

HOUSE COMMITTEE ON
COMMERCE SUB-COMMITTEE ON BUSINESS

Hearing Room
Tapes - 66

MEMBERS PRESENT:

REP. LYNN LUNDQUIST, Chair
REP. TONY FEDERICI, Vice-Chair
REP. LARRY WELLS
REP. LYNN SNODGRASS

MEMBER EXCUSED:

STAFF PRESENT:

DANIEL JARMAN, Committee Administrator
JODIE HALL, Committee Assistant

MEASURES HEARD:

HB 2035 - Work Session
HB 3278 - Work Session
HB 2367 - Work Session
HB 2763 - Work Session
HB 3276 - Work Session
SB 41 - Public Hearing and Work Session
SB 42 - Public Hearing and Work Session
SB 405 - Public Hearing and Work Session
SB 406 - Public Hearing and Work Session
SB 407 - Public Hearing and Work Session
SB 408 - Public Hearing and Work Session
SB 409 - Public Hearing and Work Session
SB 732 - Public Hearing and Work Session

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

000 CHAIR LUNDQUIST OPENS MEETING AT 1:40 PM.

003 OPENS WORK SESSION ON HB 2035.

004 DAN JARMAN, Committee Administrator: Summarizes HB 2035 and the -1 Amendments to the bill. Exhibit A.

022 REP. GAIL SHIBLEY, District 12: Testifies in SUPPORT of HB 2035.

-HB 2035 is a result of constituent concerns over no regulation concerning viatical settlements.

-Individuals need assistance when facing terminal illness.

-Believes it is important to discover if there is a need for viatical settlements.

-Shows the committee a national magazine she receives and how many advertisements there are for viatical settlements.

-Comments on the -1 Amendments to the bill. (Refer to Exhibit A.)

-Can look at models around the country.

098 REP. FEDERICI: Comments on the number of advertisements on viatical settlements. He, too, read a magazine with dozens of advertisements.

109 REP. SHIBLEY: Comments further.

120 -Responds to inquiries of Rep. Wells: Comments that viatical settlements may not be the only option available for individuals facing terminal illness. Important to look at these other options.

147 MARY ALICE BJORK, Insurance Division, Department of Consumer and Business Service: Testifies in SUPPORT of HB 2035 and the -1 amendments.

Exhibits B and C.

-Amendments address previous concerns of the Committee. Summarizes how these concerns were addressed.

220 KEITH BURNS, American Council of Life Insurance: Testifies in SUPPORT of HB 2035 and the -1 Amendments. Exhibit D.

-Explains that if HB 2035 not enacted, approximately 1/3 of insured Oregonians would not have access to their benefits early because they do not have accelerated benefits on their policies.

-Explains that this does not only apply to those suffering from AIDs, but to those suffering from cancer as well as other terminal illnesses.

298 -In response to Rep. Wells: Explains that policies have no borrowing power unless it is a long term policy. Does not know the policy for banks using policies as collateral on a loan.

320 -In response to Chair Lundquist: Explains that 70% of life insurance policies in the United States have riders for accelerated benefits.

334 BJORK: Explains that she believes Standard pays 50% of the benefits.

351 -Agrees with Chair Lundquist: Yes, under viatical settlements, the closer to death, the higher percentage.

367 THOMPSON, Standard Insurance: Responds to Chair Lundquist explaining that under accelerated benefits, can only have one year to live to collect on policy early.

378 REP. FEDERICI: Explains that someone else gets the 50 %.

399 REP. WELLS: Expresses his concerns.

413 BJORK: Explains for Rep. Snodgrass that the new fiscal does not change from the original fiscal on the original bill.

436 -In response to further inquiries of Rep. Snodgrass: Believes there may

be a dozen more or so will take possibly a year or more to get the word out.

TAPE 64, SIDE A

034 BJORK: Responds further to Rep. Wells: Want to make this practice legal.

048 CHAIR LUNDQUIST: Comments that he still has concerns about the fiscal impact of this measure. Does not want people to be taken advantage of.

073 CLOSES WORK SESSION ON HB 2035.

079 OPENS WORK SESSION ON HB 3278.

080 DAN JARMAN, Committee Administrator: Summarizes HB 3278 for the Committee.

090 JULIE BRANDIS, Associated Oregon Industries: Testifies in SUPPORT of HB

3278. Submits hand engrossed version of HB 3278. Exhibit E.

-Summarizes the amendments section by section.

-Amendments address concerns of the Department of Justice as well as the Department of Consumer and Business Services.

239 -In response to Rep. Snodgrass: Yes, there is a language problem in Section 3. Explains that DCBS want only incidental damages covered. AOI

would like it a little broader than this, for example, cover repairs for sand in stereo.

276 PETE SHEPHARD, Oregon Department of Justice: Comments that the DOJ language suggested in Section 14. Intention was to insure that a consumer would continue to have all remedies they have under current law.

299 BILL BROOKS, Manager, Consumer Enforcement Section, DCBS: Explains philosophical problems DCBS has with the bill. Explains "operational instructional failures" is not new language.

323 -In response to Chair Lundquist: Yes, is NAIC language.

-Explains that homeowners policies covers lighting damages to computers. This example suggests that it is important to decide what is primary and then secondary coverage in a service contract.

379 BRANDIS: In response to Rep. Federici: Explains differences between maintenance contract and a service contract. (Page 2, Section 3, line 16-18 contradicts line 23-25.)

421 REP. FEDERICI: Further clarifies that the word "scheduled" is the main difference between service contracts and maintenance contracts.

434 SHEPHARD: Agrees with Ms. Brandis. Operative word is "scheduled".

448 CHAIR LUNDQUIST: Explains that the committee needs to wait for the LC amendments.

460 BROOKS: Comments that he agrees, but requests that if the committee look at other amendments if they are available if the committee would like to look at other amendments.

469 CLOSES WORK SESSION ON HB 3278.

TAPE 63, SIDE B

043 OPENS WORK SESSION ON HB 2367.

045 DAN JARMAN, Committee Administrator: Summarizes HB 2367. The committee adopted the -1 Amendments. Fred VanNatta will discuss the -2 amendments. Exhibit F.

048 FRED VANNATTA, Oregon Homebuilders Association: Testifies in SUPPORT of HB 2367 with concerns that the original fiscal is incorrect. He intends to address these concerns in the interim. Submits -2 amendments.

074 -In response to Rep. Snodgrass: Believes it is unlikely his concerns over the original fiscal statement can be addressed in the Senate.

093 MOTION: REP. FEDERICI: Moves ADOPTION of the -2 amendments, dated 4/24/95.

095 CHAIR LUNDQUIST: Hearing no objections, the MOTION is ADOPTED.

097 MOTION: REP. FEDERICI: Moves to send HB 2367, AS AMENDED, to the Full Committee on Commerce with a DO PASS recommendation.

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

101 CHAIR LUNDQUIST: The MOTION CARRIES.

103 REP. LUNDQUIST will carry HB 2367 to the Full Committee on Commerce.

108 CLOSES WORK SESSION ON HB 2367.

110 OPENS WORK SESSION ON HB 2763.

112 CHUCK GRESS, Executive Director, Oregon State Pharmacists Association:
Testifies in SUPPORT of HB 2763.

139 BOB BURR, President, Oregon State Pharmacists Association, Willamina
Drug and Pharmacy: Testifies in SUPPORT of HB 2763.

176 -In response to Chair Lundquist: Clarifies chain pharmacies. Chain
pharmacies are in support. Does not see how Willamina Drug could become an
HMO.

189 MIKE DEWEY, Land County Pharmaceutical Association, Portland Retail
Druggist Association: Explains that certain pharmacies being
disadvantaged. Believes it important to look at fairness within the
system. Does not believe becoming an HMO is a viable option.
233 -In response to Rep. Snodgrass: Clarifies that a number of pharmacies
would come together to become an HMO. Comments that if this legislation is

not enacted, will look at the possibility of becoming an HMO.

266 REP. SNODGRASS: Comments that she does have concerns about this bill,
but wonders if there are any other means this session to assist pharmacies
in becoming HMO's.

277 DEWEY: Comments on Rep. Snodgrass's suggestion.

287 BURR: Does not receive class discounts that mail orders and some others
receive.

301 REP. FEDERICI: Comments that he is familiar with the problems faced by
pharmacies. Within the shoe industry, individual stores must form a buying
group to purchase products at lower prices.

326 -Responds to Mr. Dewey: Volume Discounts are not the same as buying
groups or class of trade discounts.

340 JAMES N. GARDNER, Oregon Counsel for PhRMA: Testifies in OPPOSITION to
HB 2763. Submits Exhibit G. Last page of which offers a true life example
of a group of pharmacies becoming an HMO.

433 -In response to Chair Lundquist: HB 2763 affect prices paid by nursing
homes under Medicaid. Due to the fact that the pricing is unknown under
HMO's.

TAPE 64, SIDE B

030 CHAIR LUNDQUIST: Comments on where he sees the effects of HB 2763.

040 GARDNER: Comments of Chair Lundquist's suggestions. Explains that HB
2763 could affect State Employee Benefits, pharmacy benefits that employees

receive or prices paid by nursing homes that are reimbursed by Medicaid due
to the impacts of HB 2763 on prices.

054 -In response to further inquiries of Chair Lundquist: Comments that
increasing numbers of HMO's have had the effect of decreasing prices.

060 CLOSES WORK SESSION ON HB 2763.

063 OPENS WORK SESSION ON HB 2035.

064 MOTION: REP. JOHNSON: Moves to ADOPT the -1 amendments, dated 4/25/95.

065 CHAIR LUNDQUIST: Hearing no objections, the MOTION is ADOPTED.

070 MOTION: REP. JOHNSON: Moves to send HB 2035, AS AMENDED, to the Full
Committee on Commerce with a DO PASS recommendation.

072 VOTE: In a roll call vote, REP. FEDERICI, JOHNSON, SNODGRASS and WELLS
vote AYE. REP. LUNDQUIST votes NAY.

074 CHAIR LUNDQUIST: The MOTION CARRIES.

077 REP. JOHNSON will carry HB 2035 to the Full Committee on Commerce.

088 CLOSES WORK SESSION ON HB 2035.

089 OPENS WORK SESSION ON HB 3276.

092 KELLY CLARK, Attorney in private practice: Testifies in SUPPORT of HB 3276 as amended with the -1 amendments. Exhibits H and I.

-Explains concerns with recent board action that excluded certain neonatal nurses upon the adoption of new rules in February, 1995.

144 VICTORIA DEVITO, Neonatologist, Emanuel Hospital: Testifies in SUPPORT of HB 3276 -1 amendments.

-Has worked with neonatal nurses for over 15 years.

-Explains the care provided by neonatal care practitioners.

-Explains situations she has seen in order to meet new requirements.

-Explains that is difficult to bring neonatal nurses into the state and this new education requirement makes it even more difficult.

-Important so as to be able to provide reasonable cost neonatal services for Oregonians.

212 PAT SCHEANS, Neonatal Nurse Practitioner: Testifies in SUPPORT of HB 3276.

233 -In response to Rep. Federici: Affects 22 individuals within the state.

242 CLARK: Explains precedence for grandfathering current practitioners occurred with pediatric physicians.

254 SCHEANS: In response to Rep. Federici: Explains that the Certified Registered Nurses may also be affected in the same manner by similar rule changes.

271 CLARK: Explains effects of accepted dates of education that the board adopted, expressing his opposition to the rule changes. Believes it would be better to grandfather in neo-natal.

288 SCHEANS: Emphasizes that she believes individuals will lose their jobs due to the rule changes.

291 BRIAN DELASMMUTT, Oregon Nurses Association, Oregon Association of Nurse Anesthetists: Testifies in OPPOSITION to HB 3276 as amended.

-Explains that since 1985, public knowledge that in order to utilize the title "nurse practitioner", must have a masters degree by 1995.

293 -In response to Chair Lundquist: Explains what individuals can do under the title nurse practitioner, and cannot do without it.

414 JUDY COLLIGAN, Board of Nursing, Nurse Practitioner: Testifies in OPPOSITION of HB 3276 -1 amendments. Exhibit J.

-Explains that the board does not want these individuals to lose their job.

-Oregon is a model for other states in this area.

-Explains differences between working under a physician to working on your own.

TAPE 65, SIDE A

037 COLLIGAN: Continues with testimony in OPPOSITION to HB 3276, as amended.

048 CAROLE COTTET, Nurse Practitioner: Testifies in OPPOSITION to HB 3276, as amended. Exhibit K.

-Explains that education is available at OHSU and Portland State University to become qualified as a Neonatal nurse practitioner.

076 DELASMMUTT: Explains that an Advanced Practice Task Force worked on this issue.

082 COTTET: Comments further on the actions of the Advanced Practice Task Force.

093 CLOSES WORK SESSION ON HB 3276.

094 OPENS PUBLIC HEARING ON SB 41.

096 CECIL MONROE, Finance and Corporate Securities Division: Testifies in SUPPORT of HB 41. Exhibit L.

114 FRANK BRAUNER, Oregon Bankers Association: Responds to Chair Lundquist, explaining that this bill has nothing to do with escrow accounts that the committee formerly dealt with.

129 CLOSES PUBLIC HEARING ON SB 41.

130 OPENS WORK SESSION ON SB 41.

132 MONROE: Responds to inquiries of Rep. Federici.

140 BRAUNER: Responds further to Rep. Federici.

145 MOTION: REP. FEDERICI: Moves to send SB 41 to the Full Committee on Commerce with a DO PASS recommendation.

148 VOTE: In a roll call vote, all members present vote AYE. REP. SNODGRASS is EXCUSED.

149 CHAIR LUNDQUIST: The MOTION CARRIES.

150 BRAUNER: In response to Rep. Federici, will obtain the vote in the Senate.

152 REP. FEDERICI will carry SB 41 to the Full Committee on Commerce.

153 CLOSES WORK SESSION ON SB 41.

154 OPENS PUBLIC HEARING ON SB 42.

155 CECIL MONROE, Finance and Corporate Securities Division: Testifies in SUPPORT of SB 42. Exhibit M.

179 -Responds to Rep. Federici: Explains that SB 333 would exempt this sort of fee.

186 FRANK BRAUNER, Oregon Bankers Association: Testifies in SUPPORT of SB 42.
-Responds further to Rep. Federici's inquiries concerning the effects of SB 333 on this bill.

205 MONROE: Comments that in the past two years, has reduced fees substantially.

220 CLOSES PUBLIC HEARING ON SB 42.

223 OPENS WORK SESSION ON SB 42.

224 MOTION: REP. FEDERICI: Moves to send SB 42 to the Full Committee on Commerce with a DO PASS recommendation.

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

228 CHAIR LUNDQUIST: The MOTION CARRIES.

229 REP. WELLS will carry SB 42 to the Full Committee on Commerce.

229 CLOSSES WORK SESSION ON SB 42.

230 OPENS PUBLIC HEARING ON SB 405.

233 FRANK BRAUNER, Oregon Bankers Association: Testifies in SUPPORT of SB
405. Exhibit N.
-Submits -1 Amendments to the bill. Exhibit O.
-Summarizes the amendments for the Committee. (Refer to Exhibit N)

TAPE 66, SIDE A

045 BRAUNER: In response to Rep. Federici: Explains the importance of
banks protecting their collateral interest.

065 -In response to Rep. Wells: Explains that there is nothing that can
control the cost of the insurance. Possibly the only control is the
competitiveness of the market place.

071 -Responds to Rep. Well's concerns about the costs of reinsurance.

084 -In response to Rep. Federici: Yes, Venders Security Insurance (VSI) is
done on property other than automobiles.

090 CECIL MONROE, Finance and Corporate Securities, DCBS: Comments further
on concerns of Rep. Wells and Rep. Federici.

104 BRAUNER: Believes this is a significant bill.

114 -In response to Rep. Federici: Offers further examples of property
covered under VSI. Clarifies that it does affect some real property, deals
almost exclusively with personal property. Does not happen on real
property, nor is it a daily occurrence for personal property.

134 -In response to Rep. Snodgrass: Explains that if there has been a
mistake, want the customer to be happy and will correct the mistake.

148 -Responds further to Rep. Snodgrass explaining time lines involved.

162 REP. WELLS: Comments on his experiences with VSI.

175 BRAUNER: Comments on Rep. Wells.

183 CLOSSES PUBLIC HEARING ON SB 405.

184 OPENS WORK SESSION ON SB 405.

192 BRAUNER: In response to Rep. Snodgrass: Comments that it was not his
intent to exclude the mortgage owners.

197 MOTION: REP. WELLS: Moves the ADOPTION of the -1 Amendments to SB 405,
dated 4/24/95.

199 CHAIR LUNDQUIST: Hearing no objections, the MOTION is ADOPTED.

201 MOTION: REP. WELLS: Moves to send SB 405, AS AMENDED, to the Full
Committee on Commerce.

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

207 CHAIR LUNDQUIST: The MOTION CARRIES.

209 REP. SNODGRASS will carry SB 405 to the Full Committee on Commerce.

210 CLOSSES WORK SESSION ON SB 405.

212 OPENS PUBLIC HEARING ON SB 406.

215 FRANK BRAUNER, Oregon Bankers Association: Testifies in SUPPORT of SB
406. Exhibit P.

225 -In response to Chair Lundquist: If you have a certain number of
shareholders, must have an audit.

235 CECIL MONROE, Finance and Corporate Securities, DCBS: Testifies in
SUPPORT of SB 406.
-Responds further to Chair Lundquist: Does not stop audits.

243 -Responds Rep. Federici: An operational audit is very different from an
annual financial statement review by an independent auditor. One cannot
replace the other.

264 BRAUNER: Creates same requirements of state banks as is required of
federally chartered banks.
-Explains requirements further for Chair Lundquist and Rep. Federici.

274 CLOSES PUBLIC HEARING ON SB 406.

275 OPENS WORK SESSION ON SB 406.

278 MOTION: REP. FEDERICI: Moves to send SB 406 to the Full Commerce
Committee with a DO PASS recommendation.

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

282 CHAIR LUNDQUIST: The MOTION CARRIES.

284 CHAIR LUNDQUIST will carry SB 406 to the Full Committee on Commerce.

285 CLOSES WORK SESSION ON SB 406.

285 OPENS PUBLIC HEARING ON SB 407.

287 FRANK BRAUNER, Oregon Bankers Association: Testifies in SUPPORT of SB
407. Exhibit Q.

346 CECIL MONROE, Finance and Security Division, Department of Consumer and
Business Services: Testifies in SUPPORT of SB 407.

352 BRAUNER: Comments further on the bill.

367 CLOSES PUBLIC HEARING ON SB 407.

368 OPENS WORK SESSION ON SB 407.

369 MOTION: REP. FEDERICI: Moves to send SB 407 to the Full Commerce
Committee with a DO PASS recommendation.

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

374 CHAIR LUNDQUIST: The MOTION CARRIES.

375 REP. FEDERICI will carry SB 407 to the Full Committee on Commerce.

376 CLOSES WORK SESSION ON SB 407.

377 OPENS PUBLIC HEARING ON SB 408.

378 FRANK BRAUNER, Oregon Bankers Association: Testifies in SUPPORT of SB
408, as amended in the Senate. Exhibit R.

399 CECIL MONROE: Testifies in SUPPORT of SB 408.

414 BRAUNER: In response to Chair Lundquist: Removed "monthly" following
action of the 1993 Legislative Session.

431 CLOSES PUBLIC HEARING ON SB 408.

432 OPENS WORK SESSION ON SB 408.

434 MOTION: REP. FEDERICI: Moves to send SB 408 to the Full Commerce
Committee with a DO PASS recommendation.

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

438 CHAIR LUNDQUIST: The MOTION CARRIES.

439 REP. WELLS will carry SB 408 to the Full Committee on Commerce.

440 CLOSES WORK SESSION ON SB 408.

TAPE 65, SIDE B

024 OPENS PUBLIC HEARING ON SB 409.

026 FRANK BRAUNER, Oregon Bankers Association: Testifies in SUPPORT of SB 409. Exhibit S.

052 -In response to Rep. Federici: Explains that other than receiving the prior approval of the Director of DCBS, must go case by case where other approval of other parties is necessary.

068 -In response to further inquires of Rep. Federici: Explains that it is very unlikely that a lending officer would take a loan on one party's property if said party was in joint ownership with other parties.

082 CECIL MONROE, Finance and Securities Division, DCBS: Comments further on Rep. Federici's concerns. Explains instances where these loans apply.

101 BRAUNER: Explains examples from the perspective of a loan officer.

125 -In response to Rep. Federici: Yes, there were amendments submitted by Rep. Mannix. Yet, these amendments have been withdrawn. Exhibit T.

145 CHAIR LUNDQUIST: Comments on personal experience with these loans.

152 CLOSES PUBLIC HEARING ON SB 409.

153 OPENS WORK SESSION ON SB 409.

155 MOTION: REP. FEDERICI: Moves to send SB 409 to the Full Commerce Committee with a DO PASS recommendation.

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

158 CHAIR LUNDQUIST: The MOTION CARRIES.

159 REP. SNODGRASS will carry SB 409 to the Full Committee on Commerce.

160 CLOSES WORK SESSION ON SB 409.

161 OPENS PUBLIC HEARING ON SB 732.

165 FRANK BRAUNER, Oregon Bankers Association: Testifies in SUPPORT of SB 732. Exhibit U. Speaks on behalf of FRANK BARROWS, Oregon League of Financial Institutions and Savings and Loans.

236 -Oregon is the only state that does not fit the Federal standard holiday schedule.

241 REP. FEDERICI: Comments on Nevada's Family Day, the day after Thanksgiving.

257 CLOSES PUBLIC HEARING ON SB 732.

258 OPENS WORK SESSION ON SB 732.

259 MOTION: REP. FEDERICI: Moves to send SB 732 to the Full Commerce Committee with a DO PASS recommendation.

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

269 CHAIR LUNDQUIST: The MOTION CARRIES.

270 REP. FEDERICI will carry SB 732 to the Full Committee on Commerce.

272 CLOSES WORK SESSION ON SB 732.

275 ADJOURNS MEETING AT 6:50 PM.

Submitted by, Reviewed by,

JODIE HALL DANIEL JARMAN
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A - HB 2035 -1 Amendments - Dan Jarman, Committee Administrator - 12 pages
B - Testimony in SUPPORT of HB 2035 - Mary Alice Bjork, Insurance Division,

Department of Consumer and Business Services - 1 page

C - Section by Section Summary of HB 2035 -1 Amendments - Bjork - 3 pages

D - Testimony in SUPPORT of HB 2035 -1 Amendments - Keith Burns, American Council of Life Insurance - 8 pages

E - Hand Engrossed version of HB 3278 - Julie Brandis, Associated Oregon Industries - 17 pages

F - HB 2367 -2 Amendments - Dan Jarman, Committee Administrator - 1 page

G - Testimony in OPPOSITION to HB 2763 - James N. Gardner, Oregon Counsel for PhRMA - 7 pages

H - HB 3276 -1 Amendments - Kelly Clark, Attorney in private practice - 1 page

I - Testimony in SUPPORT of the HB 3276 -1 Amendments - Clark - 11 pages

J - Testimony in SUPPORT of HB 3276 - Judy Colligan, Board of Nursing, Nurse Practitioner - 2 pages

K - Testimony in OPPOSITION to HB 3276 -1 Amendments - Carole Cottett, Nurse Practitioner - 3 pages

L - Testimony in SUPPORT of SB 41, Cecil Monroe, Finance and Corporate Securities Division, DCBS - 1 page

M - Testimony in SUPPORT of SB 42 - Monroe - 1 page

N - Testimony in SUPPORT of SB 405 - Frank Brawner, Oregon Bankers Association - 6 pages

O - SB 405 -1 Amendment - Brawner - 3 pages

P - Testimony in SUPPORT of SB 406 - Brawner - 3 pages

Q - Testimony in SUPPORT of SB 407 - Brawner - 3 pages

R - Testimony in SUPPORT of SB 408 - Brawner - 2 pages

S - Testimony in SUPPORT of SB 409 - Brawner - 3 pages

T - Letter to Frank Brawner from Rep. Kevin Mannix - Brawner - 1 page

U - Testimony in SUPPORT of SB 732 - Brawner - 7 pages