

SENATE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS

February 19, 1993 Hearing Room B 9:00 a.m. Tapes 26 - 28 MEMBERS
PRESENT: Senator Tricia Smith, Chair Senator Grattan Kerans, Vice
Chair Senator Brady Adams Senator Wes Cooley .

EXCUSED: Senator Peg Jolin STAFF PRESENT: Stephanie Holmes,
Committee Research Joan Green, Committee Assistant

MEASURES HEARD: SB 49, relating to state employee benefit plans, PH
SB 51, relating to state employees, PH SB 66, relating to certain public
facilities; appropriating money, PH WITNESSES: Michael S. Lincicum,
Department of Human Resources Theresa McHugh, Department of General
Services Debbie Juul-Hartman, State Group Benefit Board Mark N. Nelson,
Association of Oregon Faculties and Oregon Chapter of the National
Association of Social Workers Ken Teunan, Sedgewick James Jean DeLuca,
Marion County Chuck Mendenhal, Oregon Public Employees Union/Bargaining
Unit Benefits Board

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 26. SIDE A

006 Chair Smith: Meeting called to order at 9:11 a.m.

PUBLIC HEARING SB 49! RELATING TO STATE EMPLOYEE BENEFIT PLANS

023 Stephanie Holmes, Researcher: Describes the bill. Refers to
fiscal impact statement, Exhibit A. 021 Debbie Juul-Hartman, State
Group Benefit Board: Speaks in support of bill, Exhibits B, C, D.

024 Chair Smith: What is the competition? -

025 Juul-Hartman: Responds. Senate Labor and Government Operations
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028 Sen. Kerans: What are we self-insuring for?

102 Juul-Hartman: Responds.

104 Sen. Kerans: What are we creating?

106 Juul-Hartman: Responds.

112 Sen. Kerans: We would underwrite our own plans?

113 Juul-Hartman: Responds.

123 Sen. Cooley: I presume your proposal is talking about a
co-insurance for the secondary carrier?

124 Juul-Hartman: Responds.

128 Sen. Cooley: Have you approached the secondary carrier to see the
willingness on their part?

130 Ken Teunan, Sedgewick James: Responds.

150 Sen. Cooley: Your loss experience has been less than the premiums paid, so therefore you are looking at the possibility of using your own premiums for investment, correct?

168 Teunan: Responds.

195 Sen. Cooley: Who would absorb that administrative cost?

200 Juul-Hartman: Responds.

211 Sen. Adams: Why was it not enacted last session if it passed both Houses?

213 Juul-Hartman: Responds.

215 Sen. Adams: What is the opposition?

216 Juul-Hartman: Responds.

218 Chair Smith: Is it true that self-insurers are not required to meet the health benefit mandates that other insurance companies must meet?

219 Juul-Hartman: Responds.

220 Teunan: Responds.

239 Chair Smith: If you self-insure life insurance could it jeopardize the tax exemption for benefits?

241 Teunan: Responds. ~ ~!

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244 Chair Smith: Why is it in the bill?

245 Teunan: Responds.

276 Chair Smith: Would you object to language requiring that?

280 Juul-Hartman: Responds. 285 Chuck Mendenhal, Oregon Public Employees Union/Bargaining Unit Benefits Board: Speaks in support of the bill. 321 Sen. Kerans: What risk are we assuming? 322 Mendenhal: Responds. 348 Sen. Kerans: Defines his understanding of stop-loss insurance. What is being done here, when engaging in self-insurance for the purpose of the benefits package, that would be outside the revenue stream of premiums and contributions, that would have additional risk? 365 Teunan: Responds. 417 Sen. Kerans: Where is the risk at?

TAPE 27, SIDE A

006 Teunan: Responds. 046 Sen. Kerans: I still have my original question; I would like to pursue this with witnesses outside of the committee process.

072 Chair Smith: Are there other differences to the insured that could occur under this bill, aside from the mandates and life insurance, that will be covered under the language of the bill?

082 Teunan: Responds. 110 Sen. Cooley: Self-insurers do not have to maintain the same reserve account as an insurance company.

117 Sen. Kerans: What else could you offer that qualifies as "other benefits"?

130 Juul-Hartman: Responds.

145 Chair Smith: Is there a limit to what you could do?

147 Juul-Hartman: Responds.

216 Chair Smith: Is the enabling statute for State Employees benefits Board (SEBB) in Chapter 243?

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229 Juul-Hartman: Yes.

223 Sen. Adams: Shares Sen. Kerans' concerns on ln. 28.

228 Sen. Kerans: Expresses concern about some of the creative programs that might be derived from this.

253 Chair Smith: Discussion of the statute giving the Bargaining Unit benefits Board (BUBB) its charge. BUBB is addressed in ORS 243.230 (2).

283 Sen. Kerans: My greatest concern is with 8.

322 Jean DeLuca, Marion County: Speaks in support of the bill, Exhibit E.

TAPE 26. SIDE B

006 DeLuca: Continues with testimony, Exhibit E.

017 Chair Smith: Is the 45% increase due to an increase in claims or the increase in cost?

022 DeLuca: Responds. Continues with testimony, Exhibit E.

039 Chair Smith: Does Marion County provide for all mandated health benefits?

040 DeLuca: Responds.

048 Mark Nelson, Association of Oregon Faculties and Oregon Chapter of the National Association of Social Workers: Speaks to concerns with the language on pg. 1, ins. 28-30 and pg. 2 ins. 1-2.

078 Chair Smith: Are you referring to retirement plans?

081 Nelson: Yes.

086 Chair Smith: You would think this language would give them the right to do that?

089 Nelson: Responds.

SB 51. RELATING TO STATE EMPLOYEES

141 Fiscal impact statement for SB 51 is entered into the record, Exhibit G.

142 Debbie Juul-Hartman, State Group Benefit Board: Speaks in support of the bill, Exhibit F.

172 Chair Smith: All people currently receiving benefits from the State Employee benefits Board (SEBB) could move to the Public Employees Retirement System (PERS)?

178 Juul-Hartman: Responds.

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185 Stephanie Holmes, Researcher: Reviews the bill.

209 Sen. Kerans: That would be a person who, by virtue of their employment, would have SEBB eligibility for access to plan, but at the termination of SEBB coverage for that class would not be able to go in the PERS door?

214 Juul-Hartman: Correct.

242 Mark N. Nelson, Association of Oregon Faculties: Speaks in opposition to the bill.

356 Chair Smith: We are talking about the time when someone is no longer an active employee until they reach the age that they can go over to PERS, right?

371 Juul-Hartman: Responds.

374 Chair Smith: And this bill moves all of it to PERS?

375 Juul-Hartman: Responds.

384 Sen. Kerans: Expresses his concerns. There needs to be a parity, isn't that your concern Mr. Nelson?

TAPE 27, SIDE B

006 Nelson: Responds.

SB 66. RELATING TO CERTAIN PUBLIC FACILITIES: APPROPRIATING MONEY 035
Fiscal impact statement for SB 66 entered for the record, Exhibit H.

036 Michael S. Lincicum, Department of Human Resources: Speaks in support of the bill, Exhibit I.

130 Sen. Cooley: Agrees with the logic of the transfer, as proposed.

149 Lincicum: Responds. Continues with testimony, Exhibit I.

294 Chair Smith: Where would that amendment go in the bill?

295 Lincicum: Responds.

200 Chair Smith: Is there a bill to transfer all state facilities to General Services?

206 Theresa McHugh, Department of General Services: Responds.

220 Chair Smith: Why are these discussions not taking place?

222 McHugh: Responds. ..

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235 Lincicum: Responds.

243 McHugh: Speaks in support of the bill, Exhibit J.

263 Sen. Cooley:

217 McHugh: Responds, continues with testimony, Exhibit J.

284 Sen. Adams: Does this bill prohibit the Department of Human Resources from contracting with someone other than General Services for custodial services, etc.?

300 McHugh: Responds.

309 Sen. Adams: It is still an advisory board?

310 McHugh: Responds.

328 Lincicum: Responds.

374 Chair Smith: Would it help the process in Ways and Means?

389 McHugh: Responds.

414 Sen. Adams: The way the bill reads General Services really could not be left with a white elephant, correct? _ . 429 Lincicum: Responds.

437 Sen. Adams: The way the bill reads I believe there would not be latitude, it says "shall" not "may".

448 Lincicum: Responds.

466 Sen. Adams: We would not give you flexibility to the types of things I think I am hearing, right?

TAPE 28. SIDE A

029 Lincicum: Responds.

042 Sen. Kerans: As I read the bill, this is a way out of the dilemma we have had with the institutions.

044 Lincicum: Responds.

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050 Meeting adjourned at 10:11 a.m.

Submitted by: Reviewed by: Joan Green Joan Van Almen
Assistant Counsel

EXHIBIT LOG: A - Fiscal impact on SB 49- Staff- 2 pages B - Testimony on SB 49- Juul-Hartman - 1 page C - Overview on SB 49- Juul-Hartman - 2 pages D - Testimony on SB 49-SEBB/BUBB-1 page E - Testirnonny on SB 49 - DeLuca - 3 pages F - Testimony on SB 51- Juul-Hartman - 1 page G - Fiscal impact on SB 51- Staff- 1 page H - Fiscal impact on SB 66-. Staff - 1 page I - Testimony on SB 66 - Lincicum - 49 pages J - Testimony on SB 66 - McHugh - 3 pages

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