

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.

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

January 29, 1991
p.m.

Hearing Room F 1:15
Tapes 12 - 14

MEMBERS PRESENT: Rep. John Schoon, Chair Rep. Hedy L. Rijken,
Vice-Chair Rep. Jerry Barnes Rep. Lisa Naito Rep. Carolyn Oakley Rep.
Beverly Stein Rep. Greg Walden

STAFF PRESENT: Terry Connolly, Committee Administrator Annetta
Mullins, Committee Assistant

MEASURES CONSIDERED: HB 2123 PH & WS HB 2040 PH HB 2396
PH

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TAPE 29, SIDE A

INTRODUCTION OF MEASURES LC 2760 - RELATING TO REAL ESTATE APPRAISERS
PUBLIC HEARING AND WORK SESSION HB 2123 - ESTABLISHES TRANSITIONAL AND
NEW REGULATORY SYSTEMS FOR REAL ESTATE APPRAISERS TO CONFORM TO FEDERAL
REGULATION. Witnesses: Ken Sherman, Jr., Oregon Bankers Association Steve
Hawes, Deputy Real Estate Commissioner Mike Dewey, Appraisal Foundation
of Oregon Roger Hansen, Oregon Department of Transportation

010 CHAIR SCHOON calls the meeting to order at 1:23 p.m. and opens the
work session for purposes of introducing LC 2760.

014 TERRY CONNOLLY, Administrator: At the request of the Appraisal
Foundation of Oregon, the Oregon Association of Realtors, Oregon League
of Financial Institution, Oregon Mortgage Bankers Association and Oregon
Bankers Association we have proposed LC 2760 (EXHIBIT A) (as a
substitute for HB 2123).

040 KEN SHERMAN, JR., Oregon Bankers Association, submits and summarizes
a Section-by- Section analysis of LC 2760 (EXHIBIT B) noting that the
analysis is meant to be read with the Section-by-Section analysis
submitted last week (SEE EXHIBIT L (HB 2123) OF

COMMITTEE MINUTES DATED JANUARY 24, 1991).

We have identified four or five minor amendments and may need to make
further amendments in the draft dealing with the operative date.

074 CHAIR SCHOON: We will accept the draft with your amendments or you

can work with Legislative Counsel and make the changes later.

080 MR. SHERMAN: I would prefer to make them later because we don't have them in written form at this time.

076 MOTION: REP. WALDEN moves that the committee introduce LC 2760 at the request of the Appraisal Foundation of Oregon, Oregon Association of Realtors, Oregon League of Financial Institutions, Oregon Mortgage Bankers Association and the Oregon Bankers Association.

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

101 CHAIR SCHOON declares the motion PASSED.

105 STEVE HAWES, Deputy Real Estate Commissioner: We submitted to Terry this morning three or four touch-up amendments which deal with real estate brokers and salespersons which in some ways are left some appraisal-related functions (EXHIBIT C). We would like to retain enough authority to regulate that activity. The second amendment has to do with a minor change in drafting and is one I think Mr. Sherman will propose also (EXHIBIT D).

116 CHAIR SCHOON: Mr. Sherman will be working with Legislative Counsel on other amendments and these amendments can be included.

121 MIKE DEWEY, Appraisal Foundation of Oregon: The various parties will be meeting tomorrow to work on the amendments. We have some amendments which have been discussed with the various parties which we will be offering at that meeting.

136 ROGER HANSEN, Right-of-Way Section, Highway Division, Oregon Department of Transportation, submits and reviews a prepared statement favoring continuation of the exemption from licensing and/or certification for department employees (EXHIBIT E).

The Legislative Fiscal Analysis on HB 2123 is hereby made a part of these minutes (EXHIBIT F).

INFORMATIONAL MEETING DEPARTMENT OF INSURANCE AND FINANCE, INSURANCE DIVISION Witnesses: James Swenson, Administrator, Insurance Division Tom Erwin, Oregon Insurance Consumer Advocate (See page 8)

151 JAMES SWENSON, Administrator, Insurance Division, Department of Insurance and Finance, submits and reviews an outline of his comments explaining the various functions of the Insurance Division (EXHIBIT G).

218 REP. STEIN: There are news articles about the insolvencies in the insurance industry. Are you noticing any trends in the Oregon insurance industry?

223 MR. SWENSON: The insurance industry is very competitive and is one that on occasion companies will find themselves in liquidation or rehabilitation. There has been a slight increased number of companies in financial trouble in the last decade. I wouldn't characterize it as a major problem. Much of the legislation we will be proposing will be focused on solvency surveillance and strengthening of solvency surveillance. In addition, the National Association of Insurance Commissioners (NAIC) has made surveillance its priority and considerable efforts are being made in other states as well for solvency surveillance.

280 REP. WALDEN: What impact will there be on staffing in the agency by offering testing of agents by an outside vendor?

297 MR. SWENSON: Last session we anticipated we would be able to affect

some economies when we went to the new licensing and examination and we have been able to achieve those. Basically it redirects one person.

320 MR. SWENSON continues with outline explaining functions of the Policy Analysis Section.

TAPE 13, SIDE A

MR. SWENSON continues with his statement.

068 MR. SWENSON summarizes legislation requested by the division (EXHIBIT G, Page 3).

116 CHAIR SCHOON: We would like to ask you to come back and have a further discussion of health insurance problems and solutions attempted by other states.

137 TOM ERWIN, Oregon Insurance Consumer Advocate, submits and reviews brochures and publications issued by their office in the last year and proposed legislation for this session (EXHIBIT H).

260 CHAIR SCHOON: We would like for you to come back before the committee next week.

264 CHAIR SCHOON closes the informational hearing and opens the public hearing on HB 2396.

HB 2396 - REQUIRES HEALTH INSURANCE PAYMENT FOR SERVICES TO VICTIMS OF CHILD SEXUAL ABUSE. Witnesses:Rep. Peter Courtney Mary Hoyt, Chair, Tax Force on Sex Offenses Against Children (See Page 8)

The Preliminary Staff Measure Summary is hereby made a part of these minutes (EXHIBIT I).

294 REP. PETER COURTNEY, submits and reads a prepared statement (EXHIBIT J).

359 MARY HOYT, Chair, Task Force on Sex Offenses Against Children, submits a prepared statement and copies of the task force report (EXHIBIT K). She reviews the prepared statement.

TAPE 12, SIDE B

032 CHAIR SCHOON temporarily closes the public hearing on HB 2396 and opens the public hearing on HB 2040.

HB 2040 - ESTABLISHES SPECIAL PROGRAM FOR TELEPHONE ACCESS FOR PHYSICALLY DISABLED. Witnesses:Eugene Organ, Executive Director, Oregon Disabilities Commission Jack Cassell, Administrator, Telecommunication for the Deaf Access Program, Public Utility Commission Maury Astley, Oregon Independent Telephone Association

The Preliminary Staff Measure Summary is hereby made a part of these minutes (EXHIBIT L).

043 EUGENE ORGAN, Executive Director, Oregon Disabilities Commission, submits and summarizes a prepared statement (EXHIBIT M) explaining that the bill comes from members of their commission who have severe disabilities that cause them difficulties in accessing telecommunication services. This proposal would: >expand the scope of the TDAP program using existing funds. >expand the committee to include individuals with disabilities other than deafness and hearing impairment and that telephone communication systems be made available to people with severe physical disabilities as money allows. >First priority would continue to

be the telecommunication devices for the deaf, which the PUC presently contributes and provides for individuals who are speech and hearing impaired. >No desire to change priorities of the TDAP program. >As funding is available, we would hope to expand this service to individuals who have difficulties holding telephone receivers and using dialing system.

084 REP. STEIN: A constituent told me it doesn't seem the program is being marketed well enough because the money in the fund isn't being used. Do you know how this is marketed and whether there are monies in the fund that will be available for this expansion?

091 MR. ORGAN: There is a marketing attempt. I think the people from the Public Utility Commission can better answer the question. There are a lot of people who could use the TTD program that are not presently using it. If more people used the TTD program, fewer dollars would be available for other things and we have no desire to change that.

101 CHAIR SCHOON: Will someone be explaining the hardware and new technologies?

102 MR. ORGAN: I think Mr. Cassell of the PUC will be talking about the program as it exists now. We are looking at speaker phones for individuals who cannot hold the receiver, the possibility of memory dial systems and perhaps some voice activated telephone systems. If you would like additional information about those kinds of equipment, we would be happy to work with vendors to establish a demonstration.

116 CHAIR SCHOON: That is a good idea because we don't have a good grasp of what we are talking about.

136 REP. BARNES: Does the PUC, rather than the Governor, appoint the members of the committee?

137 MR. ORGAN: That is correct.

146 REP. WALDEN: Is the language on page 3, Section 4(2) fairly standard?

156 MR. ORGAN: I think it is relatively standard. There is a group responsible for providing advice frequently in state statutes.

162 REP. WALDEN: The new language on the last page describes who is eligible and says "Certification implies that the individual cannot use the telephone for expressive or receptive communication." Can you explain what "expressive and receptive" mean?

170 MR. ORGAN: My understanding is it means they either cannot talk into the telephone or cannot use the telephone communication system to listen. It would cover a wide variety of disabilities.

175 CHAIR SCHOON: I am not sure it includes the people Mr. Organ describes.

180 MR. ORGAN: It would be my understanding that if they couldn't access the telephone dialing system or could not pick up the receiver, it would impede both their expressive and receptive communication ability.

182 JACK CASSELL, Administrator, Telecommunications for the Deaf Access Program, Public Utility Commission, submits a prepared statement and reviews the information in the statement through an interpreter (EXHIBIT N).

In reply to Rep. Stein's question about publicity and marketing of this

program, the bill was passed in 1987 we had a bill insert in all telephone bills explaining our program when it began. We have also had newspaper articles, several out-reach community forums throughout the state, and a lot of networking with deaf schools, churches and other professional organizations

247 REP. WALDEN: What is the biennial budget and what happens to 15 cents that is left after the TDAP program funding?

251 MR. CASSELL: The 15 cents is the Oregon Telephone Assistance Program. That is for the low income people who cannot afford telephones. However, the 15 cents has been reduced to five cents starting in July last year. Based on Governor Roberts' recommendation we have asked for \$5.1 million for both programs.

264 REP. BARNES: You indicated the number of clients served is comparable to other states. Do you know how many new clients you will be able to serve with this proposed bill?

269 MR. CASSELL: About 2,000 persons in California have received the equipment in the last couple of years.

290 CHAIR SCHOON: Why is the surtax being reduced?

295 MR. CASSELL: The person from the PUC who works for the Telephone Assistance Program will be better able to answer. I can call you and let you know why the 15 cents was reduced. The two programs are separate. I believe it is because of lack of applicants in the OTAP program. They did not anticipate new clients and therefore reduced the 15 cents to five cents, I believe.

307 CHAIR SCHOON: We would like that information and the extent of use of the OTAP program.

308 MAURY ASTLEY, Executive Vice President, Oregon Independent Telephone Association: I sit on the advisory committee that is included in HB 2040 and have for several years. I signed up in opposition, but I am not really here to oppose the program. We supported the expansion of the program last session so people could have a second unit in a household. I am here to talk about the problems this bill would present for the existing program. >Bill does not call of any additional funding >Basic concern is for the existing deaf program. >New federal legislation for the American Disabilities Act has stringent requirements that the deaf relay system has to meet. >HB 2222 allows the commission the authority to mix the funds from the lifeline and deaf programs; the original bill separated those into a 15 cent and a 10 cent amount. >The 10 cents was for the deaf relay program and the devices for the deaf. The changes being requested are for the devices part of the program. The relay system is the expensive part of the program. >The lifeline part of the 25 cents surcharge originally put on has been dropped from 15 cents to five cents. >The PUC has been looking at ways to expand the eligibility requirement for the lifeline (low income) program, but they haven't done anything yet and therefore the requirement is a nickel instead of 15 cents. >The money mostly needed in this program is for the deaf relay system. The relay system is basically an operator service. It does not meet current standards of call blocking like the network for the hearing does. The American Disabilities Act requires that our relay system in Oregon meet the same standard as the hearing network. That is very expensive because it takes more people. The committee is working on that. >I have also testified before the FCC to try to make sure the Oregon system is authorized as it is being funded and run under our Oregon legislation. But we will have to meet some standards. That will put some pressure on the fund. >One of the reasons this committee will have HB 2222 is that since there some flexibility in that 25 cents on

the low income side, the commission would like to be able to have the authority to look at the whole 25 cents. If they need more in one program than the other they will be able to do that; they cannot do that now.

TAPE 13, SIDE B

048 CHAIR SCHOON: How much of the 10 cents do you get for hiring operators as opposed to equipment for the deaf people.

049 MR. ASTLEY: The telephone industry doesn't provide this service. It is totally funded and managed by the Public Utility Commission through a contract that was bid under state bidding procedures. We only collect the tax and provide it to the PUC and they pay for the relay center and the devices and hand out the devices to those who are eligible.

072 REP. WALDEN: Do you know how much unallocated money is in the fund?

MR. ASTLEY: I can't tell you. During the first year and one-half of the program we were able to build a reserve because the relay part of the system was not in operation. We are now coasting on the reserves and haven't fully implement all the operators we need to reach the call blocking level.

081 REP. WALDEN: Do you have any idea what the costs will be to implement the federal mandate?

084 MR. ASTLEY: I don't. Mr. Cassell recently projected the amount that would be needed.

091 CHAIR SCHOON: Will the suggested program going to cost the telephone companies any money.

090 MR. ASTLEY: No. My understanding is it would come out of the existing 25 cents.

096 MR. CASSELL: At the end of 1989 we had about \$1.7 millions left. For 1991-93 we haven't figured it out exactly, but I would guess we have approximately \$2.6 million left. That is a rough estimate of what we would project.

106 REP. WALDEN: If your projected budget is \$5.1 million, that adds up to \$4.3 million. What makes up the difference?

109 MR. CASSELL: Part of the \$2.6 million will be used during 1991-93 biennium. Projecting the cost for the relay service is based on what the American Disabilities Act and the FCC will require. The costs due to the requirement for the blockage rate which is mandated by the FCC will increase. It is difficult to project; it depends on what the efficiency of the contractor and their costs. The current contractor is operating on a cooperative relationship program with them. PUC provides the building and the furniture and the contractor only provides staffing for that service. We are in the process of designing a new RFP that will be in compliance with the new regulations from the American Disabilities Act.

130 REP. WALDEN: Do you share the concern about expanding into new territory under this bill before we know how much it will cost to comply with the federal guidelines?

132 MR. CASSELL: I do share Mr. Astley's concern. I would like to pursue what Eugene Organ and I mentioned that we focus on the areas of priorities. The relay service is the first priority, the distribution is the second priority and the third priority would be the physically disabled requirement. My gut reaction is that we should be able to

provide equipment for the physically disabled during the biennium.

143 CHAIR SCHOON closes the public hearing on HB 2040 and declares the meeting in recess at 2:52 until 3:00 p.m.

CHAIR SCHOON calls the meeting back to order at 3:03 p.m. and re-opens the public hearing on HB 2396. (See page)

HB 2396 - REQUIRES HEALTH INSURANCE PAYMENT FOR SERVICES TO VICTIMS OF CHILD SEXUAL ABUSE. Witnesses: Nan Dewey, Oregon Health Underwriters Scott Haas, Oregon Association of Health Underwriters Marilyn Matias, Oregon Association of Health Underwriters Kathy Prosser, Oregon Association of Health Underwriters Kate Brown, Women's Rights Coalition Peggy Anet, League of Oregon Cities Al Thompson, Blue Cross/Blue Shield

157 NAN DEWEY, Oregon Association of Health Underwriters, introduces Scott Haas, Marilyn Matias and offered the assistance of their group to work on this bill.

173 SCOTT HAAS, President, Oregon Association of Health Underwriters: In the current environment, there are two ways you need to look at the types of benefits available to individuals who are sexually abused. One is the physical manifestations of the results of the incident and the other is the psychological manifestation. Under current health insurance programs, as long as those symptoms are being treated by a physician acting within the scope of their license as recognized by the state, those benefits are medically eligible under comprehensive major medical contracts. I think what you may be encountering for these individuals is the lack of communication of the benefits that they are eligible for that type of treatment. The communication aspect is extremely critical because more than likely they are eligible for benefits.

Then you get into the second aspect which is the uninsured people and the people who fall into the group under SB 935. Any policy that has a comprehensive major medical will cover expenses determined to be medically necessary by the medical provider.

203 CHAIR SCHOON: Do all policies provide psychological coverage.

205 MR. HAAS: To my knowledge, other than possibly self-funded programs. Self-funded contracts are sometimes able to skirt particular types of benefits that the provider and/or the consultant working with them in developing the contracts may choose not to provide. One of the incentives for those who want to provide self-insured plans is their ability to design a plan that meets the needs of what that employer or consultant see as necessary for that group. Sometimes those decisions are based on economic aspects.

205 REP. NAITO: Would this ever qualify under pre-existing conditions?

223 MR. HAAS: The majority of the pre-existing condition clauses are stated in a manner that if you receive treatment and/or medication in a period, for instance three months prior to your becoming eligible for coverage under a group or individual policy, then that pre-existing condition is excluded or benefit payment for that pre-existing condition is limited for a period of time, normally six months to one year. The only time an individual would fall under that pre-existing condition is if they had received treatment or medication for that particular illness or injury prior to becoming insured, whether it is an individual or group policy. If someone is in the system and the symptoms start to develop, there should be no question as to whether that is a pre-existing condition. It may have been a pre-existing condition, but because of the fact that person is in the system, there is no question as to eligibility of benefits.

241 MARILYN MATIAS, Oregon Association of Health Underwriters: What I have to say is reiterating some of what Scott has already discussed. It seems there is confusion as to the psychological and physical standpoint of where benefits fall into play. There are out-patient residential and in-patient psychiatric benefits mandated by the State of Oregon and self-insured plans are not subject to those mandated benefits, but most other lines of coverage from group plans would be subject to those mandates. Medically necessary treatment would be covered under the medical side.

I think there needs to be some clarification as to what they are trying to do with this bill. The current mandates for psychological coverage even provide a separate set of benefits for children under 18 years of age. I think some of that was done because the treatment for children under 18 is generally a little more costly and this may have been one of the issues included in that.

268 KATHY PROSSER, a member of the Oregon Association of Insurance Underwriters and representing a managed care plan: It is clear benefits are available to those who fall under managed care if the person meets the medically necessary criteria both in mental and physical. Would these be in addition to what is already out there, and if so funding becomes a big question. In prioritizing the necessities in medical care this becomes one more area of prioritization that may exclude other, more necessary benefits for people.

300 MARY HOYT: We heard people say they could get some coverage and others were saying they had insurance but couldn't get coverage. It may be an issue which is not clear in the coverage. Maybe there is a way to clarify the language so that alcoholism, victims of child abuse, and chemical dependency could be lumped in.

320 CHAIR SCHOON: Could the task force provide the committee with the names of some people and/or insurance companies where there was a problem?

325 MS. HOYT: I can go back through the testimony and try to identify the people and the companies that were named.

329 REP. BARNES: Perhaps Mr. Swenson could give us some information.

333 CHAIR SCHOON: We will have him back and find out if this is required and to what extent self-insurers can opt out of this coverage.

343 KATE BROWN, Women's Rights Coalition, submits and summarizes a prepared statement in support of HB 2396 (EXHIBIT O).

377 PEGGY ANET, Administrator, League of Oregon Cities Health Insurance Trust, submits and summarizes a prepared statement questioning the purpose of the bill and pointing out current mandates and requirement for referral of proposed mandated benefits to the Health Services Commission (EXHIBIT P).

TAPE 14, SIDE A

031 AL THOMPSON, Blue Cross/Blue Shield: Our group contracts do cover by state mandate mental and emotional disorders which would cover the type of problems that Mary Hoyt and Rep. Courtney has described. It seems the line of communication has broken down. We are satisfied this type of problem is presently covered. We question what this bill would add that is not presently on the book.

044 CHAIR SCHOON: Was there any indication in the task force testimony that when insurance coverage was not available that it was years after

the incident occurred, rather than soon after?

051 MS. HOYT: I can't think of the time frame.

052 CHAIR SCHOON: Please clarify the issue for us because we are getting testimony that insurance policies presently cover this, although not specifically identified.

076 REP. WALDEN: Prior to introducing this bill, did you comply with the statutory requirement on the mandates report?

076 MS. HOYT: No, we just looked at broad issues and didn't have a staff person to do that kind of work.

081 BRUCE BISHOP, Kaiser Permanente: In reading the bill we were not sure of the purpose of the measure and what problem it was seeking to solve. The question remains whether this is a vehicle that would address the problem. We would be willing to work with the committee and others. We are a provider and an insurer of medical and mental health services and provide services to our members who are victims of sexual abuse. We were confused by this measure because it wasn't clear whether it affected providers as it specifies in the relating clause or whether it was an insurance measure as the test of the measure seems to suggest. There seems to be some disparity in the measure as to what its purpose is.

110 CHAIR SCHOON declares the hearing on HB 2396 closed and the meeting adjourned at 3:30 p.m.

Respectfully submitted,

Reviewed by,

Annetta Mullins
Assistant

Terry Connolly
Administrator

EXHIBIT SUMMARY

A -HB 2123, LC 2760 Relating to real estate appraisal, Oregon Federation of Appraisers, Oregon Association of Realtors, Oregon League of Financial Institutions, Oregon Mortgage Bankers Association and Oregon Bankers Association B -HB 2123, Section-by-Section analysis of LC 2760, Ken Sherman C -HB 2123, proposed amendments to LC 2760, Steve Hawes D -HB 2123, proposed amendments to LC 2760, Steve Hawes E -HB 2123, prepared statement, Roger Hansen F -HB 2123, Legislative Fiscal Analysis, staff G -Info. Hearing, Dept. of Insurance and Finance, prepared statement, James Swenson H -Info. Hearing, Dept. of Insurance and Finance, brochures and proposed legislation, Tom Erwin I -HB 2396, Preliminary Staff Measure Summary, staff J -HB 2396, prepared statement, Rep. Peter Courtney K -HB 2396, prepared statement and Task Force on Sex Offenses Against Children report, Mary Hoyt L -HB 2040, Preliminary Staff Measure Summary, staff M -HB 2040, prepared statement, Eugene Organ N -HB 2040, prepared statement, Jack R. Cassell O -HB 2396, prepared statement, Kate Brown P -HB 2396, prepared statement, Peggy Anet