

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.

SENATE COMMITTEE ON  
TELECOMMUNICATIONS AND CONSUMER AFFAIRS

April 2, 1991Hearing Room B  
1:00 p.m.Tapes 37 - 38

MEMBERS PRESENT:Senator Jolin, Chair  
Senator Otto, Vice-Chair  
Senator Kennemer  
Senator Bunn  
Senator Shoemaker

STAFF PRESENT: Cherie Copeland, Committee Administrator  
Apryl Poff, Committee Assistant

MEASURES HEARD: SB 903 Notification of lapse in health insurance, PUB.  
SB 546 Cancellation of health insurance, PUB.

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PUBLIC HEARING.  
TAPE 37, SIDE A

005 CHAIR JOLIN: Calls the hearing to order at 1:09 p.m. and announces that we will hear SB 546 and SB 903.

012 SB 903 AND SB 546, PUB.  
Witnesses: Representative Sam Dominey.  
Jeff Rutherford, Citizen.  
Paul Tiffany, Bureau of Labor and Industry.  
Craig Urbani, Department of Insurance and Finance.  
John Powell, Blue Cross and Health Insurance Association of America.  
Al Thompson, Standard Insurance.  
Sharon Kidder, State Employment Division.  
Peggy Annet, League of Oregon Cities.  
Irvin Fletcher, Oregon AFL-CIO.

050 REP. DOMINY: Gives testimony in favor to SB 903. Relates an anticdote of one of his constituents that had her health insurance cancelled without any notice. The insurance companies are now required to let the employers know when they are cancelling a employees policy. If my constituent had been notified she would have been able to receive benefits under the COBRA plan yet she wasn't even informed of this. I feel that SB 903 is the solution to this type of problem.

113 JEFF RUTHERFORD: Submits and summarizes written testimony in favor to SB 903 and SB 546 (EXHIBIT A). Relates story of what happened to him when he was layed off work. The company he worked for (Bald Knob Mill) filed bankruptcy and didn't pay the employees health premiums. Therefore the workers were not covered for medical and life insurance. The employees were not notified of their COBRA rights. Also relates story of fellow employees with the same situation. Medical bills are being sent to collections because the employees can't pay their bills due to the layoff. If they had been notified

that their insurance policies were cancelled they would have checked into their COBRA rights. SB 903 and SB 546 is giving citizens their basic rights to know. I urge your support in passage of both of these bills. Continues on with discussion of the wrong doings of BaldNob.

TAPE 38 SIDE A

053 SENATOR OTTO: Was Bald Knob a union mill?

055 JEFF RUTHERFORD: No.

057 SENATOR OTTO: Do you feel that you would have been treated better if they were a union group?

061 JEFF RUTHERFORD: I am not really sure.

125 PAUL TIFFANY: Submits and summarizes written testimony in favor to SB 546 (EXHIBIT B).

We want this situation to be taken care of. We recommend that the insurer notify the employee of lapse of health insurance rather than have the employer notify the employee. Discusses testimony previously given before the Senate Labor Committee in 1983. The content of this bill is the same as SB 101 that was heard before the Senate Labor Committee. The testimony we gave to the Committee in 1983 is just as true today as it was then. The bureau testified that many employees, who thought they had health insurance coverage, had incurred medical expenses after their coverage was cancelled. Their claims were denied because their employer failed to make premium payments. These employees wound up being responsible for paying the bill. I have attached the testimony we gave in 1983, a letter from Victor Levy, an assistant Attorney General who first broached this issue 10 years ago, a letter from a citizen's representative in the Governors office and my reply.

210 REP. DOMINY: Is it a unfair labor practice to take away health insurance without notification?

218 PAUL TIFFANY: I'm really not sure. If you promise a benefit to an employee and wage increase and don't deliver on this promise you can be held liable for an unfair labor practice.

250 REP DOMINY: Is it an unfair employment practice to take someones wages away but not insurance?

261 PAUL TIFFANY: There are 22 basis for committing an unfair employment practice. When dealing with wages and hours you have a separate set of ways in which violations and promises are taken care.

270 REP. DOMINY: Is it unlawful to take away a employees health benefits without notification?

273 PAUL TIFFANY: If an employee doesn't pay any type of deduction for these benefits it isn't unlawful as current law is written.

293 CHAIR JOLIN: Is your preference to have the insurer notify the employee of lapse in health insurance? Or do you want both the employer and the insurer to notify the employee of the lapse?

285 PAUL TIFFANY: I believe that the only way you can get information to the employees is through the insurer. The employer for many reasons won't notify the employee.

335 SENATOR SHOEMAKER: If the employer fails to maintain a trust fund properly then a right of action occurs. Cancellation of a policy and not notifying wouldn't necessarily lead to a right of action for violation of the trust fund requirements?

350 PAUL TIFFANY: Yes. That is correct.

362 SENATOR SHOEMAKER: How will the insurer cause the employees to be notified ???  
379 PAUL TIFFANY: If the insurer can prevail upon the ???  
400 SENATOR BUNN:????  
408 PAUL TIFFANY: If they have a good customer they will work with them.  
420 SENATOR BUNN:????  
447 CRAIG HERBANI: Submits amendments to SB 546 (EXHIBIT C). The Department of Insurance and finance is nuetral on this bill.

TAPE 37 SIDE B

050 SENATOR SHOEMAKER: ????  
052 CRAIG HERBANI:????  
073 SENATOR SHOEMAKER:???  
078 CRAIG HERBANI:????  
083 SENATOR SHOEMAKER: How would you react if ???  
088 CRAIG HERBANI: If that is the committes wish we could have suitable language.  
113 REP DOMINY:????  
212 CRAIG HERBANI: ????  
128 SENATOR KENNEMER:????  
136 CRAIG HERBANI:?????  
154 KIDDER: Submits and summarizes written testimony in favor to SB 903 (EXHIBIT D).  
178 SENATOR SHOEMAKER: Is it your ?????  
199 SENATOR SHOEMAKER:???  
202 KIDDER: ???  
218 DICK VANPELT:???  
251 PEGGY ANNETT: Submits and summarizes written testimony on SB 903 (EXHIBIT E).  
365 SENATOR SHOEMAKER: Does the Department of ???? amendments meet your concerns?  
370 PEGGY ANNETT: ???  
380 REP. DOMINY: ????  
386 PEGGY ANNETT:????  
443 (EXHIBIT F)  
450 JOHN POWELL: Gives testimony on SB 546.???

TAPE 38 SIDE B

035 JOHN POWELL: Continues on with testimony  
076 REP. DOMINY:????  
101 SENATOR SHOEMAKER:?????  
118 AL THOMPSON:???  
180 SENATOR OTTO:???  
225 SENATOR SHOEMAKER:  
235 JOHN POWELL:???  
240 SENATOR SHOEMAKER:????

257 AL THOMPSON:???

270 REP. DOMINY:?????

296 CHAIR JOLIN: Adjourns hearing at 2:55

Submitted by:      Reviewed by:

Apryl Poff	Cherie Copeland
Assistant	Committee Administrator

EXHIBIT LOG:

- A - Written testimony submitted by
- B - Written testimony submitted by
- C - Written testimony submitted by
- D - Written testimony submitted by