

HOUSE COMMITTEE ON
BUSINESS, LABOR, AND CONSUMER AFFAIRS

May 26, 2005 Hearing Room C

1:30 P.M. Tapes 146 - 147

Corrected 10/03/05

MEMBERS PRESENT: Rep. Alan Brown, Chair

Rep. Sal Esquivel, Vice-Chair

Rep. Mike Schaufler, Vice-Chair

Rep. Paul Holvey

Rep. Derrick Kitts

Rep. Chip Shields

MEMBER EXCUSED: Rep. George Gilman

STAFF PRESENT: Janet Adkins, Committee Administrator

Linda K. Gatto, Committee Assistant

MEASURES/ISSUES HEARD:

Drafting Request – Work Session

SB 120 – Public Hearing and Work Session

SB 121 – Public Hearing and Work Session

SB 501A – Public Hearing

SB 462 – Public Hearing and Work Session

SB 573A – 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
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TAPE 146, A

004	Chair Brown	Calls the meeting to order at 1:34 p.m. and opens a work session for the purpose of consideration of measure drafting request.
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DRAFTING REQUEST - WORK SESSION

009	Rep. Brown	MOTION: Moves the committee request permission to request a LC draft to create the Public Commission on the Oregon Legislature (EXHIBIT A).
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VOTE: 6-0-1

EXCUSED: 1 - Gilman

	Chair Brown	Hearing no objection, declares the motion CARRIED.
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014	Chair Brown	Closes the work session on the drafting request and opens a public hearing on SB 120.
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SB 120 – PUBLIC HEARING

017	Janet Adkins	Committee Administrator. Reviews the provisions of SB 120.
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035	Floyd Lanter	Division of Finance and Corporate Securities, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 120 (EXHIBIT B). Notes the matrix on page five that outlines the changes in the bill and the programs affected.
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090	Rep. Holvey	Asks who enforces these organizations now.
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100	Lanter	Answers collection agencies. States that the department registers the organizations and there is some authority with respect to the Attorney General. This bill seeks to fill the gaps and administer the programs more effectively.
114	Jim Markee	Oregon Collectors Association. Testifies in support of SB 120. Explains that under current law the department does not have the authority to do an investigation on an unlicensed collection agency.
139	John Brenneman	Oregon Funeral Directors. States that the Oregon Funeral Directors run a pre-need master trust. Supports SB 120.
153	Chair Brown	Closes the public hearing on SB 120 and opens the work session on SB 120.

SB 120 – WORK SESSION

166	Rep. Kitts	MOTION: Moves SB 120 to the floor with a DO PASS recommendation and be placed on the CONSENT CALENDAR.
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VOTE: 6-0-1

AYE: 6 - Esquivel, Holvey, Kitts, Schaufler, Shields, Brown

EXCUSED: 1 - Gilman

176	Chair Brown	The motion CARRIES.
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190	Chair Brown	Closes the work session on SB 120 and opens the public hearing on SB 121.
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SB 121 – PUBLIC HEARING

193	Janet Adkins	Committee Administrator. Reviews the provisions of SB 121.
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205	Floyd Lanter	Division of Finance and Corporate Securities, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 121 (EXHIBIT C).
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267	Chair Brown	
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Closes the public hearing on SB 121 and opens the work session on SB 121.

SB 121 – WORK SESSION

270 **Rep. Kitts** **MOTION: Moves SB 121 to the floor with a DO PASS recommendation and be placed on the CONSENT CALENDAR.**

Chair Brown **VOTE: 6-0-1**

AYE: 6 - Esquivel, Holvey, Kitts, Schaufler, Shields, Brown

EXCUSED: 1 - Gilman

279 **Chair Brown** **The motion CARRIES.**

291 Chair Brown Closes the work session on SB 121 and opens the public hearing on SB 501A.

SB 501A – PUBLIC HEARING

292 Janet Adkins Committee Administrator. Reviews the provisions of SB 501A.

324 Carl Lundberg Deputy Administrator Insurance Division, Department of Consumer and Business Services (DCBS). Testifies in support of SB 501A as it will enable the collection of information in a useable fashion for presentation to the public.

334 Lundberg Notes the subsequent referral to the Budget committee and states that a fiscal is not anticipated.

361 Megan Sweeney Executive Directo, Service Employees International Union AFL-CIO, CLC (SEIU). Submits and reads prepared testimony in support of SB 501A **(EXHIBIT D)**.

391 Rep. Kitts Confirms there is no cost to the state. Asks if insurance companies currently provide this information.

424 Sweeney Responds that some is provided but it varies based on carrier. States the desire is for a one- to two-page summary document that is uniform across carriers.

441 Rep. Kitts Asks if the insurance companies provide this information electronically.

443 Sweeney Responds that some information is available outside the Oregon Insurance website on the National Association of Insurance Commissioners (NAIC) website. Notes the limitation on the information.

TAPE 147, A

007 Rep. Kitts Summarizes the concern being expressed is the rising costs of health care. States that by mandating an insurance company to provide this information may have an adverse effect and raise costs further.

018 Sweeney Responds that the carriers already have the information collected but it is a matter of accessibility.

027 Rep. Kitts States that it will be an incurred cost and questions whether the benefits out weigh the costs.

036 Lori Long Heath Net Health Plan of Oregon. Testifies in support of SB 501A. States they worked with Regence and other domestic health care carriers on a compromise with SEIU. Believes there are terms that are easy to report and beneficial to the end user.

054 Pam Lolly Regence BC/BS. States support for SB 501A and expresses appreciation for the ability to work with Ms. Sweeney.

064 Rep. Kitts Asks will there be a cost to implement this mandate.

071 Lolly Answers yes, but it will be minimal, maybe an extra hour of somebody's time.

073 John Powell Regence BC/BS. States that there is no fiscal to DCBS. Requests that the referral to Budget be rescinded.

Prepared testimony submitted for the record by Shannon Callahan, Oregon State Public Interest Research Group **(EXHIBIT J)**

087 Chair Brown Closes the public hearing on SB 501A and opens the public hearing on SB 462.

SB 462 – PUBLIC HEARING

092 Janet Adkins Committee Administrator. Reviews the provisions of SB 462, submits reference information on the statute repealed by SB 462 **(EXHIBIT E)**.

111 Sarah Reeder Oregon Dental Service (ODS). Submits and summarizes prepared testimony from James M. Kennedy in support of SB 462 **(EXHIBIT F)**.

137 Jon Jurevic Chief Financial Officer, ODS, Testifies that this bill applies the calculation consistently between insurance subsidiaries and non-insurance subsidiaries and clarifies how the calculations perform.

162 Nancy Boysen Manager Consumer Services and Market Regulation, Insurance Division Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 462 **(EXHIBIT G)**.

209 Chair Brown Inquires about the difference between a health care service contractor and a health care insurance provider.

209 Boysen Responds that a health care service contractor is a non-profit corporation sponsored by doctors or hospitals and a commercial insurer is a for profit corporation.

218 Chair Brown Closes the public hearing on SB 462 and opens the work session on SB 462.

SB 462 – WORK SESSION

220 Rep. Schaufler **MOTION: Moves SB 462 to the floor with a DO PASS recommendation.**

223 **VOTE: 5-0-2**

AYE: 5 - Esquivel, Holvey, Schaufler, Shields, Brown

EXCUSED: 2 - Gilman, Kitts

242 Chair Brown The motion CARRIES.

REP. SHIELDS will lead discussion on the floor.

243 Chair Brown Closes the work session on SB 462 and opens the public hearing on SB 573A.

SB 573A – PUBLIC HEARING

243 Janet Adkins Committee Administrator. Reviews the provisions of SB 573A and the -4 amendments (EXHIBIT H).

277 Carl Lundberg Deputy Administrator Insurance Division, Department of Consumer and Business Services (DCBS). Submits prepared testimony in support of SB 573A (EXHIBIT I) and the -4 amendments. States the -4 amendments change consumer to customer because you can not rate a consumer when there is no business relationship.

319 Rep. Schaufler Asks if there is data showing the credit/risk factor of divorce comparing when divorce were less common to the rate of divorce today.

258 Lundberg Responds that he has not seen any data.

346 Rep. Holvey Asks why replacement of motor vehicle or residential home was removed.

380 Lundberg Responds this is a best practice issue and there was concern about repercussions through underwriting practices and they could not demonstrate enough complaints to merit changing the law.

401 Rep. Esquivel Asks where the idea of credit rating come from.

411 Lundberg Responds it was used in the lending industry and was picked up as a predictive tool by the insurance industry.

441 Jon Powell Representing State Farm Insurance and Liberty Northwest/North Pacific. Supports the bill with the -4 amendments. Summarizes that the insurance industry as a whole supports the use of credit as an element of rating insurance.

TAPE 146, B

044 Rep. Schaufler Provides that a person who pays cash for everything or a spouse who depends on the other spouse to handle finances as examples of reasons why a person may not have a credit history.

056 Powell Responds that these issues were addressed in the bill last session.

083 Chair Brown Closes the public hearing on SB 573A and opens the work session on SB 573A.

SB 573A – WORK SESSION

084 Sen. Schaufler **MOTION: Moves to ADOPT SB 573-A4 amendments dated 5/26/05.**

089 **VOTE: 5-0-2**

EXCUSED: 2 - Gilman, Kitts

Chair Brown Hearing no objection, declares the motion CARRIED.

099 Rep. Schaufler **MOTION: Moves SB 573A to the floor with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRAL to the Committee on Ways and Means BE RESCINDED.**

100 **VOTE: 5-0-2**

AYE: 5 - Esquivel, Holvey, Schaufler, Shields, Brown

EXCUSED: 2 - Gilman, Kitts

106 Chair Brown **The motion CARRIES.**

REP. SHIELDS will lead discussion on the floor.

EXHIBIT SUMMARY

- A. Drafting Request, Public Commission on the Oregon Legislature, Rep. Alan Brown, 2 pp**
- B. SB 120, prepared testimony, Floyd Lanter, 5 pp**
- C. SB 121, prepared testimony, Floyd Lanter, 3 pp**
- D. SB 501, prepared testimony, Megan Sweeney, 2 pp**
- E. SB 462, reference information, staff, 1 p**
- F. SB 462, prepared testimony, Sarah Reeder, 2 pp**
- G. SB 462, prepared testimony, Nancy Boysen, 2 pp**
- H. SB 573, -4 amendments, staff, 1 p**
 - I. SB 573, prepared testimony, Carl Lundberg, 2 pp**
- J. SB 501, prepared testimony, Shannon Callahan, 1 p**