

**HOUSE COMMITTEE ON**  
**AUDIT & HUMAN SERVICES BUDGET REFORM COMMITTEE**

February 03, 2003 Hearing Room 50  
3:00 pm Tapes 14 & 15

**MEMBERS PRESENT:**        **Rep. Ben Westlund, Chair**  
                                  **Rep. Steve March, Vice-Chair**  
                                  **Rep. Alan Bates**  
                                  **Rep. Jeff Kruse**  
                                  **Rep. Jeff Merkley**

**MEMBERS EXCUSED:**        **Rep. Randy Miller**  
                                  **Rep. Susan Morgan, Vice Chair**

**GUEST MEMBERS:**        **Rep. Laurie Monnes Anderson**  
                                  **Rep. Gordon Anderson**

**STAFF PRESENT:**         **Rick Berkobien, Committee Administrator**  
                                  **Kelly Fuller, Committee Assistant**

**ISSUES HEARD: Informational - Invited Testimony Only**  
                                  **Rocky King, Insurance Pool Governing Board**  
                                  **“Private Market Health Insurance, Employer Sponsored Insurance –Family**  
                                  **Health Assistance Insurance Program & Insurance Mandates”**

---

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.

---

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 14, A</b>		
006	<b>Chair Westlund</b>	Calls meeting to order 3:13pm and introduces Rocky King, Administrator for the Insurance Pool Governing Board and opens the informational meeting.
<b>INFORMATIONAL MEETING</b>		
015	Rocky King	Re-introduces himself and gives an overview of his presentation, answers questions from the previous day of testimony and begins presentation. <b>(EXHIBIT A 1/28/03)</b>
065	Chair Westlund	Asks if the employer puts 2k in your MSA, does that money follow you.
070	King	Responds yes, and give more detailed explanation.
091	Rep. Bates	Asks if MSA's are also know as cafeteria plans.
093	King	Answers questions about cafeteria plans and MSA's.
095	Rep. Kruse	Asks what is the difference is between an MSA and a cafeteria plan.
096	King	Responds and defers to Peggy Anet, from the Health Insurance

		Association of America.
098	Rep. Merkley	Comments and elaborates his knowledge about these plans.
104	Peggy Anet	Gives an explanation of a cafeteria plan.
134	Rep. Kruse	Gives his clarification on what he has heard to this point and asks if he is correct.
143	Anet	Elaborates to give a better understanding of the plans.
160	Rep. Kruse	Comments that it sounds more like a defined contribution than a defined benefit.
163	Anet	Gives more explanation to make the topic more clear.
177	Chair Westlund	Asks for them to continue to explain, as this is unclear.
179	Anet	Continues to explain.
192	Rep. Merkley	Gives comments about his personal experience about a cafeteria plan.
210	Chair Westlund	Makes comments to Rep. Merkley to clarify his experience on his cafeteria plan.
217	Rep. Merkley	Continues to explain his personal experience.
226	Anet	Responds and follows up on Rep. Merkley's comments.
236	Rep. Kruse	Gives an analogy to make sure he is clear in his understanding.
254	Anet	Continues to try to make these plans more clear.
270	Rep. Kruse	Expands on his analogy.
283	Anet	Expounds about coverage and benefit plans.
306	Rep. Kruse	Comments that he understand that as this is getting more sophisticated and complicated most companies offering cafeteria put a floor on it, saying you have to take the basic benefit package, but you will have some options.
322	Chair Westlund	Makes additional comments about the plans discussed above.
332	Rep. Anderson	Asks if there is a floor of protection there, but if someone used all the dollars available would he have the chance to come back in and buy the basic care. Does he have the right to come back in and get the most basic that he needs.
337	Anet	Responds to Rep. Anderson with an answer to his question.
345	Rep. Anderson	Asks then if you are over the amount that you are originally allotted, the employee has to pay or the employer picks up the costs of the extra.
367	Rep. Kruse	Can you mix and have employee and employer contributions to MSA.
393	Anet	Comments about mixing contributions.
411	Rep. Kruse	Asks if an employer and employee can both contribute to a cafeteria plan, and elaborates his comments.
GAPE 15A		
408	King	Gives an analogy for more defined detailed explanation.
445	Anet	Comments on what she thinks is confusing folks and offers to come up with something that will help with clarification.
450	Rep. Kruse	Asks what are the changes that will happen to the MSA's.
453	King	Responds to the question about changes to MSA's.
462	Anet	Makes comments about her experiences as a benefit manager.

065	Rep. Kruse	Comments that he is excited about removing the caps on MSA's.
066	Rep. Merkley	Asks if you do not use your money does the employers get to keep it.
077	Anet	Gives clarification about employers keeping the money.
080	Rep. Kruse	Comments that the employee will get some benefit, but it is aggregate and hard to define.
083	Anet	Comments about never seeing an employer do an individual distribution of the left over assets.
085	Rep. Kruse	Gives clarification of what he said and comments that if it rolls back in to finance the next year it is going to lower the costs, but it is in aggregate and so it would be hard for an employee to see what he was getting.
092	King	Comments about the left over money.
100	Rep. Merkley	Makes comments about related experiences.
111	Rep. Bates	Comments about all of these plans.
128	King	Comments about an article that he has provided.
136	Chair Westlund	Comments and talks to Rep. Bates and other members about these plans.
146	Rep. Bates	Agrees with Rep. Westlund and elaborates.
155	King	Begins presentation on the Family Health Insurance Assistance Program (FHIAP). Page 52 of <b>(EXHIBIT A 01/28/03)</b>
315	Rep. Anderson	Asks what the definitions of CMMS.
318	King	Gives definition of (CMMS) is Center for Medicaid and Medicare Services and continues presentation.
GAPE 14 B		
001	Rep. Monnes Anderson	Asks what that 5 percent was costing us.
004	King	Answers about the 5 percent.
012	Rep. Kruse	Assuming you are covering 20 thousand people, you are talking about 200 folks who were enrolled that should not have been that got weeded out
014	King	Answers about how those that shouldn't be enrolled get weeded out and continues presentation.
026	Rep. Kruse	Asks if the audit has to be a random audit.
031	King	Comments and continues about random audits.
040	Rep. Kruse	Do you have a sense of how many, if you were not requiring tax returns, do you think they would still be able to catch the folks that should not be there.
046	King	Answers about catching the folks that should not be there and continues presentation.
187	Rep. Kruse	Asks if what you are needing considerably different than what workers comp requires.
190	King	Not sure what workers comp requires.
195	Rep. Kruse	Comments and relates personal experience forms and etc.
198	King	Makes comments and continues program.
322	Rep. Monnes Anderson	Asks if it is true even though you can get free immunizations through your local public health departments.
326	King	That is true in 90% of the state. Continues presentation.

368	Rep. Kruse	Would you advocate for more flexibility than 50-50 in group and individual plans.
370	King	Answers questions about more flexibility in group and individual.
372	Rep. Kruse	Comments that if we get Medicaid match it will change.
377	King	Can you wait on this question, I will get to that soon. Continues presentation.
GAPE 15 B		
302	Rep. March	Asks if the male and female percentage include children.
306	King	Answers yes and continues.
371	Rep. March	Asks under OMIP do we pay an agent referral fees.
377	King	Yes, and explains the details.
389	Rep. Anderson	Asks if the agents you have trained recently, do they do this as a service for these folks.
395	King	They receive no commission for what they do. Gives details.
404	Rep. Merkley	Asks if everything is a first come first serve arrangement for the waiting list or is there any preference given to those based on their condition.
416	King	Gives details of how the program works on the first come first serve basis.
431	Chair Westlund	Clarify the group verses individual waitlist. Asks what is the dynamic that is creating the waitlist for the group and not the individual.
440	King	Gives clarification about the differences.
476	Chair Westlund	Makes comments about the market. Could you go back to slide 68 and clarify what I am going to pay per month.
492	King	Explains what you will pay on average. See page 43 of the <b>(EXHIBIT A 1/28/03)</b>
510	Chair Westlund	Lists figures for clarification.
515	King	Explains in more detail.
520	Rep. Anderson	Has questions about some advertisements he has seen lately.
535	King	Not sure what the packages are in those advertisements.
539	Rep. Anderson	Asks about national faith based plans and if those plans tend to effect your program.
557	King	Makes his comments about these advertisements.
576	Rep. March	Comment for Rick Berkobien: I would like to look at the budgets in fair detail at a later date. In particular, what is the turn over rate is in this program.
602	King	Responds that he will look into getting the information.
609	Chair Westlund	Makes comments about other qualifying businesses.
620	King	Comments by in large agents will put in large amounts of work to complete applications.
634	Chair Westlund	Questions private sector verses OMIP
653	Rep. Kruse	Makes comments about insurance agents.
660	Chair Westlund	Meeting adjourned 4:52 pm

**EXHIBIT SUMMARY**

**A – Informational, Health Insurance Resource Manual, 368 pp (EXHIBIT A 1/28/03)**

**B – Informational, The Council for Affordable Health Insurance's, 2 p**