Says that it is an advantage to the beneficiary, because the beneficiary owns the annuity product. Explains that the HB 2160 makes it clear that if they borrow against that product that they are able to do that.
097	Rep. Holvey	Asks about an employer holding a group policy for many different individuals and employer's ability to borrow against the group policy.
104	Lundberg	Says that it only applies to the individual policies.
107	Rep. Schaufler	Repeats the question for purposes of clarification.
112	Lundberg	Reiterates that only the individual beneficiary can borrow against the policy.
116	Chair Brown	Closes the public hearing on HB 2160 and opens the work session on HB 2160.

HB 2160 – WORK SESSION

120	Rep. Gilman	MOTION: Moves to ADOPT HB 2160-1 amendments dated 2/1/05.
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VOTE: 6-0-1

EXCUSED: 1 - Kitts

Chair Brown	Hearing no objection, declares the motion CARRIED.
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125	Rep. Esquivel	
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MOTION: Moves HB 2160 to the floor with a DO PASS AS AMENDED recommendation.

VOTE: 6-0-1

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Kitts

Chair Brown

The motion CARRIES.

REP. HOLVEY will lead discussion on the floor.

135

Chair Brown

Mentions traveling meetings. Adjourns the meeting at 9:15 a.m.

EXHIBIT SUMMARY

- A. HB 2062, hand engrossed with the -1 amendments, staff, 15 pp
- B. HB 2062, fiscal statement, staff, 2 pp
- C. HB 2062, -1 amendments and fiscal statement, staff, 4 pp
- D. HB 2064, written testimony of Howard "Rocky" King, staff, 2 pp
- E. HB 2062, written testimony, Howard "Rocky" King, 3 pp
- F. HB 2288, written testimony, David Hercher, 1 p
- G. HB 2160, -1 amendments, staff, 1 p
- H. HB 2160, written testimony, Joel Ario, 2 pp