

House Committee on Judiciary Family Justice Subcommittee June 25, 1991 -  
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proceedings, please refer to the tapes.

HOUSE COMMITTEE ON JUDICIARY FAMILY JUSTICE

June 25, 1991Hearing Room 357 8:30 a.m.Tapes 156 - 159

MEMBERS PRESENT:Rep. Kelly Clark, Chair Rep. Judy Bauman Rep. Marie  
Bell Rep. Jim Edmunson Rep. Kevin Mannix Rep. Tom Mason Rep. Del Parks  
Rep. Ron Sunseri

STAFF PRESENT: Holly Robinson, Committee Counsel Jeff Steve,  
Committee Assistant

MEASURES HEARD:SB 1076 - P.H.

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statements made during this session. Only text enclosed in quotation  
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proceedings, please refer to the tapes.

TAPE 156, SIDE A

004 CHAIR CLARK: Opens Subcommittee on Family Justice at 8:37 a.m.

Opens public hearing on SB 1076.

SB 1076 - PUBLIC HEARING Witnesses:Gary Weeks, Dept. of Insurance and  
Finance Craig Urbani, Dept. of Insurance and Finance Sen. Kitzhaber Bob  
Castagna, Oregon Catholic Conference Peggy Anet, League of Oregon Cities  
Jean Atkins, Planned Parenthood Frank Brawner, Oregon Bankers  
Association Bruce Bishop, Kaiser Permanente John Powell, Blue Cross-Blue  
Shield Ellen Penny, Oregon Health Action Campaign Roger Martin Cindy  
Zeal

009 GARY WEEKS, DEPARTMENT OF INSURANCE AND FINANCE: Introduces Craig  
Urbani, Rates and Forms Analyst.

Summarizes areas of confusion:

>Insolvency has a high priority for the Department. Feels that passage  
of SB 1076 is not going to lead to greater insolvency because insurers  
are screened by the Department before they are able to participate in  
the program. >Not all reinsurance carriers will be small insurers.

056 REP. PARKS: Thinks we are being overwhelmed in a short time by what could be a dynamic change in Oregon insurance.

What do you think about the legislature asking the Department to look at the issue using the guidelines of affordability, cost containment, and solvency of the fund and report back to the legislature in two years?

086 WEEKS: Would accept that responsibility and do the best job possible.

Speaks to issue of solvency.

114 REP. PARKS: Do you think we will get a better result if we let the Department design the program rather than the legislature?

129 WEEKS: Thinks the Department can achieve a good result. Does not claim it would be a better result than the legislature could achieve. Would work with Health Care Commission and the advisory group established in SB 1076, using the administrative rule process.

Would like guidance on policy decision of whether every insurance carrier be a part of the reinsurance pool.

Discusses perceived competitive disadvantages.

167 REP. BELL: How will cost of policies and solvency of small carriers be affected ?

172 WEEKS: Believes the solvency of the voluntary reinsurance pool as described in SB 1076 is actuarially sound.

Would not permit an insurer to participate in the program if we felt they were so close to being impaired that participation would lead to an insolvency, or permit them to be a risk assuming carrier if we thought that assuming that risk was beyond their capability.

The cost of reinsurance pool participation will be built into policy rates and could result in premium increases.

200 CRAIG URBANI, DEPT. OF INSURANCE AND FINANCE: Former Department Administrator, Jim Swenson, testified that he did not believe the voluntary pool created a competitive disadvantage.

214 CHAIR CLARK: Feels the competitive disadvantage will be what it eventually costs a risk assuming company versus costs the bill contemplates for the reinsurance pool.

231 REP. BELL: Is it possible that the premiums could drop if the reinsurance pool is mandatory?

240 URBANI: Actuaries believe that they would not because that would remove any incentive to manage risk.

Explains proposed operation of the reinsurance pool and method used to calculate assessments.

The Department will have to be vigilant to make sure that the risks are distributed across the whole market and do not land in the lap of any one carrier in a disproportionate way.

According to actuaries, this plan, as designed with safeguards in the market place, is sufficient to provide the necessary funds to support this program. The other approach could have been to say that we are not going to provide a reinsurance mechanism at all. The Director will not allow small companies into the market place if they are not big enough to support it. If we made no provision for the guaranteed availability of reinsurance, some of the small companies might have been entirely squeezed out of the market.

400 REP. PARKS: Concerned that the insurance company is going to a market where they have never been.

How do you build a model to conclude that a 4% assessment is enough?

TAPE 157, SIDE A

002 URBANI: Speaks of underwriting selection process.

022 WEEKS: Speaks of current high risk pool.

025 025REP. SUNSERI: How will the small insurance carriers fare with the pool in terms of competition with big carriers?

040 WEEKS: The Division does not perceive that there is necessarily a competitive disadvantage from participation in the pool or from being a risk assuming carrier.

042 REP. BAUMAN: If that is our objective, why are we focusing so narrowly on small employers?

055 URBANI: The availability and options increase as you develop a larger market place.

Abuses in the market place typically occur in the small market place, and that is why SB 1076 was designed to address that.

057 REP. BAUMAN: Would it be better if we could work to get a bigger group?

060 URBANI: There has to be a minimum size to the group to make something feasible. This is designed to make insurance feasible.

068 WEEKS: A large number of employers in the state are small employers.

078 URBANI: If reinsurance pool members do a good job of managing risk, they reap no disadvantage over the carrier who pays the costs directly.

079 REP. SUNSERI: My concern is that a number of small carriers have gone insolvent over the last several years. If they do not manage well and another small carrier goes under, it leaves the employer holding the bag.

086 URBANI: Understands the concern. The Director of the Department has a seat on the Board of Directors, and the Department has oversight over the rates charged by carriers and review that where we currently don't review their group insurance rates, so SB 1076 provides us with oversight that did not previously exist. Believes the Department will be able to effectively regulate this market place so that insolvencies do not occur.

093 CHAIR CLARK: There are strong notice provisions in the bill when someone wants to get out of that market.

095 WEEKS: You can't get out of the market for 180 days after you give notice and if you leave the market there is a five year waiting period to return to the market.

104 URBANI: SB 1076 provides guaranteed issue which is not available at this time.

109 REP. BELL: Will this bill have any affect on private and non-profit employers who have been good about hiring disabled people?

118 URBANI: May encourage them to continue their hiring practices because the bill requires that all preexisting conditions are covered within a six months period of time.

125 REP. BELL: What is your opinion of the possible amendment that would remove the caps?

128 URBANI: The provisions of that amendment have to do with Insurance Pool Governing Board and not this bill.

136 REP. BELL: Is there nothing in this bill to cap what the costs could be?

137 WEEKS: No.

140 REP. BELL: How do we go about making sure there is a cap?

141 URBANI: There is no current cap on group rates in the market place.

142 CHAIR CLARK: The amendment proposed by Mr. Powell would have amended ORS 653.775. Reads from existing statute.

154 WEEKS: Those caps apply only to the product offered by the Insurance Pool Governing Board. SB 1076 talks about the general health insurance market place. SB 1076 would not apply to the products being offered by the insurance pool governing board.

160 HOLLY ROBINSON: Explain the connection between the Insurance Pool Governing Board basic package and its evolution into this bill.

162 WEEKS: The Insurance Pool Governing Board came about to offer a program of tax credits and to encourage employers to become involved. It provided a basic plan with a cap on the premium. Mr. Powell said that those caps have caused such large deductibles that the plans are not necessarily attractive. These plans will not ultimately meld together.

SB 1076 means reformation of the small group market place as it is generally offered by carriers.

Amendment was offered because SB 1076 has the right relating clause and does not relate to the heart of SB 1076.

Current Oregon statute does not require group insurance rates to be filed with the Director, so if you were to ask us what Blue Cross charges for a small group health plan, we would be unable to answer.

183 REP. BELL: What guarantee do we have as a legislative body that we are not going to drive small companies out of business by requiring them to pay premiums they can not afford?

187 URBANI: Nothing in SB 1076 requires an employer to buy this coverage. This sets back the mandate that the employer needs to provide coverage. It is designed as a voluntary program that will hopefully have a positive effect in providing additional insurance availability and not necessitate the imposition of the mandate to purchase coverage.

197 REP. PARKS: It is not the employer, but the employee who is on the hook if the carrier goes insolvent?

217 WEEKS: Does not read anything in the bill that would put the responsibility back on the employer if the pool goes broke and the 4% or 1% assessments can not be maintained. That is why we would have to be very conservative in the beginning in working with the board to assure that the pool is actuarially sound.

225 REP. PARKS: Concerned about a company outside the pool going broke and there being no recourse for a policy holder.

230 URBANI: For a carrier to be outside the pool would require a determination by the Director that they are sufficiently able to do that.

238 WEEKS: One of the outs is what the legislature did in 1989 which was to say that if the health care service contractor becomes insolvent and has to be liquidated, the insured is not held responsible and the group that eats the cost is the health care service provider.

242 REP. BAUMAN: Is there any control of administrative costs and the percentage of premium that goes into actual health care benefits?

271 URBANI: On individual products we require that the products meet certain loss ratio tests. For Medicare supplements, 65 cents of every dollar collected by the insurer is paid in benefits to the insureds.

284 WEEKS: The other 35 cents goes to overhead, administration, profits, and commissions to sales persons.

292 REP. BAUMAN: Do you think it is reasonable, while we have this vehicle in front of us, to set some standards? Does not see that we are moving in the direction of protecting small employers.

321 URBANI: When you get into the technical part of pricing group insurance, a higher loss ratio is required where it is regulated. It is not regulated in Oregon. The typical profit margins we see on group products are in the one to two percent range.

362 WEEKS: The market drives the prices.

391 REP. BAUMAN: What is the loss ratio for a group health policy?

TAPE 156, SIDE B

002 URBANI: There is no standard in Oregon at this time.

003 REP. BAUMAN: Would it be good policy to establish a policy for Oregon?

004 WEEKS: That is a policy decision. Would require a detailed study to determine the advisability.

023 REP. BAUMAN: Could you have a policy that small employer carriers would offer a plan to small employers with an option to have the provider reimbursed at Medicare rates?

029 WEEKS: It is possible.

033 REP. BELL: If we are going to require insurance companies to take all, including preexisting conditions, and ask employers to offer a "Cadillac package", will premium costs go up?

037 WEEKS: If they are currently offering comparable benefits, not sure there is a reason to expect a premium increase.

043 URBANI: Can be an increase in cost for adversely selected individuals, but increase may be small. Can not determine if premiums will change until we get started in that market.

058 REP. BELL: Why won't this turn into another Workers Compensation where premiums have continually increased?

060 URBANI: Health insurance premiums are currently continuing to escalate. With SB 1076 we hope to be able improve access into the program.

065 WEEKS: We are paying for things under Workers Compensation which we would never pay for under a health care plan.

073 CHAIR CLARK: Calls for five minute recess at 9:40 a.m.

Reconvenes Subcommittee at 9:45 a.m.

Committee is interested in the reinsurance pool and whether carriers should be able to use age as a factor outside the rate bands.

090 REP. PARKS: Wants Sen. Kitzhaber's views on affordability of plan with expansion of covered conditions and deductibility features.

100 CHAIR CLARK: Also want your views on treatment of abortion under these policies.

107 SEN. JOHN KITZHABER: Summarizes mandate currently in statute and difficulties which will occur if the mandate goes into effect.

SB 1076 attempts to buy additional time for the business community to comply with the mandate. In order to do that, we are trying to create the availability of an affordable insurance product for them to purchase.

Business community has an interest in SB 1076 because it gives them a little bit of room on the mandate and also because they want an affordable insurance product.

Speaks to intent of SB 1076: -Prohibition of preexisting condition exclusions -Establishment of rate bands for affordability -Provision of guaranteed issue insurance.

Elaborates on provisions of SB 1076 using flip chart.

If age is added as a variable in the rate bands you enormously expand the flexibility to manipulate within the small group market. Feels that if that is done the fundamental principals of trying to provide an affordable product are eliminated. Reinsurance pool gets to the same question of managing risk and utilization in the insurance market.

Speaks on cost containment issue.

271 REP. BELL: Does not believe that any insurance company representative said this was an affordability bill.

283 KITZHABER: SB 1076 is not primarily a cost containment bill, but is difficult to separate cost containment from issue of access.

Have to get people into the system to tease out the things driving costs, and force the industry to compete on the basis of utility and cost, not risk avoidance.

302 REP. BELL: How will the parameters of the product be decided?

310 KITZHABER: Version will depend on an individual perspective. There is a mandate and there is no product.

A small carrier insurance committee is set up. The committee is to take two model benefit packages to the Department of Insurance and Finance shortly after the mandate goes into effect. The Director will determine if those packages are substantially similar to our Medicaid benefit package. Once the Department of Insurance and Finance has made that determination, anyone who writes in the small group market has to provide a product that is similar to one of the two packages.

352 REP. BELL: Will there be a hearings process by which private citizens and legislators can have input before the decision is made?

353 KITZHABER: Yes. It will go through the administrative rules process.

TAPE 157, SIDE B

024 REP. EDMUNSON: If we can put everyone within the rate band the cost is narrower.

057 KITZHABER: People without coverage delay seeking treatment.

Speaks of advantages of having people covered by health insurance.

070 REP. EDMUNSON: If we were to expand the rate band by other factors, that would slow down the momentum of compressing people into a single type system.

075 KITZHABER: Is convinced that it would. Thinks that you will find that the opposition of some of the groups to this bill has to do with the fact that we have not compressed it any more, but allow fluctuation.

081 REP. BAUMAN: Why do we need to include the geographic differences?

102 KITZHABER: The motivation of our efforts is to get everyone access to the system. People who are primarily excluded work for small

employers. The problem of access does not exist with most of the large employers.

112 REP. BAUMAN: Feels that to limit consideration to small employers further disadvantages those employers and employees because the real balance point is all employees.

124 KITZHABER: We are trying to develop a standard basic package for everyone in Oregon.

141 REP. MANNIX: Refers to page 6 of SB 1076, Sec. 6 (2) (a) and (3).

Is abortion funding available through Medicaid?

179 KITZHABER: It is not a service that is federally matched. It is funded for women who are on Medicaid through a General Fund appropriation.

181 REP. MANNIX: Will a small employer have an opportunity to negotiate for a package of insurance coverage and opt out of funding abortion?

186 KITZHABER: Abortion is an intense issue. SB 1076 does not change the status quo of the abortion issue in the state.

Expands on abortion issue.

Reads applicable budget note to SB 5035.

278 CHAIR CLARK: Whether or not abortion is included in a plan will not affect whether or not it is substantially similar to Health Services Commission plan as the bill requires.

280 SEN. KITZHABER: Correct.

281 REP. MANNIX: When we look at a plan that is substantially similar to the basic plan, would it be fair to say to say that, in terms of reading legislative intent, when you look at the package of medical services in terms of volume of dollars and volume of services, whether or not one elects to provide abortion as part of that package, it is such an insubstantial part of the package that it should not affect the reading or determination as to substantial compliance?

290 KITZHABER: My concern was not on the cost side. I do not read the legislation as changing the status quo concerning whether carriers offer that service or not.

294 REP. MANNIX: Is trying to establish a legislative record so that we don't get into a fight where we are trying to change the status quo.

Does not want to find anyone in the Court of Appeals or the Supreme Court ruling, two or four years from now, that somehow we did not address this issue and that the language we left in this bill, will require small employers to provide funding for abortion even if they are opposed to that as a matter of conscience.

Thinks we have reached the point where we have said we are leaving the status quo alone. We are not prohibiting it nor requiring it in terms of the small employer insurance package.

311 KITZHABER: That is a fair statement. We currently neither require



nor prohibit that coverage.

314 REP. BAUMAN: Record is going to show a great amount of difference of opinion among committee members about what the ultimate interpretation of substantially similar would be were it challenged.

Your initial discussion was in response to the Catholic hospitals and it sounds as if they asked a specific question; will we be precluded from participating because as institutions we decline to offer this service.

Just as a hospital in Lakeview could offer a plan that would meet the substantially similar requirement if it did not have a Magnetic Resonance Imaging machine, but had to send a patient to another location, that service would be provided in another location.

Who does the plan need to be substantially similar for; the employer, the insurance company, the employee, or the provider?

348 KITZHABER: My understanding is that the carrier's plan has to be substantially similar.

385 REP. BAUMAN: As an employee, do I have a choice concerning abortion coverage?

373 KITZHABER: This is not a change from current law. SB 1076 is not written or designed to change the insurance status as it pertains to the question of termination of pregnancy services.

387 REP. BAUMAN: Trying to make sure that we have a bead on the difference between the question asked of you by the Catholic hospitals, and a question I will ask of you as a representative for employees who are my constituents; are they precluded from receiving a health service because of the nature of the policy as written.

The answer to the Catholic hospital is no, you are not precluded.

The answer to my constituent is, yes, you may be, but no more than you already are.

415 SEN. KITZHABER: Yes. This bill does not change current status.

TAPE 158, SIDE A

003 REP. PARKS: Why is it cost containment to exclude big carriers when understand many of the large carriers reinsure anyway?

010 KITZHABER: They are not being excluded. The whole purpose is to spread risk and have people assume risk. If you are willing to absorb and accept risk, you do not have to pay into the reinsurance pool. People who do not want to assume risk, assume risk by paying into the reinsurance pool. To my knowledge, the small carriers do not oppose the voluntary reinsurance pool, neither do Blue Cross or Kaiser. The only people I am aware of who oppose it are Rogue Valley Physicians and PACC.

027 REP. PARKS: KMSB which is the largest carrier in Klamath Falls is violently opposed to it.

How are they going to manage the risk?

029 KITZHABER: By watching and managing utilization patterns of

participating physicians.

038 REP. PARKS: Can you achieve the same result by allowing discounts or differentials within the risk pool?

041 KITZHABER: Why should someone who is willing to absorb the risk pay again?

059 REP. PARKS: Are we balancing what we think is good for society and trying to make it work within the context of free enterprise?

079 KITZHABER: Yes. We are saying that part of writing insurance is assuming a certain amount of risk.

075 REP. PARKS: Would you accept an amendment that a provider would be unable to sue a person who thought he had insurance?

077 SEN. KITZHABER: Would have to think about that.

Policy question is do we want to create a market system where you spread the risk and provide an affordable product or do we want to subsidize some carriers that are unable to compete in that kind of an environment.

079 REP. PARKS: Why is alcohol, emotional, and medical in there?

080 SEN. KITZHABER: It is in because we are attempting to develop an integrated benefit package that includes both mental and physical health services. Mental health services were not prioritized because we were not sure what our methodology would be. We now feel ready to begin that process.

092 PEGGY ANET, LEAGUE OF OREGON CITIES HEALTH INSURANCE TRUST: Submits written testimony in support of SB 1076 (EXHIBIT A).

Evolution of Oregon Health Plan has been based on the assumption that: >there is a public-private partnership that is necessary to expand the provision of health care in Oregon >there are financial limitations to what the public and private sectors can provide >successful reform will not be wholesale, but incremental.

Object of SB 1076 is to follow the course of a voluntary approach to come up with new incentives for the small employers in the state to have access to an affordable, stable, health insurance plan.

Observes that the Small Employer Carrier Advisory Committee is specifically charged with looking at a variety of cost containment measures.

Refers members to Section 12 of the bill.

150 BOB CASTAGNA, OREGON CATHOLIC CONFERENCE: Asks Committee to defer most of the substantive issues of SB 1076 which he feels are premature because the bill ties the benefits available under SB 1076 to SB 27 (1989 Session).

Submits proposed amendment (EXHIBIT B).

Opposes federal waiver on SB 27 because of fundamental philosophical differences.

240 CHAIR CLARK: After hearing Sen. Kitzhaber's testimony does not believe there can be any doubt in the legislative record.

244 CASTAGNA: Speaks to points of ambiguity in the legislative record.

Urges committee to give themselves more time, push the mandate back, allow SB 1076 to rest until the 1993 session. Feels the committee is being placed under an unfair time rush burden to get the bill out.

295 JEAN ATKINS, PLANNED PARENTHOOD: Committee should be careful about imposing a conscience clause. Thinks it is inappropriate to assume that abortion is the only issue in the health care arena that raises issues of conscience.

Planned Parenthood's position is that we do not think it is necessary to put such language as the proposed amendment in SB 1076. Do not think SB 1076 has any impact on whether or not abortion is going to be more or less available in the market for employees in Oregon.

341 REP. MANNIX: Agrees.

369 CHAIR CLARK: Recesses at 11:04 a.m.

370 CHAIR CLARK: Reconvenes at 3:25 p.m.

377 FRANK BRAWNER, OREGON BANKERS ASSOCIATION: The Association has maintained a benefit program for our members. Many other trade associations in Oregon also provide that service.

Refers to page 2, lines 1 through 4, and lines 23 through 29 of SB 1076-A32.

The amendments are intended to relate to multiple employer welfare arrangements. They would permit an approved association sponsored plan when the fully insured plan is controlled by a board of directors accountable to and elected by its membership to be treated as a single employer plan, exempt from the requirements of SB 1076, or it could be treated as a carrier subject to the requirements of SB 1076 at the discretion of the Trust.

TAPE 159, TAPE A

008 BRUCE BISHOP, KAISER PERMANENTE: Reiterates support for SB 1076.

Believes it should be a voluntary reinsurance pool established under the bill to encourage carriers serving the small group market to accept the risk and not develop mechanisms by which they will shift risk into the reinsurance program.

Any amendments to make it a mandatory reinsurance program in which all carriers must participate will effectively undermine the most salient feature of the whole program.

The amendments to consider age and geography in premium quotes are not amendments that Kaiser Permanente has proposed, but we do not oppose adjustments for age.

If Kaiser Permanente drafted a bill to meet its interests we would propose much narrower rate bands than the bill proposes.

034 JOHN POWELL, HEALTH INSURANCE ASSOCIATION OF AMERICA AND BLUE CROSS-BLUE SHIELD OF OREGON: Distributes statement signed by six parties stating that unless age rating is permitted, the cost of insurance will increase for those groups currently without insurance (EXHIBIT C).

051 REP. SUNSERI: Sen. Kitzhaber said that age makes a tremendous difference in the cost. Why is that so?

060 POWELL: This amendment would allow a tilting of the rate band as demonstrated in the drawing I did yesterday.

Explains why Sen. Kitzhaber's information appears to give different data.

Draws schematic to show why HIAA members will not likely participate in the small market program without the proposed amendment.

196 ELLEN PENNY, OREGON HEALTH ACTION CAMPAIGN: Opposes the amendment of Blue Cross-Blue Shield and supports voluntary reinsurance.

Proposed rate bands seem excessive and we would prefer that they be smaller. The insurance industry has plenty of room to manipulate within those rate bands, taking age into consideration.

Mandatory reinsurance sustains small inefficiently operated insurance carriers.

239 CHAIR CLARK: You believe that a voluntary reinsurance pool will put some small insurance companies out of business.

240 PENNY: Yes. We think that is a positive step. Does not see any reason for small businesses to sustain inefficiently operated insurance carriers.

279 REP. BAUMAN: Does not think the committee is ready to do what you recommend, but it is not inconsistent with the information provided to the committee.

306 PENNY: Voluntary reinsurance will result in the most inefficiently run small insurance carriers going out of business and that is why we support it. There is no reason for the state to sustain those kinds of industries.

315 CHAIR CLARK: As state policy, not as state government.

327 WEEKS: Does not think that it is fair to say that small insurers are either inefficient, that their administrative costs are excessive, or that they should be forced out of the market.

The Department would not support this program, nor would we encourage and permit insurers to get into it, if we thought they were going to go out of the market. We have some fine, small insurers in Oregon who fill a very important niche in certain parts of the state and provide good coverage for certain insureds. In some cases they have a higher return of service to the insured than some of the large insurers.

360 URBANI: The use of the voluntary reinsurance pool is not going to cause carriers to become insolvent.

Asked Jim Swenson, former Department administrator, if the pool would still be actuarially sound if only the small Oregon based regional carriers participated in the pool. Mr. Swenson said that because of the amount of premium they write it would be sound.

Certain administrative costs are attendant to a policy being in force whether with a small or large carrier. Nothing about the voluntary reinsurance pool would cause insolvency of any size carrier.

378 ROGER MARTIN: Cindy Zeal and I represent five small insurers.

Feels his small insurers' administrative costs are lower than those of larger companies.

Probably have a better ratio of reserves than the large companies.

Our concern has been what the voluntary versus mandatory reinsurance pool will do. Feels that large carriers will factor in the losses they are underwriting down the line. They will not do it when their initial rates come out. They will hit the field with lower rates than small carriers have to if only small carriers are required to be in the reinsurance pool.

TAPE 158, SIDE B

005 CINDY ZEAL: Several witnesses have said that the purpose of SB 1076 is to encourage all carriers to assume some of their risk.

You have questioned the idea of affordability and have been told that making the pool mandatory would not help with cost containment. Believes this is wrong.

Explains how small companies will operate with a voluntary reinsurance pool.

030 REP. PARKS: My thought is to amend the bill to make the reinsurance pool mandatory and leave formula language in.

Is there a simple way that we could make the pool mandatory and structure some disincentives in the bill?

035 ZEAL: Recommends putting the individual and group seed percentages back to the original 500 % increase in premiums and making the reinsurance pool mandatory.

036 REP. PARKS: Is there any provision that the second tier of the assessment has a relationship to the number of people a carrier seeds to the pool?

040 ZEAL: Believes that the assessment formula is the number of participator carriers, multiplied by its share of the reinsurance pool, divided by the total reinsurance pool. It does take into account how many people a carrier seeds to the pool.

032 REP. BELL: Would you feel more comfortable about having the option be voluntary if we wrote in a statement saying that it will be determined if there has been any unfair competitive policy pricing because of this Act?

040 ZEAL: Feels that in two years one or more of our companies will be

severely damaged to the point where they may not be involved in the process.

062 CHAIR CLARK: Adjourns at 4:03 p.m.

Proposes agenda for a June 26 meeting.

Transcribed by,

Pat Zwick

EXHIBIT LOG: A:SB 1076 Testimony - Peggy Anet - 2 pages B:SB 1076  
Proposed Amendment - Bob Castagna - 1 page C:SB 1076 Testimony - John  
Powell - 1 page