

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 01, 2024

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Cook, Senators Lakey, Guthrie, Ricks, Foreman, Hartgen, Lenney, Ward-Engelking, and Ruchti

**ABSENT/
EXCUSED:** None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Cook** called the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

RS 31022: **Relating to the Department of Commerce (DOC). Senator Okuniewicz** stated this proposed legislation repealed Idaho Code §§ 67-4715, 4726, 4730, and 4731 titled "The Global Entrepreneurial Mission" (IGEM), as well as the corresponding section of Idaho Administrative Procedures Act (IDAPA) rules. He remarked by repealing IGEM, the State of Idaho saved the General Fund \$1 million from the DOC budget.

MOTION: **Senator Ward-Engelking** moved to send **RS 31022** to print. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

S 1233 **TRADE PRACTICES AND FRAUDS - Amends existing law to include additional automotive parts within the definition of "aftermarket crash part" and to provide for a disclosure statement regarding safety and performance for non-original equipment manufacturer (OEM) crash parts.** **Senator Herndon** gave an overview of this bill. He stated the estimate had to contain specific items relating to the warranty for replacement parts provided by the manufacturer or distributor, rather than the manufacturer of the vehicle. He noted the use of non-original equipment manufacturer (non-OEM) crash parts could affect the safety and performance of a vehicle. He recommended the insured person consult with a qualified industry expert or repair shop before making any decisions regarding the use of non-OEM crash parts.

Senator Herndon stated he wanted the disclosure to tell consumers, who probably had no idea what OEM was or non-OEM parts, about the difference as to who warranted the parts after the vehicle was repaired. He stated there could be some changes in the characteristics of a vehicle, such as performance and safety. **Senator Herndon** stated he was not favoring one part over the other. He only wanted to give the consumer a fully descriptive explanation of why.

DISCUSSION: **Senator Hartgen** and **Senator Herndon** discussed whether the parts were cosmetic or structural. **Senator Herndon** noted the parts were both. He said the repair facility had the option to use both. However, the manufacturers typically only tested the safety component with OEM parts, including structural components.

Senator Ward-Engelking remarked that lines 35 and 36 of the bill addressed the problem. **Senator Herndon** stated the manufacturers had one point of view because they tended to sell more OEM parts. The repair facilities liked OEM parts and some preferred aftermarket parts. The insurance companies preferred aftermarket parts because costs were lower to repair the vehicle and included an increase in profits. Prior legislation was discussed and the intent of this legislation was to disclose that identification was written on the estimate and on the part. He remarked that having the manufacturer's name on the part did not tell anything about the part, and did not suggest anything related to performance and safety. **Senator Ward-Engelking** stated the warranty went with the parts. **Senator Herndon** noted the disclosure was only required if after market crash parts were used and the warranty was provided by someone else.

Senator Lakey clarified the bill only involved the exterior parts. He stated the added language of disclosure seemed to impune safety and performance of after market parts. He queried if there was data to support these claims. **Senator Herndon** remarked the hood was included as an exterior part and could present a safety issue if it flew off in a crash. He wanted the consumer to be told all of the reasons why one part should be chosen over another.

Senator Ricks stated he agreed with Senator Lakey. He stated it implied that after market parts could be questionable and a safety issue. He asked if the bill was going to be sent to the amending order. **Senator Herndon** remarked he recommended sending the bill to the amending order. He wanted to change the effective date and incorporate some changes.

Senator Ricks remarked that traditionally the Legislature did not like to impose requirements on business and insert the government in the middle.

TESTIMONY: **Elizabeth Criner**, American Property Casualty Insurance Association (APCIA), spoke in opposition to the bill. She noted there was no agreement reached on this bill. She said the bill raised concerns about non-OEM parts being inferior to OEM parts. She stated consumers and repair shops used after market parts and that kept prices low. If this bill was instituted, car repairs would significantly increase (Attachment 1). She asked the Committee to hold the bill.

John Miller, Miller Auto Collision, testified in support of the bill. He remarked vehicle safety had changed drastically over the years. He noted there were explosive materials in cars and some were unsafe. When a non-OEM part was applied to a car, the manufacturer was no longer liable. He urged the Committee to adopt a law that protected the consumer (Attachment 2).

Catalina Jelkh Pareja, LKQ Corporation, stated her corporation was a leading provider of alternative auto parts that included aftermarket, recycled, refurbished, re-manufactured, and specialty auto parts. She spoke in opposition to the bill. She noted this bill was discriminatory against the aftermarket and recycled auto parts industry (Attachment 3).

Scott Plew, representing himself, testified in support of this bill. He gave an example of when his car was damaged in a collision with a deer. He expected the insurance company to replace the damaged parts with genuine Toyota parts. He stated the insurance company only paid for non-OEM crash parts. Because he

wanted genuine parts, he had to pay for them himself.

Tod Moore, Auto Care Association, testified in opposition to the bill. He noted this bill would have an immediate detrimental effect on the vibrant aftermarket ecosystem in the State of Idaho. He stated that in many cases, tier one suppliers who made OEM parts also provided identical products to the independent aftermarket. **Mr. Moore** noted that aftermarket parts were less expensive than OEM parts. He remarked all consumers were struggling with increased costs. Transportation costs were the second highest expense for American households next to housing. He stated competition in all markets, including automotive repair, should be encouraged.

Mike Brassey, State Farm Insurance, testified in opposition to the bill. He clarified how State Farm dealt with OEM and non-OEM parts. He reported estimates should include both OEM and non-OEM parts. The insured then chose which parts were to be used. He noted if the insured chose non-OEM parts, State Farm guaranteed satisfaction for the remaining life of the vehicle.

Written testimony in opposition to the bill was submitted online from: Tod Moore, Auto Care Association; Catalina Jelkh Preja, LKQ Corporation; and Emil Nussbaum, Automotive Recyclers Association (Attachment 4).

DISCUSSION: **Senator Herndon** remarked other states required disclosures. He wanted disclosures to be more meaningful to the consumer. He encouraged the Committee to send **S 1233** to the 14th Order for possible amendment.

MOTION: **Senator Foreman** moved to send **S 1233** to the 14th Order of Business for possible amendment. **Senator Ricks** seconded the motion.

DISCUSSION: **Senator Lenney** remarked that in his opinion, there was no language that implied inferiority of non-OEM parts. He stated he did not feel like there was government intrusion, but only consent. He noted he was in support of sending this bill to the 14th Order.

ROLL CALL VOTE: **Chairman Cook** called for a roll call vote. **Senators Lenney, Ricks, and Foreman** voted aye. **Senators Lakey, Guthrie, Hartgen, Ward-Engelking, Ruchti, and Chairman Cook** voted nay. The motion failed.

MOTION: **Senator Lakey** moved to hold **S 1233** in Committee. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. **Senator Foreman** voted nay.

S 1234 **INSURANCE - Adds to existing law to provide that health benefit plans and student health benefit plans covering prescription contraception must provide reimbursement for a six-month supply except under certain circumstances.** **Senator Wintrow** stated this legislation allowed enrollees to receive up to a six-month supply of prescribed contraceptives if they so chose or if they were already on an established prescription. Currently, many insurance plans reimbursed for only a one-to-three month supply of contraceptives. She explained this legislation required any health benefit plan issued or renewed on or after January 1, 2025, which covered contraceptives approved by the Federal Food and Drug Administration, to provide reimbursement for up to a six-month refill supply obtained at one time by the enrollee. The exception was if the enrollee had never been prescribed prescription contraception, then the provider would provide a smaller supply. **Senator Wintrow** stated this legislation required insurers to expand contraceptive coverage. This legislation did not mandate any appropriations and did not mandate any future appropriations. This legislation would not negatively affect the General Fund or any dedicated fund.

TESTIMONY: **Dr. Abby Davids**, Idaho Academy of Family Physicians and a member of the Idaho Academy of Family Medicine, testified in support of the bill. She noted as a family physician, she was dedicated to keeping patients healthy. This included several different preventive care measures, such as pap and cervical exams, mammograms, colorectal cancer screening, vaccinations, healthy diet and exercise, mental health screening, and reproductive health care. Contraception was an important and regular part of preventive health care for women of reproductive age. She remarked access to contraceptives was helpful, especially for women in rural areas. There were no abortifacients included in the bill (Attachment 5).

Written testimony was received from Linda Larson in support of the bill. She noted most insurers currently provided for six months of contraceptives. Access to contraception increased adherence and effectiveness. Other written testimony in support of the bill was received from Savannah Haddock, Joseph Crupper, Ann Giantvalley, Gretchen Wissner, Linda Larson, Nadine Dilworth, Bruce Spencer, Mountain Health Coop; Chelsea Maude, Nancy Britton, Todd Swanson, Dr. Julie Bouchard, Eileen Swanson, Clarice McKenney, Vickie Fadness, Laurel BakeNaomi Trueman, Mary Jo Hamilton, Loren Colson, Dorothy Buening, Katharine Roser, Janet Roscoe, Vicki Nostrant, Heather Stout, Kathy Dawes, Amy Whalley, Dana Dawes, Kathleen Crouch, and Marilyn Beckett (Attachment 6).

Written testimony was received from the Idaho Contraceptive Education Network in support of the bill (Attachment 7).

DISCUSSION: **Senator Ricks** asked for clarification on prescriptions, refills, and what insurance companies allowed pharmacies to dispense. **Dr. Davids** explained the process of prescriptions versus how insurance companies reimbursed patients with a limit of only a three-month supply of medications.

Senator Lakey asked if an insurance company could provide for a longer dispensary time of three months. **Dr. Davis** stated she did not believe so.

Senator Ward-Engelking noted that if one was prescribed a statin for 12 months, why was a prescription for contraceptives only for three months?

TESTIMONY: **Kendal Shaber**, representing herself, testified in support of the bill. She talked about availability for those who lived in the rural areas of the State. She noted rural areas were not being served and accessibility was difficult.

Chelsea Maude, Moscow, testified in support of the bill. She said it was difficult to get oral contraceptives. Prescriptions took a longer time to process. Having access to contraceptives was imperative.

Dr. Emily Corrigan, representing herself, testified in support of the bill. She noted that without her prescriptions she would not have had her career or her family. She stated missing doses decreased efficacy.

Dr. Julie Bouchard, representing herself, noted she was a retired obstetrics and gynecological doctor, and testified in support of the bill.

Loren Coulson, Idaho Coalition for Safe Healthcare, testified in support of the bill. She stated access to birth control was crucial. By the passage of this bill, more patients would have access to birth control.

Maddie Oppenheimer, representing herself, testified in support of the bill. She stated it was important for her to make her own decisions about birth control.

DISCUSSION: **Senator Wintrow** remarked this bill was the lightest touch of government for good health outcomes. She asked the Committee to support the bill.

Chairman Cook asked Senator Wintrow if she had asked the insurance companies to change their rules. **Senator Wintrow** stated she had no control over what insurers did. This bill saved money. Twenty-five other states had already passed this kind of legislation.

MOTION: **Senator Ward-Engelking** moved to send **S 1234** to the floor with a **do pass** recommendation. **Senator Hartgen** seconded the motion.

DISCUSSION: **Senator Guthrie** spoke in support of the bill.

Senator Foreman stated the government should not control a private sector. He understood the intent of the bill, but he stated government should not touch the private structure. **Senator Lakey** stated he agreed with Senator Foreman.

Senator Ruchti stated he supported the motion. He stated that Title 41 of Idaho Code regulated insurance and was regulated in every aspect of the insurance industry. Policies were complicated and technical. The Department of Insurance regulated insurance companies.

Senator Ward-Engelking asked for support of the motion.

ROLL CALL VOTE: **Senator Lenney** asked for a roll call vote. **Senators Guthrie, Hartgen, Ward-Engelking, Ruchti,** and **Chairman Cook** voted aye. **Senators Lakey, Foreman,** and **Lenney** voted nay. **Senator Ricks** was absent and excused from the vote. The motion carried.

NOTE: Due to a lack of time, remaining action items on the agenda will be held until a later time.

ADJOURNED: There being no further business at this time, **Chairman Cook** adjourned the meeting at 3:11 p.m.

Senator Cook
Chair

Linda Kambeitz
Secretary