

House Committee on Labor June 3, 1991 - Page

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

HOUSE COMMITTEE ON LABOR

June 3, 1991Hearing Room D 8:30 a.m.Tapes 159 - 160

MEMBERS PRESENT:Rep. Gene Derfler, Chair Rep. Kevin Mannix, Vice-Chair Rep. Sam Dominy Rep. Jim Edmunson Rep. Rod Johnson Rep. Bob Repine Rep. John Watt

VISITING MEMBER:Sen. Peg Jolin

STAFF PRESENT: Victoria Dozler, Committee Administrator Johanna Klarin, Committee Assistant

MEASURES CONSIDERED: SB 546 - Public Hearing SB 600 - Public Hearing SB 535 - Public Hearing

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 159, SIDE A

PUBLIC HEARING, SB 546 (Exhibit A,B,C,D and E)

Witnesses:Peg Jolin, State Senator, District 22. Jeff Rutherford, Oakridge Employees. Marilyn Coffel, Bureau of Labor and Industries. Paul Tiffany, Bureau of Labor and Industries. John Powell, Blue Cross Blue Shield Amy Klare, Oregon AFL-CIO Roger Auerbach, Governor's Office Al Thompson, Standard Insurance Company Tom Irving, Department of Insurance and Finance Craig Urbani, Department of Insurance and Finance

CHAIR DERFLER: Opens public hearing on SB 546.

006 VICTORIA DOZLER: Describes the bill.

025 PEG JOLIN, State Senator, District 22: Testifies in favor of the bill, Exhibits A,B,C,D.

-Losing one's health insurance without notice can cause hardship, particularly for a person who has been laid off. Without notification, people lose their option to continue their coverage themselves.

-Third-party notification is essential. The bottom line is that requirements that the employer make notification have proven fruitless.

Involving the insurance company makes sense and will get the job done.

071 JEFF RUTHERFORD, Representing a group of Oakridge Employees: Describes his personal experience when his medical insurance was canceled.

-A lot of suffering could have been avoided by a simple notification. We had the money where we could have been able to pick up policies under the federal COBRA Act.

165 REP. WATT: Was there a problem with misusing the funds also?

SEN. JOLIN: I cannot speak for that.

180 RUTHERFORD: Yes they were. Explains further.

SEN. JOLIN: This is not an isolated incidence. Describes similar occurrences in Roseburg, Albany and Portland. This has been with us at least for ten years.

200 REP. DOMINY: Explains further Mr. Rutherford's testimony and provides case histories.

232 MARILYN COFFEL, Bureau of Labor and Industries: Testifies in support of SB 546, Exhibit E. She provides information on the events surrounding and leading up to the submission of SB 101 during the 1983 legislature. The substance of that bill now appears in SB 546.

-The employee should be given at least a 30-day notice when the insurance is canceled.

307 REP. WATT: How come you have not done anything about it since 1983?

COFFEL: We got the message in 1983 that the legislature was not in the position to remedy this.

REP. WATT: Could anything have been done through rules?

COFFEL: Not to my knowledge.

REP. WATT: 1983 is almost ten years ago. Why was nothing done during the 198 5, 1987 and 198 9 sessions?

COFFEL: Often times what BOLI suggests does not receive a favorable reception.

336 REP. WATT: Refers to section 1, subsection 7. How would that affect a disgruntled employee who wanted to get back at an employer?

COFFEL: We investigate claims carefully and don't waste staff time and state monies with frivolous filings.

356 PAUL TIFFANY, Administrator, Wage and Hour Division, BOLI: This particular section you are referring to is in reference to the person who has been assessed the civil penalty. That person has the right to adjudicate.

378 REP. MANNIX: Could the notice be sent to the Department of Insurance and Finance?

TIFFANY: I really don't know.

392 REP. DOMINY: The Department of Insurance and Finance is concerned that they would have no way enforcing it?

REP. MANNIX: So the main concern is that this process is costly?

REP. DOMINY: That venue would cost money.

TAPE 160, SIDE A

002 -Rep. Mannix and Ms. Coffel discuss the notification issue further. Rep. Mannix suggests some kind of a publication requirement.

033 REP. JOHNSON: Discusses the misuse of the funds portion of the bill.

TIFFANY: Section 1 refers to funds that are deducted from employees' wages for the purpose of health insurance. What the private right of action and civil penalty run to here is only in those cases where an employer has in fact taken money from an employee to pay insurance premiums and has not done so.

-Rep. Johnson and Mr. Tiffany discuss this further. Rep. Johnson notes that the new language in this bill would give an employee right to civil action against an employer for simply not complying with paragraph one.

072 REP. EDMUNSON: Aren't these monies collected through employees' and held in trust by the employer and cannot be used on their balance sheet to show that the company is in a healthier position than its actual assets amount to?

TIFFANY: That is correct.

-Rep. Edmunson and Mr. Tiffany discuss this issue further.

093 REP. JOHNSON: I am concerned that we are not creating a bigger hammer than we need to squash this bug.

TIFFANY: Has seen this type of language in other bills. It gives some enforcement ability to the statute.

114 REP. MANNIX: Discusses a possible notification fee.

COFFEL: That is very similar to what was kicked around in 1983.

REP. DOMINY: 90% of the claims are paid by a roster system, the insurers know exactly who these employees are.

153 JOHN POWELL, Blue Cross Blue Shield: Testifies in opposition to SB 546. This bill is not workable, it would create administrative problems and increase premium costs.

-The insurer would be liable to notify the employee even if she/he had relocated.

REP. DOMINY: You have never had problems to find me when my premiums have lapsed.

-Rep. Dominy and Mr. Powell further discuss the problems of

notification.

229 REP. EDMUNSON: Are you planning to offer the amendments on notice that you offered in Senate?

POWELL: We could get those together if the committee so desires.

268 CHAIR DERFLER: We would like you to suggest some amendments that both of us could live with.

265 AMY KLARE, Oregon AFL-CIO: Testifies in support of SB 546, Exhibit F.

278 ROGER AUERBACH, Senior Policy Advisor to Governor Roberts: Testifies in support of SB 546. We believe that it is crucial that employees get notice in order for them to be able to exercise their COBRA rights.

320 AL THOMPSON, Standard Insurance Company: Testifies in opposition to SB 546. We don't keep a list of all the employees. It would be impossible to comply with the law the way it is written. Explains Standard Insurance's billing system. We do not keep a list of the names of the employees.

REP. MANNIX: Could the employees, by paying a small fee, require notification should there be a discontinuation of coverage.

THOMPSON: That is an interesting suggestion. I don't see why it would not work. We have not discussed that possibility.

REP. DOMINY: Was any of the suggestions you offered to Senate that the employer would have to notify the employees?

417 THOMPSON: We suggested that at the time of enrollment of a group health plan the insurance companies provide to the employer a letter which he could later distribute to the employees if the coverage is to be canceled. We further agreed that at such time that we are notified by the employer that he was canceling the coverage, we would voluntarily notify the Bureau of Labor and Industries and the Department of Insurance and Finance. Those suggestions were not accepted.

TAPE 159, SIDE B

010 REP. DOMINY: What in your amendments would give the employees more notification than the current laws?

THOMPSON: We agree that is a problem, but we don't see that this bill solves that problem.

014 REP. JOHNSON: Does 90% of the insurers in this state have an active current roster of the employees?

THOMPSON: No they do not have.

026 REP. MANNIX: If this bill is limited to health insurance, what is the problem with the rosters?

THOMPSON: Due to the large turnover the accuracy is constantly deteriorating.

-Discusses the 15-day grace period provided by Blue Cross Blue Shield.

072 REP. MANNIX: Suggests an Oregon COBRA that says that in these situations there would be a continuation of coverage for X amount of time. None of this is insurmountable.

THOMPSON: We do have an Oregon COBRA which guarantees conversion privileges, that is a statute now.

100 REP. MANNIX: How about a notice in a newspaper?

THOMPSON: That is a very interesting thought.

123 TOM IRVING, Oregon Insurance Consumer Advocate, Department of Insurance and Finance: Introduces Craig Urbani, Rates & Forms Section, Department of Insurance and Finance. Testifies in support of SB 546. There are too many instances where employers leave their employees stranded.

CHAIR DERFLER: What would you do if we were to notify your agency?

IRVING: We would ask the employer to provide a list of the employees, but I am not sure we have the authority over the employer to do that.

CHAIR DERFLER: How do you address the problem with rosters not being up to date?

IRVING: 90% of Blue Cross plans are probably done through roster billing where they do have the names of those people who are covered under that plan.

CHAIR DERFLER: If we notify that 90%, would that be acceptable to you?

TOM: It certainly would be a better situation than what exists currently.

CHAIR DERFLER: If we require the companies who have lists to notify the employees, would that satisfy your needs?

IRVING: Would go a step further and require the insurance companies that do not currently have those lists to require the list when they sign up for a group plan.

195 REP. MANNIX: How about a roster notification and also a newspaper publication as a back up. That would be 99% better than where we are today.

203 REP. WATT: Discusses an employer's situation in a temporary policy loss situation.

227 CRAIG URBANI, Rates and Forms Analyst, Department of Insurance and Finance: Refers to page 2, section 4. To the division that means that the contract has gone out of the grace period which is typically 30 or 31 days. At that point the contract is formally terminated, it is not that there is just a late payment. That is what triggers the action under this bill.

-The policy is not terminated until it has gone through the grace period.

262 REP. DOMINY: Would you explain how the conversion works in this bill?

URBANI: This bill does not create any other conversion rights that would not already exist under other areas in the law.

PUBLIC HEARING, SB 600

Witnesses: Terri Rogers, Governor's Office Michael Ryan, Executive Assistant, State Treasurer Jeanine Meyer Rodrigues, Oregon Public Employees Union

CHAIR DERFLER: Opens public hearing on SB 600.

284 DOZLER: Describes the bill.

290 TERRI ROGERS, Governor's Office: We are fully supporting this bill. This was originally introduced by the Oregon Public Employees Union out of concern for having someone with a labor perspective on the Oregon Investment Council because so much of the funds are the those from PERS.

316 DOZLER: Does the Oregon Investment Council have other labor-management representation on it?

ROGERS : No.

328 MICHAEL RYAN, Executive Assistant to the State Treasurer: Provides background information as to how the bill has come before the committee.

-Takes no position on this bill.

-Chair Derfler and Mr. Ryan discuss the composition of the Board.

410 JEANINE MEYER RODRIGUES, Oregon Public Employees Union: We support the bill in its amended version.

TAPE 160, SIDE B

PUBLIC HEARING, SB 535 (Exhibit G)

Witnesses: Jack Hines, United Steel Workers, Local 6163 in Albany. Karl Frederick, Associated Oregon Industries Gary Pierson, The Gibbens Co.

CHAIR DERFLER: Opens public hearing on SB 535.

010 DOZLER: Describes the bill.

030 JACK HINES, United Steel Workers, Local 6163: Testifies in support of SB 535, Exhibit G. We are willing to accept the bill in its present form. It is our belief that when workers are unemployed, either due to an actual layoff or a scheduled vacation shutdown period that workers should not be penalized i.e. made ineligible for unemployment benefits.

094 KARL FREDERICK, Associated Oregon Industries: Testifies in opposition to SB 535. This bill would have a \$936, 600 impact during the 1991-1993 biennium and \$992,700 impact during 1993-1995.

123 REP. DOMINY: How do you feel about this bill if we take the holiday portion out of it?

FREDERICK: I would be delighted.

136 GARY PIERSON, The Gibbens Co.: The proposed new treatment of vacation pay in the bill is inconsistent. Explains further.

168 REP. DOMINY: Do you agree that someone who has only six hours of vacation pay coming to them should be disqualified for a whole week of unemployment benefits?

PIERSON: If that is the law, then that is how it has to be treated. My personal opinion is that it is a very harsh treatment. I doubt that that is a very frequent occurrence.

175 FREDERICK: Discusses the changes made in 1983. Prior to that time the treatment of vacation pay was fairly clear-cut.

194 CHAIR DERFLER: Adjourns the committee at 10: 20 a.m.

Submitted by: Reviewed by:

Johanna Klarin Victoria Dozler Assistant Administrator

EXHIBIT LOG:

A - Testimony on SB 546 - Sen. Jolin - 2 pages.
B - Testimony on SB 546 - Sen. Jolin - 1 page. C - Testimony
on SB 546 - Sen. Jolin - 1 page. D - Testimony on SB 546 - Sen.
Jolin - 1 page. E - Testimony on SB 546 - Marilyn Coffel - 15
pages. F- Testimony on SB 546 - Amy Klare - 2 pages.
G - Testimony on SB 535 - Jack Hines - 15 pages.