

HOUSE COMMITTEE ON RULES AND PUBLIC AFFAIRS

June 05, 2003 Hearing Room E
1:00 PM Tapes 72 - 75

MEMBERS PRESENT: **Rep. Dan Doyle, Chair**
 Rep. Linda Flores, Vice-Chair
 Rep. Laurie Monnes Anderson, Vice Chair
 Rep. Vic Backlund
 Rep. Phil Barnhart

MEMBER EXCUSED: **Rep. Betsy Close**
 Rep. Joanne Verger

STAFF PRESENT: **Cara Filsinger, Administrator**
 Megan Palau, Administrator
 Annetta Mullins, Committee Assistant

MEASURE/ISSUES HEARD: HB 3639 – Public Hearing

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 72, A 004	Chair Doyle	Calls meeting to order at 1:05 p.m. and opens a public hearing on HB 3639.
	<u>HB 3639 – PUBLIC HEARING</u> Chair Doyle	Comments on introduction of HB 3639 and advises members that it will be up to this committee to bring a resolution to the issues involved, that Reps. Morgan and Williams will provide an introduction, Mylia Christiansen, Public Employees' Benefit Board (PEBB) will provide information on the benefits program, and Legislative Counsel will explain the differences between HB 3639 and SB 6.
022	Rep. Susan Morgan	District 2. Testifies in support of HB 3639. States that the legislature faces cost accountability in K-12. The bill has an impact on state spending overall. About 85 percent of the money that goes to the State School Fund goes to pay for salaries and other payroll in the system. The biggest cost drivers are PERS and cost of providing health care benefits. This will deal with rising health care costs. The bills that are moving on this are the result of a work group that has been meeting almost since the beginning of the session. Comments on makeup of work group and discussions by the work group. Explains they asked PEBB to work with ODOE. The work group devised a web-based survey about health coverage. About 70 percent of districts have returned the survey. The results will be forwarded to Legislative Fiscal Office (LFO) and the legislature will be able to see the impact.
103	Rep. Max Williams	District 35. Explains that the discussion of this issue originated out of a discussion about state-wide pooling. This bill is a

		template to further the discussion. Others will be able to give technical information. Hopes this committee will evaluate the data. The policy issue is rather simple. One hundred ninety-eight districts are obligated to provide health insurance. They do it in a variety of ways. This is modeled after PEBB.
155	Rep. Williams	Explains the provisions of the bill. Comments on the differences between HB 3639 and SB 6. There is a different structure of the board in HB 3639 than in SB 6 and there should be discussion. States it would be their intent the board would have a proper balance. Another difference is HB 3639 requires a fairly high threshold to get out of the pool. Comments on inclusions and exclusions of groups.
210	Rep. Barnhart	Asks what percentage of the potential number of employees is covered by the 70 percent of the districts that responded to the survey.
	Rep. Morgan	States the information will become available. One can look at the survey on the Oregon Department of Education (DOE) web site. Adds that the cooperation between DOE and PEBB has been remarkable. Explains the kinds of information that will be available.
273	Chair Doyle	Asks how they recommend that the committee find the information on savings.
	Rep. Williams	States they remain cautious about promising savings in 03-05 biennium. Districts have entered into contracts with companies and employees. Suggests that the committee should look at the data and listen to those involved who also have data.
310	Chair Doyle	Comments that some districts have costs in the 800 dollar range and community colleges are in the 400 dollar range.
	Mylia Christensen	Administrator, Public Employees' Benefit Board (PEBB). Submits prepared statement and copies of a slide presentation explaining PEBB operations (EXHIBIT A).
TAPE 73, A		
020	Christensen	Continues presentation (EXHIBIT A).
048	Chair Doyle	Asks if there are contributions also by employees beyond the deductibles.
054	Christensen	Explains benefit options available to employees.
058	Christensen	Continues presentation (EXHIBIT A, page 10).
071	Christensen	Explains Slide 13 on premium increases.
082	Christensen	Continues presentation (EXHIBIT A).
109	Christensen	Comments on costs and comparison of PEBB to other programs.
131	Rep. Barnhart	Asks how many years in advance they can project their costs.
	Christensen	Responds they do modeling that projects forward several years. It is based on their consulting firm's best estimates based on what the carriers provide each year as their estimates.
146	Rep. Barnhart	Asks if PEBB knows now what the premium cost will be next year.
	Christensen	Responds they have the carriers' projections for keeping the status quo for 2004. The board will make its decisions about what plan design, the carriers, and the packages on June 17. They know that a nine percent increase will keep the status quo for benefits for 2004.
158	Rep. Barnhart	Comments he is thinking about negotiations with school boards.
160	Chair Doyle	Notes the 25 percent increase in rates in 2002, and asks if that allows for the lower increases for the next couple of years.

194	Christensen Rep. Barnhart	Explains variables that caused larger increases. Asks if they have figures on comparison to other plans in Oregon or in the country.
241	Christensen Rep. Barnhart	Responds that they looked at the 10 largest entities in Oregon and will provide the information. Comments that it sounds like PEBB has developed expertise over the years and ask how that expertise would be beneficial to a program such as the one in HB 3639.
245	Christensen	Responds there has been a lot of collaboration and PEBB has tried to be available from a technical perspective, and other consultants have been made available to the project. Adds that it is her understanding that the program would be in the Department of Administrative Services (DAS), which is where PEBB is. Thinks Jim Sager and Gary Weeks, Director of DAS, are having conversations about what the potential is.
264	Chair Doyle	Advises members that Doug McKean of Legislative Counsel will explain the bill and identify the differences between HB 3639 and SB 6. States that the HB 3639-1 amendments are being proposed by Rep. Monnes Anderson (EXHIBIT B).
261	Doug McKean	Deputy Legislative Counsel. States he will explain HB 3639 section by section and compare it to SB 6. Explains there are eight areas of substantive differences in the two bills. States that SB 6 was drafted based on the PBB statutes in Chapter 243. HB 3639 was drafted based on SB 6 and with permission to move the section around to make the sections flow.
	McKean	Explains that Section 1 is the same in HB 3639 and SB 6. The Oregon Educators Benefit Board is established in Section 2 of HB 3639 and is very similar to Section 2 of SB 6, except that the number of members is different. In SB 6 the governor appoints 10 members and there are no legislative members. In HB 3639 there are 14 members including two legislative members, one Senator and one Representative. The difference in the governor's appointments. There would be 12 members in HB 3639 and the 10 members in the SB 6. In HB 3639, two members would represent the community college boards. There would be two experts under SB 6 and three experts under HB 3639. The appointed experts under HB 3639 could never have been eligible employees of a benefit plan offered by the board. The legislative members would be non-voting members, similar to the PEBB Board.
313	McKean	Section 3 of HB 3639 is similar to Section 3 of SB 6. The one difference is (5) on page 3 in lines 20 and 21.
347	McKean	Section 4 of both bills are the same. The maximum per eligible employee is the second substantive change.
351	McKean	Section 5 of HB 3639 is the same as Section 8 of SB 6 and is the third substantive change. The board can allow for various kinds of supplemental insurance. SB 6 allows a district the authority to contract with those kinds of health plans if the board does not. HB 3639 does not contain that piece.
367	McKean	Section 6 of HB 3639 is the same as Section 9 of SB 6 relating to long term care insurance.
	McKean	Section 7 of HB 3639 is the same as Section 10 of SB 6 also

		relating to long term care insurance.
372	McKean	Section 8 of HB 3639 is the same as Sections 6 and 7 of SB 6. Both sections deal with flexible benefit plans that an employee can choose that are among taxable or non-taxable benefits provided under the Federal Internal Revenue Code (IRC). Sections 6 and 7 of SB 6 deal with the same thing so they have been combined in Section 8 of HB 3639.
381	McKean	Section 9 of H 3639 is the same as Section 11 of SB 6.
383	McKean	Section 10 of HB 3639 is the same as Section 12 of SB 6.
386	McKean	Section 11 of HB 3639 is the same as Section 5 of SB 6.
	McKean	Section 12 of HB 3639 is the same as Section 13 of SB 6.
390	McKean	Section 13 of HB 3639 is the same as Section 14 of SB 6.
392	McKean	Section 14 of HB 3639 is the same as Section 15 of SB 6.
	McKean	Section 15 of HB 3639 is the same as Section 16 of SB 6 with two big differences. In HB 3639 there are two conditions on when a self-insured district, a community college district, or a district that has an independent health insurance trust may provide its own benefits. One condition is that the cost of the district-provided plan has to be less than a comparable plan provided by the board. The second difference is that the district-provided plan has to cover the same employees as a comparable plan provided by the board. The second big change in Section 15 of HB 3639 from SB 6 goes back to Section 3, i.e. the district may not pay more for a benefit plan than the maximum cost per eligible employee established by the board. Likewise, the district and its employees cannot agree to pay more than that maximum cost per eligible employee.
4444	Rep. Barnhart	Asks why that is necessary if there is already a provision that says it has to cost less than the comparable plan offered by the board.
	McKean	Responds he is not real clear on that. The first one is the cost of the district's plan has to be less than a comparable board plan, and the second requirement, maximum cost per eligible employee, would be established by the board and he is not sure that would always be the maximum cost that the board would use when it establishes its own plans.
	Rep. Barnhart	Asks if the board would have to comply, or could they have a plan that could cost more.
469	McKean	Responds that he doesn't know the answer; the bill doesn't say.
TAPE 72, B		
013	McKean	States that Section 18 of HB 3639 is the same as Section 19 of SB 6.
	McKean	Section 19 of HB 3639 is the same as Section 20 of SB 6. This is the seventh difference and relates to the board.
023	McKean	Section 20 of HB 3639 amends ORS 243.303 and is not in SB 6. It disallows school district to agree to pay any of the cost of making health care insurance available to retired employees of the district. It is a substantive difference from SB 6.
	Chair Doyle	Asks which section covers retirees.
036	McKean	States that it is in subsection (3) of ORS 243.303.
044	McKean	Section 21 of HB 3639 is the same as Section 21 of SB 6 and is the emergency clause.
047	Rep. Monnes	Comments that Section 20 of HB 3639 prohibits a district from

	Anderson	paying for the health care costs of retirees.
	McKean	Agrees with Rep. Monnes Anderson.
052	Rep. Monnes	Asks if the same provision is in SB 6.
	Anderson	
	McKean	Responds that SB 6 does not include this so a district could negotiate with its employees or could choose to pay part of the cost of retiree benefits.
057	Rep. Barnhart	Responds that a bunch of districts already have a contract that says they will cover their health insurance costs or some portion for retirees. Ask how amending the statute would affect those contracts.
060	McKean	Responds that they cannot draft a law that violates the obligation of contracts under the Constitution. Even with this change, they could not violate the contracts. After the contracts expire, the district in the future could agree to not pay any of the costs of health insurance for retirees.
066	Rep. Backlund	States that in HB 2084 (2001) was designed to allow retired local government employees to have the same the premium as active members. States that the language in lines 16-18 on page 9 of HB 3639 is confusing because the insurance industry had a difficult time interpreting the sentence, and that HB 2130 was passed this session that eliminated the wording in lines 16-18. So we currently have a law that permits local government retirees to have the opportunity of having health insurance coverage at the same premium rate as the active members. States he would be very concerned if this bill or any other bill were to attempt to change that.
087	Rep. Barnhart	States that if this section were adopted, it would not prevent a district from offering insurance to the employee, but the employee would have to pay for all of it. Asks if that is correct.
	McKean	Responds affirmatively. The difference is whether or not the retirees are included in a pool with the active employees who are eligible for insurance and whether or not the employer helps pay for any of that premium.
	Barnhart	Comments the retiree would have to write a check for the entire amount.
096	McKean	Agrees with Rep. Barnhart.
100	Chair Doyle	Comments that in HB 3639 on page 3, line 12, there is a vague definition of "other benefits" and in Section 10 on page 5 there is a more specific description of the kinds of benefits that could be provided. Asks what the legal basis is for using the broad term.
112	McKean	Explains that on page 1 in Section 1(1) the benefit plan is defined broadly to allow for virtually anything the board would want to contract. Other places in the bill talk about a specific plan. States the existing law is probably not a good example because it is probably a combination of the old BUBB and existing PEBB statues.
139	Chair Doyle	Notes the language in Section 4 (1) on page 3 of HB 3639. States that generally the interest is focused on a good quality plan at reasonable costs. Suggests that the welfare of eligible employees in the districts versus the taxpayer's interests perhaps is a policy issue.
156	McKean	Responds it is a policy call on balancing the criteria. The criteria

162	Chair Doyle	in Section 4(1) and referred to in other places, where it is telling the board how to buy its benefit plans, is an important piece. States that Section 6 on page 4 talks about long term care insurance plans and is the only place the definition is expanded to include parents of employees. Asks McKean to explain.
166	McKean	States the language is from the PEBB statutes. Adds that the employer is not paying any part of the plan.
190	James Sager	Education Policy Advisor, Office of the Governor. Testifies in support of the concepts in HB 3639 (EXHIBIT C).
273	Sager	Continues presentation.
312	Chair Doyle	Asks Sager to explain a Taft Hartley Trust District.
	Sager	Explains requirements of a trust district.
360	Rep. Barnhart	Asks if Sager suggests moving the date in Section 17 to 2006.
	Sager	States the amendment to SB 6 would do that.
371	Rep. Backlund	Asks how many Taft Hartley Trust Districts there are, and if they anticipate any difficulty in redesigning and working with the plans.
	Sager	Responds that he knows of four programs: Portland, North Clackamas, Crook County, and Medford. They are either self-insured or have trust programs. States he knows from having served on some of the boards there are asset issues and plan design issues, and they are connected with the contracts they have negotiated with the providers and the contracts that have been negotiated with the individual labor unions inside the district. They need time to review to see what changes they will need to do or see if they are able to make changes. Adds that community colleges also fall under this. Some community colleges are pooled with cities or counties, some are part of different trusts that school districts are involved with.
407	Rep. Barnhart	Asks if a July 2006 date would take care of the problem.
	Sager	Responds that he has not done enough of an analysis to know that July 2006 is appropriate; it seems doing it immediately is not.
416	Sager	Comments on Section 20 (EXHIBIT C, page 3).
TAPE 73, B		
008	Chair Doyle	Asks why there are two different bills.
	Sager	Responds he is not sure; the goal is the same and the majority of the two bills are the same.
020	Chair Doyle	Comments he does not see anything to bring the two bills together.
	Sager	Responds he doesn't think there was a matter of competition; it was the desire of everyone to get the issue into the system and have the conversation begin and have an opportunity to get this in place so the development phase is in place a year from now. States he believes the differences had to do with who talked to Doug McKean and what their concepts were. Believes everyone is willing to work to move the two bills to the common goal.
042	Craig Roessler	Superintendent, Silver Falls School District. Testifies in opposition to HB 3639 (EXHIBIT D).
106	Tom Galke	Business Manger, Greater Albany School District, and member of the Oregon School Boards Association. Testifies in opposition to HB 3639. States that as Business Manager he is not in the OSBA pool. States he has difficulty understanding

		<p>how this bill would save his school district any money. They have purchased directly from Regency Blue Cross for at least the last 20 years and for the last 20 years the school district has established hard insurance caps with its employee groups. He believes this would have an adverse impact on his relationship with his employee association, that he believes it would be a loss of some local control and he is not sure this addresses health care costs.</p>
153	Galke	<p>States he believes the OSBA trust has provided an effective cost control plan. Believes if the legislature wants to control health care costs, the statute that prevents them from charging retirees, not eligible for Medicare, the true cost of coverage should be changed. States the number of retirees account for 6.7 percent; the claim costs are 15.1.</p>
175	Michael Gray	<p>Actuary consultant to OSBA. States they looked at an example of the type of savings that might occur if this type of pool were presented. When they took the OSBA portion out of the example and replaced actual OSBA numbers, the \$65 million savings became \$25 million of savings. Their point wasn't that they think this pool will save \$25 million. Their point is that \$40 million can disappear very quickly when real data as opposed to hypothetical data is used. When everyone looks at the information that will come from the Department of Education it will be really important that everyone understand the data. Another concern is that there is some desire to try to put the costs on an even footing. States a lot of benefit plans will be compared. That makes sense from the standpoint of trying to understand what an overall costs would look like under one benefit program, but it does not make a lot of sense to an individual school district. The actual dollar spent can be higher in a bigger pool if they make decisions about a plan of benefits or eligibility, or what insurance company they contract with—there are a lot of different decisions out into the future. To say savings, even if there is a perfect survey of historical data of what school districts are spending right now, you still have to base that on what you think is going to happen with what this board will decide upon. States that if the OSBA membership, 33,804 employees and retirees, were to be in PEBB this year it would increase the costs to the school districts by \$8 million. There are a variety of programs under OSBA and if they all went to one program offered by PEBB, using the Regency Blue Cross PPO as an example, it would cost money. If it is adjusted for benefits, there is an argument between their consultant and his firm as to whether they are comparable or not. \$581 is the average medical premium per employee per month for OSBA. \$607 is the PEBB average for 2003.</p>
232	Rep. Barnhart	<p>Comments the bill does not say how insurance is to be paid for. Asks if employees also pay some dollars.</p>
	Roessler	<p>Replies that it is true that employees do pay a portion.</p>
245	Rep. Barnhart	<p>Asks Roessler if he understands the bill to say that the district would pay larger than the amount of its cap.</p>
	Roessler	<p>Responds that if they were in the PEBB pool they would be paying more than their cap. Contends that some districts will see</p>

258	Rep. Barnhart	their costs driven down and other will have their costs driven up. Asks if the current arrangement where the costs are shared between the district and employees would go away under this bill and the district would have to pay the entire costs.
261	Roessler Chair Doyle	Responds affirmatively. Asks if there is anything in the bill that requires that the employer pay the full cost.
278	Roessler Rep. Backlund Gaulke	States it is an assumption he made. Ask how many retirees there are compared to active employees. Responds they insure about 800 employees and probably about 100 retirees. States he is concerned with the growing number of retirees.
322	Rep. Barnhart	Comments that he agrees the most important issue in looking at this bill are the kinds of issues raised actuarially.
351	Tricia Bosak	Assistant Executive Director for Public Affairs, Oregon Education Association (OEA). Presents prepared statement suggesting that changes be made to the bill (EXHIBIT E) .
410	Bosak	Explains changes they suggest to HB 3639 (EXHIBIT E, page 1) .
TAPE 74, A		
010	Bosak	Continues presentation
021	Tricia Smith	Oregon School Employees Association (OSEA). Presents prepared statement in support of HB 3639 with changes (EXHIBIT F) .
090	Smith	Reviews concerns OSEA has with HB 3639 (EXHIBIT F, pages 2 and 3) . States the HB 3639-1 amendments take care of their concerns (EXHIBIT B) .
147	Rep. Barnhart	Asks why they object to the cost cap in Sections 3 and 15.
154	Smith	Responds there is a difference between a cap and the premium. Explains that the bargaining process determines how much the district and employee will pay.
167	Rep. Barnhart	Comments he does not agree with Smith's interpretation of the language.
194	Smith	States they interpret the language to be addressing the employer cap on their portion of the premium payment. Adds that if Rep. Barnhart's interpretation is correct, that this is only addressing the premium costs for the health care plans, she removes their objection because they believe that is the appropriate place to establish premiums and the cost sharing factors would be decided at the local level.
215	Andrea Henderson	Executive Director, Oregon Community College Association (OCCA). States there is the potential for additional costs for community colleges. States they asked the community colleges to look at the current PEBB benefits and compare their benefit plan with the PEBB plan and to compare the rates to see if there is any cost savings or if additional costs would be incurred. All the community colleges looked at the plan and none could say they would have a cost savings if they were to move to the PEBB plan.
232	Henderson	States that the community colleges are concerned because the bill as currently drafted defines the eligible employees that would be covered by insurance benefits. The definition is

239 224	Henderson Jerry Donnelly	<p>broader than the eligible employees currently covered by the colleges. There would be additional costs if they had to cover employees they are not currently covering.</p> <p>Introduces Jerry Donnelly, Portland Community College. Director of Human Resources, Portland Community College (PCC). Explains that the PCC Board of Directors has not taken a position on the bill. States there are two significant issues, even recognizing the opt in-opt out feature, which is not actually an opt in-opt out feature in HB 3639. HB 3639 sets a series of conditions they think would be a very high hurdle for them to pass. It would effectively require community colleges to participate because they would not be able to meet the tests and conditions.</p>
264	Donnelly	<p>States that assuming they could opt out, the concerns are the implications for collective bargaining and the impact on the OSBA insurance trust. Currently 12 of the 17 community colleges participate in the OSBA trust for providing health care insurance to their employees; PCC is one of those. States they also offer their employees a Keizer HMO in the Portland area. They are concerned that the overall impact of the bill of moving all the K-12 districts out of the OSBA pool will so reduce the size of the pool that it will lose its effectiveness and viability, and even if they wanted to opt out they would not be able to. They feel the OSBA plans are offering them a good deal at this point. If the OSBA plans are not available, they would have only the choices of going outside independently or moving into this plan. They do not think they would be able to meet the requirements if they had to shop for insurance and would be forced into the pool.</p>
293	Donnelly	<p>States they are concerned about collective bargaining and he reads the language in Sections 3 and 15 as requiring a cap be set at the board level. Section 15(3) gives two obligations to bargain. One with the exclusive representative who would be the designated representative for any unionized employees. The second seems to imply they would have a new duty to bargain with employees who are not organized and who, in some cases, are barred from organizing. Believes there is an inconsistency in the language.</p>
326	Donnelly	<p>States there is a similar issue with the language on long-term care benefit in Section 6(3). Explains that PCC does provide a long-term care plan, entirely at the employee's expense. Adds that they have not seen this as a mandatory bargaining item, but the language in the bill would probably be read by the labor representatives to make it a mandatory subject of collective bargaining. States they have enough on the table without having to bargain for parental insurance care.</p>
346	Donnelly	<p>States that a bigger issue for them is the scope of employment defined as being an eligible employee. The bill parallels the existing PEBB statute in defining eligible employees as anyone who is half-time or more, though it does not define half time. Explains that they have a trust fund that PCC currently pays \$100,000 a year into that is administered by the faculty federation to provide a partial reimbursement to part-time faculty who meet certain eligibility criteria for their own out-of-pocket</p>

		costs for having purchased their own health care insurance. This bill would require PCC to cover all faculty who work more than half time and there is no definition of that in HB 3639 or SB 6. Comments on analysis of coverage for spring-term faculty under their existing coverage and the requirements for coverage under HB 3639; it adds more than \$1 million costs to PCC's budget for benefits. Adds that the potential of having the cap float to a higher level for all employees means they also would have the added costs of an increase in the cap. States if they were paying the PEBB cap for all their employees on an annual basis and doing this prorated basis for all the part-time staff, the additional costs to PCC would be approximately \$4.5 million per year.
434	Donnelly	States that if PCC were to shop for insurance, they might be able to meet some of those conditions, and they have looked at self-insuring in the past, but is concerned about the impact on other community colleges.
414	Donnelly	States that the language in Section 20 on retirees is very confusing. States he does not read the language the way Legislative Counsel explained it and believes the language needs to be clear.
466	Rep. Monnes Anderson	Asks if they must be a member of OSBA to take advantage of the insurance trust.
472	Henderson Rep. Monnes Anderson	Responds she is not sure what OSBA's requirements are. Acknowledges nods from the audience. Asks if they shop or just use OSBA's plans.
489	Donnelly	Responds they do not shop annually. They have shopped periodically and not been successful in finding comparable coverage at a comparable cost.
TAPE 75, A		
	Rob Wagner	Director of Government Relations, American Federation of Teachers-Oregon. Submits and summarizes statement in support of the concept in HB 3639 and in support of the HB 3639-1 amendments (EXHIBIT G).
056	Michael Dembrow	PCC faculty member, and President, PCC Faculty Federation. States he has been involved in the bargaining process since the mid 1980s. Their major concern is to get the best coverage for most affordable price. States they have had a cap ever since he has been there, and have been concerned about sharing the costs and keeping the costs down.
073	Dembrow	States that as he reads the legislation, it is not about caps, it is about cost containment. Community colleges are dependent on part-time faculty who work for not much pay and little access to health care benefits. States they have been looking for years at the possibility of coming up with a group plan for the part-time faculty and have not been able to do that under the OSBA system, and yet they are constrained from going outside the OSBA because of the problems with the benefits and claims history. States that part-timers have to buy their own insurance on the open market and they are reimbursed a small amount of money for that. States there are about 1,100 part-time faculty and about 150 apply for reimbursement.
116	Dembrow	Comments that he has heard an amendment will be proposed to exempt the community colleges from having to include the 50 percent and above people. Asks that the committee not adopt the

123	Dembrow	amendments because it is not fair that other employees who are working half time would be eligible, but community college faculty are stuck without decent health care coverage. Stats that if the colleges or school districts are trying to calculate the cost savings by comparing the premiums of PEBB versus the cap, it is a specious argument because one needs to look at total compensation.
130	Peggy Anet	Health Insurance Association of America. States that most of the discussion has been on the concept of pooling and she understands the committee will take a look at the assumptions and the cost calculations. Suggests the committee look equally at some of the technical provisions in the bill as suggested by Rep. Doyle because the issue with some of the language in the bill is that it may be restricting the new board's ability to manage program costs in terms of plan design. There are some provisions in the bill that already would represent the technical term "adverse selection" which would allow people to move between panels of providers at will. There is also another provision that allows free-standing dental coverage for retirees.
161	Anet	States the committee needs to look at the bill to be sure there is enough room to come up alternative lower cost plan designs as well as the plan design that the individuals can afford to pay for when they are actives.
167	Anet	States she was around when the retiree law was passed. There are huge issues surrounding retiree coverage and how it is handled in the public sector arena. Asks that the committee pay special attention to the language dealing with retirees to make sure they understand it before any determinations are made.
177	Rep. Barnhart Anet	Asks if someone can provide a list of the concerns with the bill. Responds she will be happy to provide a list. Adds that lobbyists for the carriers will make the list.
180	Chair Doyle	Asks lobbyists and members to provide their comments and concerns to Megan Palau, Administrator, or his office so a bill addressing those concerns can be crafted.
182	Rep. Monnes Anderson	Comments the HB 3639-1 amendment address the concerns of the proponents of this bill but do not address the concerns of the opponents. States the amendment also does not address changing the date from 2004 to 2006.
204	Rep. Barnhart	Comments that he is intrigued by the idea in HB 3639 and comments on a bill he sponsored to allow school districts to buy into PEBB. States that the deal breaker will be whether or not it saves any money.
223	Chair Doyle	Closes the public hearing on HB 3639, announces possible additional meetings in the committee's schedule, and adjourns meeting at 3:42 p.m.

EXHIBIT SUMMARY

- A – HB 3639, prepared statement, Mylia Christiansen, 18 pp**
- B – HB 3639, HB 3639-1 amendments, Rep. Monnes Anderson, 3 pp**
- C – HB 3639, prepared statement, James Sager, 3 pp**
- D – HB 3639, prepared statement, Craig Roessler, 1 p**

E – HB 3639, prepared statement, Tricia Bosak, 4 pp
F – HB 3639, prepared statement, Tricia Smith, 3 pp
G – HB 3639, prepared statement, Rob Wagner, 2 pp