

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 05, 2016
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Brackett, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Keough convened the meeting at 8:00 A.M.
STAFF PRESENT: Bybee, Tatro
AGENCY PRESENTATION: **INDUSTRIAL COMMISSION (Commission)**
PRESENTER: **Tom Limbaugh, Commissioner**

To view the presentation, please click on the following link: [Industrial Commission](#)

The Industrial Commission administers the Worker's Compensation Law under Title 72, Idaho Code. The main functions of the Commission are to decide contested cases, administer insurance requirements, approve settlement agreements, mediate worker's compensation disputes, provide no cost return-to-work services, decide unemployment insurance appeals, and administer the Crime Victim's Compensation Program. With the exception of the Crime Victim's Compensation Program, premium tax, collected semi-annually in March and July, is the Commission's primary funding source for ongoing operations; the Commission receives no revenue from the General Fund.

The Commission is often mistaken for the State Insurance Fund. Following are some common misconceptions about the Commission: it does not pay worker's compensation benefits, it is not the State Insurance Fund, it is not an insurance company, and it does not set worker's compensation rates. The Crime Victim's Compensation Program *does* pay benefits.

In FY 2015, 34,559 accidents were reported with 39 fatalities. During the 2014 calendar year, sureties reported \$231 million in total benefits paid — \$150 million in Medical and \$81 million in lost wages.

The Commission acts as an Administrative Court with exclusive jurisdiction of: 1) Worker's Compensation law and decides disputed worker's compensation cases including hearings, case settlements, and mediations, 2) resolves medical fee disputes, and 3) provides final decisions on unemployment appeals from the Department of Labor. The Employer Compliance Division receives Idaho business registrations from the state's online business registration program and notices of insurance cancellations from the National Council of Compensation Insurance (NCCI), and last year the Division corresponded with 14,700 employers regarding insurance coverage status. The Claims and Benefits Division: 1) collects and maintains status information on over 34,000 claims filed each year to ensure worker's compensation benefits are paid properly and timely, 2) conducts audits to ensure compliance with Idaho claims adjusting rules and in-state adjusting requirements, 3) reviews and makes approval recommendations on lump sum settlement agreements proposed between the employer and employee, and also 4) provides a Worker's Compensation Certification Program (CIWCS) for industry professionals. This Division has Electronic Data Interchange (EDI) and is upgrading to version 3.0 which is designed to decrease paper use and digitize documents; implementation date is July 1, 2017. The Rehabilitation Division, created in 1974, assists injured workers in returning to gainful employment, works with employers, medical providers, and sureties to facilitate medical recovery and return to work. In FY 2015, 1,490 injured workers returned to work. The Advisory Committee was established in 2000 to provide assistance and advice on the Idaho worker's compensation system.

The Crime Victim's Compensation Program provides financial assistance to innocent victims of crime by helping to pay for medical, psychological, sexual assault forensic examinations, wage loss, death benefits, and funeral expenses. The maximum benefit paid to a victim is \$25,000. Since the program's inception, approximately 40,000 victims have been assisted. Currently 7,642 victims are actively receiving services. No General Fund dollars are used for this program; resources come from fines imposed on offenders convicted of crimes in Idaho as well as grant funds from Victims of Crime Act of 1984 (VOCA). In FY 15, \$2,296,334 was paid to innocent victims of crime and service providers.

Regarding the Division of Building Safety (DBS), Senate Bill 1001 clarified the scope of workplace safety inspections and programs and transferred statutory responsibility to DBS. The FY 16 appropriation to DBS was \$1,185,100 for Trustee and Benefits.

The Commission has a total of 138.25 FTP, all are permanent, benefitted employees. There are 76 classified and 62 non-classified positions. Classified employee turnover at the Commission continues to exceed the state average turnover rate. The Governor's FY 2017 budget recommendation totals \$16,701,400 including replacement items, the cost of the 27th payroll, and new equipment.

**AGENCY
PRESENTATION:
PRESENTER:**

**DEPARTMENT OF INSURANCE (DOI)
Dean Cameron, Director**

To view the presentation, please click on the following link: [Department of Insurance](#)

Since 1901 the Department of Insurance since 1901 has regulated the business of insurance in Idaho, is a member of the National Association of Insurance Commissioners, and its purpose is to protect policyholders and monitor the financial condition of carriers. The mission of DOI is to equitably, effectively, and efficiently administer the Idaho Insurance Code and the International Fire Code.

The value of the Department to consumers and employers is fourfold: 1) they need to know the insurance company is financially solvent, 2) they have an expectation that the insurance company will appropriately process claims, 3) they expect that the agent/producer is trustworthy, educated and licensed, and 4) insurance companies have an expectation that DOI will fairly and equitably administer the law.

DOI has two budgeted programs: the Insurance Regulation Division and the State Fire Marshal's Office. The Insurance Regulation Division consists of three bureaus and one section (IT) overseen by the Deputy Director. The three bureaus are: 1) Product Review which reviews and approves insurance policy and self-funded rates and forms, 2) meets the effective rate review standards for the individual and small group health insurance markets, certifies health plans that meet the Qualified Health Plan (QHP) standards, 4) reviews proposed increases on health plans to determine if they are "unreasonable," 5) reviews proposed increases for long-term care and other policies, and 6) works with NCCI on worker's compensation rate adjustments and review.

The Company Activities Bureau 1) monitors the financial condition of all domestic insurance entities, assures compliance with Idaho law and financial responsibility, 2) reviews applications of insurers and qualifying self-funded healthcare plans seeking to do business in Idaho, 3) licenses producers and third-party administrators, 4) collects and audits insurance premium tax returns, 5) regulates title and bail agencies, and 6) performs market conduct analyses and examinations of insurers and self-funded plans doing business in Idaho.

The Consumer Affairs/Services Bureau acts as a liaison with carriers and/or agents to thoroughly investigate and resolve complaints, ensures actions by carriers and/or agents are in compliance with Idaho insurance law and terms of the insurance contract, provides consumers with information to help understand insurance needs, and Consumer Affairs officers help consumers resolve disputes with insurance companies and agents. Within this bureau is Idaho's Senior Health Insurance Benefits Advisors (SHIBA) program which provides information, counseling and assistance on Medicare coverage issues to Idaho's senior citizens. Within Consumer Affairs the following investigations are performed: 1) consumer protection from individuals conducting the business of insurance in a dishonest manner, 2) investigation of allegations of individuals filing fraudulent insurance claims against insurance companies, 3) criminal and administrative investigations to determine whether any person has violated any provision of Title 41, Idaho Code, and 4) collaboration with the State Fire Marshal's Office on insurance-related arson investigations.

Issues facing the Department of Insurance include: 1) difficulty attracting and retaining highly qualified employees, 2) increasing the number of self-funded plans and third party administrators, 3) increasing the number of insurance agents, 4) increasing the number of seniors which puts increased pressure on SHIBA, 5) stabilizing the health insurance market and carrier issues, and 6) handling federal intervention and regulation.

The Governor's FY 2017 recommended budget of \$9,556,900 includes \$78,200 in Benefit Costs, \$245,700 for Replacement Items, a decrease of \$6,600 in statewide cost allocation, \$138,900 for Change in Employee Compensation (CEC) and \$164,400 for the 27th Payroll. Decision Units include \$19,200 for additional desks, laptops and equipment, and \$48,000 for radios, fire shelters, and gas monitors for the State Fire Marshal's Office.

The Legislative Audits Division of Legislative Services on January 29, 2015, reported two findings as the result of an audit; one finding remains open. The next scheduled review of the Department of Insurance is scheduled for the summer of 2017.

**AGENCY
PRESENTATION:
PRESENTER:**

SELF-GOVERNING AGENCIES
Division of Building Safety

Kelly Pearce, Administrator

To view the presentation, please click on the following link: [Division of Building Safety](#)

The mission of the Division of Building Safety is to safeguard the citizens of Idaho through responsible administration of building and construction-related safety and licensure standards while promoting a positive business climate. The Division administers five bureaus and houses seven boards. Boards include: Heating, Ventilation and Air Conditioning, Electrical, Building Code, Plumbing, Manufactured Housing, Modular Building Advisory, and Public Works Contractor Licensing. Additional programs include: Industrial Safety, Logging Safety, Elevator Safety, Energy Code Program and the School Security Assessment Program.

The Administrator discussed several charts for Ada County including: 1) a local housing report showing sales were up 14% and permits were up 15%, 2) new construction sales between 2008 and 2015 increased by 30.1%, and 3) single-family homes sales from 2008–2015 increased by 85.3%. In 2015 the Division of Building Safety issued 16,168 licenses, 39,460 permits, completed 68,560 inspections and answered 55,963 call to their 1–800 phone number. **Administrator Pearce** showed several slides of various inspections from around the state which included corporations, schools, elevators, agriculture, and modular-manufactured housing.

The Governor's recommended FY 2017 budget totals \$12,977,600 with 131 FTP's. Decision units include money for four building inspectors and one technical records specialist, funds to remodel the Meridian office, some new equipment, and the creation of a School Safety Office.

**PRESENTATION:
PRESENTER:**

Idaho Lottery

Jeff Anderson, Director

To view the presentation, please click on the following link: [Idaho Lottery](#)

The Lottery is a dedicated fund agency that receives no General Fund dollars. Its mission is to responsibly provide entertaining games with a high degree of integrity to maximize the dividend for Idaho Public Schools and the Permanent Building Fund; the Lottery's vision is to become the highest performing jurisdiction in America. The Idaho State Lottery Commission oversees the activities of the Lottery; members include Chairman Mel Fisher, Gary Michael, Craig Corbett, Susan Kerrick, and a commissioner yet to be announced to fill the vacancy left by David Keyes.

Lottery beneficiaries include Idaho Public Schools, the Permanent Building Fund, and the Bond Levy Equilization Fund. The Charitable Gaming Division provides oversight of charitable bingo and raffles to ensure games are played within the law and participants are treated fairly.

In FY 2015, Lottery activities generated an additional \$1.1 million for Idaho. In addition, \$12.5 million was paid to retail partners for selling product, and over \$4 million was generated for local communities from charitable gaming licensees (\$3.4 million for raffle and \$852,000 for bingo). The forecast for FY 2016 is plus-3% in top line sales for an estimate of \$46 million. The Lottery has limits on certain expenses outlined in Idaho Code as shown: administrative expenses for the coming year are forecast to be 5.6% of sales which is well below the 15% cap; retailer commissions were at 5.94% which is just below the 6% cap; and advertising/promotion remains at 1.74% well below the statutory cap of 3.5%.

The Governor's FY 2017 budget recommendation is for \$5,902,600 with 45 FTP.

AGENCY
PRESENTATION:
PRESENTER:

OFFICE OF THE GOVERNOR
Idaho State Liquor Division (ISLD)
Jeff Anderson, Director

To view the presentation, please click on the following link: [State Liquor Division](#)

ISLD is a dedicated fund agency that receives no General Fund money. Its mission is to provide **control** over the importation, distribution, sale and consumption of distilled spirits, **curtail** intemperate use of beverage alcohol and responsibly **optimize** the net revenues of the citizens of Idaho. The Division's vision is to be the most respected and highest performing purveyor of distilled spirits in the United States. ISLD is headquartered in Boise, has 171 retail liquor store locations (66 state retail stores and 105 contract stores), and 32 of Idaho's 44 counties have Sunday sales. The full-service distribution center receives and ships one million cases of product annually. The 66 state-operated stores have 84% of total ISLD sales. In FY 2015, the Division had a record distribution of \$64.4 million.

Per capita consumption of distilled spirits in Idaho is well below national averages and even less when cross-border sales to Washington State consumers are factored in. It is estimated that cross-border sales amount to 7% of business. Access matters in curtailing over consumption and abuse of liquor. Idaho has only 15 retail outlets per 100,000 residents offering distilled spirits. Since 2010, forecast sales have increased by 36%, distributions have increased 45% and forecast volumes are up by 19% – the Washington effect appears to have had an impact on sales and operations. Growth in sales and profit per FTP continues to improve.

The Director is forecasting a 4% increase in sales for FY 17. The Governor’s recommended budget for the coming fiscal year is \$19,510,900 which includes \$375,000 to remodel seven state-operated stores, \$51,300 to convert four contract warehouse employees to full-time benefitted positions, and \$96,400 to increase starting pay for temporary clerks

**COMMITTEE
REPORT:**

**Joint Millennium Fund Committee
Annual Report and Recommendations**

PRESENTERS:

Senator Patti Anne Lodge and Representative Fred Wood, Co-Chairmen

To view the presentation and recommendations, please click on the following link: [Joint Millennium Fund Committee recommendations](#)

Grant proposals were only considered for: 1) programs and projects related to tobacco cessation or prevention, substance abuse cessation or prevention, or tobacco or substance abuse related disease treatment, and 2) evaluation of prior year award winners. A total of 28 applications were received which included 25 for the traditional application and three for the new evaluation of prior year award winners. On a 6–4 vote, the Committee voted to recommend funding for 18 of the applicants.

**UNANIMOUS
CONSENT:**

On request by Bell, granted by unanimous consent, the recommendations of the Joint Legislative Millennium Fund Committee were accepted.

ADJOURNED:

There being no further business, Chairman Keough adjourned the meeting at 9:58 A.M.

Senator Keough
Chair

Peggy Moyer
Secretary