

HOUSE COMMITTEE ON RULES AND PUBLIC AFFAIRS

July 17, 2003 Hearing Room E
1:30 PM Tapes 97 - 98

MEMBERS PRESENT: **Rep. Dan Doyle, Chair**
 Rep. Linda Flores, Vice-Chair
 Rep. Laurie Monnes Anderson, Vice Chair
 Rep. Vic Backlund
 Rep. Betsy L. Close
 Rep. Joanne Verger

MEMBER EXCUSED: **Rep. Phil Barnhart**

STAFF PRESENT: **Janet Adkins, Administrator**
 Cara Filsinger, Administrator
 Annetta Mullins, Committee Assistant

MEASURE/ISSUES HEARD: **HB 3648 – Public Hearing and Work Session**
 HJM 10 – 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 97, A 004	Chair Doyle	Calls meeting to order at 1:31 p.m., reviews the agenda, and opens a public hearing on HB 3648.
<u>HB 3648 – PUBLIC HEARING</u>		
012	Rep. Vic Backlund	Explains that HB 3648 is intended to fix a problem with HB 2130 passed earlier and signed by the Governor. Asks that his legislative assistant explain the need for HB 3648.
024	Gary Pelo	Legislative Assistant to Rep. Backlund. Testifies in support of HB 3648 (EXHIBIT A).
060	Rep. Backlund Pelo	Comments on efforts by Pelo to resolve the issues in HB 3648. Comments on work group that worked on HB 2130 and HB 3648.
073	Mylia Christensen	Public Employees Benefit Board (PEBB). Provides information on insurance plans offered through PEBB (EXHIBIT B).
103	Rep. Backlund Christensen	Asks if it is PEBB's experience that rates for retirees and actives are pretty much the same. Responds that PEBB chooses to pool everyone together and offer the same rate; the rates are mutualized. The utilization experience is different but the rates are the same.
119	Leonard Hagen	Regence BlueCross BlueShield of Oregon. States that the interest of Regence in HB 3648 is to help resolve continuing confusion. There was a concern that retirees were separated from active employees. ORS 243.303 s says that when a local government creates a premium or rate for employees it includes retirees and active employees in the same pool for rating and premium purposes. Comments they have done the opposite in Washington—they have said retirees will be separate, but the local government will make coverage available. States when the

		retirees are in a separate pool the experience is much higher and it is difficult to get coverage. Explains that HB 2084 did a great thing for retirees by getting them into the same underwriting pool as active employees. HB 2084 also said that the retiree could not be charged more than an active employee, and that a retiree would be charged a category rate or a rate based on status—single, single plus spouse, family. With the combination of those two pieces in HB 2084 there was confusion about what rate could be charged a retiree. In the industry it was becoming clear that all they could use was tier/tier or category/category for retirees.
170	Hagen	States that category rating is based on status. A single person would pay less premium than a person would pay for married plus family. Local government, for administrative and budgeting purposes, like to use a unit or a composite rate, usually for actives. Once they have developed their tier rates, they can determine the composite rate to be charged to all employees regardless of status. States it is also a number that is critical to some collective bargaining agreements.
182	Hagen	The thought of not being able to use a composite or unit rate because of HB 2084 was creating all kinds of problems. They sought a fix in HB 2130 to make it clear that the same rate would be charged to active and retired employees. They have found that for retirees that were tiered and the local government wanted to continue the composite rate, caused retirees' premiums to go from \$200 or \$300 to \$500 to \$700.
208	Hagan	Believes the public policy lesson he has learned is behind HB 3648. It is good public policy to include retirees with the actives for creating the group or rating pool, but when we go the next step and tell a local government how they have to charge the premium it bumps into collective bargaining agreements. If we were to say how the premiums are to be allocated, some will be happy and others will be upset and some local governments will say they cannot do it. Thinks the policy decision behind HB 3648 is to give the most flexibility to local governments. Believes that HB 3648 with the HB 3648-1 amendments (EXHIBIT C) clarify that the local governments will include active and retirees in the same pool for creating the premium and rating purposes. But allocating the costs is the responsibility of the local government.
220	Sarah Reeder	ODS Health Plans. Testifies in support of HB 3648 with the HB 3648-1 amendments because they believe the amendments provide the flexibility to local governments and makes more clear the statute by which the carriers are to apply the provisions.
232	Maria Keltner	League of Oregon Cities and Association of Oregon Counties. Comments on phone calls and emails she received from local governments after HB 2130 passed. States everyone says they need HB 3648 with the HB 3648-1 amendments (EXHIBIT C) to straighten out the mandate to raise the rates. Urges quick passage because the plans start August 1.
283	Rep. Verger	Asks how this kind of thing can be prevented from happening in this process.
290	Keltner	Responds that they were not involved in the work group and the insurance bills were reviewed through a service which did not

283 Chair Doyle
HB 3648 - WORK SESSION
310 Rep. Backlund see the implication for cities and counties.
Closes the public hearing and opens a work session on HB 3648.
MOTION: Moves to ADOPT HB 3648-1 amendments dated 7/15/03.

312 Rep. Backlund Thanks everyone for their efforts with this bill.
320 **VOTE: 6-0-1**
AYE: In a roll call vote, all members present vote Aye.
EXCUSED: 1 - Rep. Barnhart
The motion CARRIES.

Chair Doyle

333 Chair Doyle **MOTION: Moves HB 3648 be placed on the CONSENT CALENDAR.**
VOTE: 6-0-1
EXCUSED: 1 - Rep. Barnhart
Hearing no objection, declares the motion CARRIED.

335 Chair Doyle

337 Chair Doyle Closes the work session on HB 3648 and opens a public hearing on HJM 10.

HJM 10 – PUBLIC HEARING

322 Rep. Elaine Hopson District 32. Testifies in support of HJM 10 (**EXHIBIT D**).
434 Rep. Verger Thanks Rep. Hopson for bringing the legislation. Comments that tragedies hit everyone on the Oregon Coast and she is very supportive of the memorial.
Rep. Close Asks how this will go through Congress, where it is now, and what has happened so far.
Rep. Hopson States it is her understanding it is with the Oregon delegation and is supposed to be included in part of the budgets for 2005. States that there was an immediate assessment after the charter boat accident and it was determined there was not a need for immediate dredging, but it does not alleviate the need to do continued work on the jetty itself.

TAPE 98, A

022 Rep. Backlund Comments on growing up on the coast, and thanks Rep. Hobson for bringing the legislation.
032 Chair Doyle Closes the public hearing and opens a work session on HJM 10.

HJM 10 – WORK SESSION

036 Rep. Flores **MOTION: Moves HJM 10 be sent to the floor with a BE ADOPTED recommendation.**
038 **VOTE: 6-0-1**
AYE: In a roll call vote, all members present vote Aye.
EXCUSED: 1 - Rep. Barnhart
The motion CARRIES.
REP. HOPSON will lead discussion on the floor.

Chair Doyle

043 Chair Doyle Closes the work session on HJM 10 and asks members to check with Cara Filsinger for a possible schedule on Friday.
047 Chair Doyle Adjourns meeting at 2:02 p.m.

EXHIBIT SUMMARY

- A – HB 3648, prepared statement, Gary Pelo, 2 pp**
- B – HB 3648, prepared statement, Mylia Christensen, 1 p**
- C – HB 3648, HB 3648-1 amendments, Rep. Backlund, 1 p**
- D – HJM 10, prepared statement, Rep. Hopson, 3 pp**