

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, March 12, 2019

TIME: 1:00 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Patrick, Vice Chairman Agenbroad, Senators Martin, Lakey, Guthrie, Thayn, Ward-Engelking, and Burgoyne

**ABSENT/
EXCUSED:** Senator Souza

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 Patrick** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:02 p.m.

MINUTES APPROVAL: **Senator Burgoyne** moved to approve the Minutes of February 28, 2019. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

Vice Chairman Agenbroad moved to approve the Minutes of March 5, 2019. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**UNANIMOUS
CONSENT:** **Senator Burgoyne** asked for unanimous consent to send **RS 27083** to a privileged committee to print. There were no objections.

**GUBERNATORIAL
VOTE:** **Committee Consideration of the Gubernatorial Appointment of Jani Revier, Director, Idaho Department of Labor (IDOL).**

Senator Martin moved to send the Gubernatorial appointment of Jani Revier of Meridian, Idaho, as the Director of the IDOL, to the floor with the recommendation that she be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. Senator Bayer will carry the appointment on the floor.

**GUBERNATORIAL
VOTE:** **Committee Consideration of the Gubernatorial Appointment of Kelley Packer, Bureau Chief, Idaho Bureau of Occupational Licenses (IBOL).**

Senator Guthrie moved to send the Gubernatorial appointment of Kelley Packer of McCammon, Idaho, as the Bureau Chief of the IBOL, to the floor with the recommendation that she be confirmed by the Senate. **Senator Lakey** seconded the motion. The motion carried by **voice vote**. Senator Guthrie will carry the appointment on the floor.

H 144

Relating to Barber and Cosmetology Services. **Kris Ellis**, Idaho Health Care Association (IHCA), stated the proposed legislation would exempt those working in facilities licensed by the Idaho Department of Health and Welfare (IDHW), Division of Licensing and Certification, from being required to have a cosmetology license. The proposed exemption would include nurses and those who are delegated by a nurse to perform cosmetology services, as well as aides and volunteers who perform certain cosmetology services. The facilities licensed by the Division of Licensing and Certification include: nursing homes, assisted living facilities, certified family homes, intermediate care facilities, and hospitals. The exemption contained in the proposed legislation would simply codify what has been the standard in licensed facilities for decades.

Ms. Ellis reported there would be no fiscal impact to the General Fund or the boards that regulate the licensed facilities or the Board of Barbers and Cosmetology, because these unregulated providers of certain cosmetology services would continue to be unregulated. In addition, there would be no impact to licensure fees because no new fees are being added or subtracted under the proposed legislation. There has been no opposition.

MOTION:

Senator Guthrie moved to send **H 144** to the floor with a **do pass** recommendation. **Vice Chairman Agenbroad** seconded the motion. The motion carried by **voice vote**.

H 177

Chairman Patrick moved the hearing for this bill to the end of the agenda in order to provide time for Representative Young to arrive.

GUBERNATORIAL REAPPOINTMENT HEARING:

Committee Consideration of the Gubernatorial Reappointment of Rod Higgins, Idaho State Insurance Fund Board (ISIFB). A phone conference was held with Mr. Higgins as he was out of state for the month and unable to appear before the Committee. He gave an overview of his experience. He pointed out that cybersecurity was an issue that has been taken seriously by the ISIFB. **Mr. Higgins** stated his goal was to put money into technology for agents during the next year.

DISCUSSION:

Chairman Patrick remarked cybersecurity is an issue and was glad Mr. Higgins was being proactive.

Senator Lakey stated he was a member of the ISIFB, that he had a conflict of interest pursuant to Senate Rule 39(H), but intended to vote. He thanked Mr. Higgins for serving and said he appreciated his leadership.

Senator Burgoyne asked Mr. Higgins for an overview of how workers' compensation premiums are working in the State of Idaho. **Mr. Higgins** stated many workers' compensation policies are sold and the climate in Idaho for workers' compensation is good.

GUBERNATORIAL APPOINTMENT HEARING:

Committee Consideration of the Gubernatorial Appointment of Gregory Donaca, Idaho Health Insurance Exchange Board - Your Health Idaho (YHI). **Mr. Donaca** gave a brief overview of his career. He stated he was the Chief Executive Officer (CEO) at Delta Dental, which is the largest stand-alone dental carrier in Idaho. There are approximately 380,000 members, with half being in Idaho. He remarked he had experience not only as a Certified Public Accountant (CPA), but in business and Information Technology (IT). He noted all of these experiences will help with the Finance Committee on the Your Health Idaho (YHI) Board. **Mr. Donaca** remarked YHI operates very well and the cost for members

is lower than that of the federal exchange. He stated he wanted to give guidance and support when asked and as needed.

DISCUSSION:

Chairman Patrick queried if Mr. Donaca saw any big changes in the YHI Exchange. **Mr. Donaca** noted that YHI is prepared for the impact of approximately 18,000 people leaving the YHI Exchange due to Medicaid expansion. He mentioned the YHI Exchange is one of the most successful in the United States.

Senator Burgoyne inquired if Delta Dental was involved with the YHI Exchange. **Mr. Donaca** clarified that Delta Dental was involved with approximately 1,000 people who are enrolled in the YHI Exchange and another 2,000 who have certified plans purchased through Delta Dental. He reported that if there was a vote and he felt he had a conflict, he would excuse himself. **Senator Burgoyne** remarked he thought there would be an advantage for people on the YHI Exchange to have dental coverage. **Senator Burgoyne** and **Mr. Donaca** had a conversation about the goals and objectives of the business model of the YHI Exchange and the challenge with insurance coverage for those who participate in the YHI Exchange and for those who do not participate. **Mr. Donaca** remarked that when people have dental coverage, they are two and a half times more likely to go to the dentist. He remarked it is extremely important that YHI continues their advertising campaigns. The YHI Exchange has a good relationship with many brokers, which needs to continue. **Mr. Donaca** stated that local events are held to increase awareness and to encourage people to enroll. All of that is key to keeping costs low and having the insurance carriers represented with plans that have good value.

Vice Chairman Agenbroad queried that with changes happening with Medicaid, what skill sets Mr. Donaca would bring to the YHI Exchange. **Mr. Donaca** pointed to his business experience, including that of being a CPA and working with IT, and indicated he realized with change management, there is a human element. He noted the Finance Committee must look at how Medicaid expansion will impact the people of Idaho and those who are on the YHI Exchange.

**GUBERNATORIAL
APPOINTMENT
HEARING:**

Committee Consideration of the Gubernatorial Appointment of Nancy Merrill, Idaho Personnel Commission (IPC). **Ms. Merrill** gave an overview of her career. She has served in government since 1995 and she has served on various committees. She has held numerous offices, including Mayor of the City of Eagle.

Ms. Merrill stated the most challenging part of her job as Director of Idaho Parks and Recreation was during the Great Recession when the Idaho State General Fund budget was cut by 80 percent. She had to be creative. **Ms. Merrill** stated she had to reinvent the budget by examining the reserve fund. She had to decrease full-time employees and reduce seasonal staff. Fund raising opportunities were expanded and marketing and promotional capabilities were developed. Capital improvements to public health and safety, and revenue generation were redirected. Dedicated funds were secured to help replace General Funds. The Idaho State Parks Passport was created, which generated \$1.2 million the first year of implementation.

Ms. Merrill remarked she has enjoyed working for both local and state governments and believes she can be impartial when it comes to listening to appeals and understanding the desires and problems of employees and

the State of Idaho. She stated she is a good listener and she has learned to work with many different personalities in many different venues.

DISCUSSION:

Chairman Patrick mentioned that he was on the Joint Finance-Appropriations Committee (JFAC) when Ms. Merrill had to make budget cuts. He remarked the Passport idea went well.

Senator Burgoyne stated Ms. Merrill has an extensive background and queried how she saw her role on the IPC as opposed to prior jobs. **Ms. Merrill** noted that during her years of work experience, dealing with and making decisions for employees is much different than being the employer. She said she was empathetic, kind, and looked at all issues in making decisions in the best interest of the agency and the person. Appeals are very concerning and emotional to employees. She knows how to alleviate some fear and anger issues that sometimes happen when there is an appeal.

Senator Martin complimented Ms. Merrill and said he appreciated her service, especially with her creative budget cuts. **Ms. Merrill** remarked the budget cuts were staff and employee-driven and a good example of collaboration in order to arrive at a solution.

H 177

Relating to Public Employee Retirement System of Idaho (PERSI) - Re-employment of Certain Public Safety Officers. Representative Julianne Young reported this legislation will allow local school districts to hire retired law enforcement officers to support school security without these individuals having to suspend their PERSI benefits. Should a school district choose to hire these retired individuals, the existing retirement benefit remains locked in at the same rate. The arrangement parallels that currently available to teachers, with the employer still making PERSI contributions, but not the employee.

Representative Young stated the fiscal impact is not known because PERSI actuaries will require five to six years of data to assess the impact.

TESTIMONY:

Don Drum, Executive Director, PERSI, explained that the PERSI plan must comply with Internal Revenue Service (IRS) Code. He stated his role at this hearing was to provide technical support and answer questions on how the proposed legislation impacts the plan.

Mr. Drum remarked that benefit enhancements usually increase plan costs. PERSI's actuaries recently completed an analysis of teachers and administrators who benefited from the Return to Work provision. The study also showed a change in the pattern of retirement for workers who benefited from the provision. The actuaries determined that the current statute that allowed the Return to Work provision was costing PERSI and its members approximately \$28,000 per participant who returned to work. PERSI asked the actuaries to estimate what the cost would be for School Resource Officers. The cost estimate was \$33,386 per Return to Work member. These costs are above and beyond the revenue stream provided in existing code.

Mr. Drum indicated employers would like to explore the option of hiring retired law enforcement officers. **Mr. Drum** pointed out there is data quantifying a cost above and beyond the prescribed revenue source. PERSI has always recommended that benefit enhancements be fully funded by an ongoing revenue stream. The current system in place for teachers and administrators and School Resource Officers (SROs)

returning to work is not fully funded and is subsidized by other members of the plan.

DISCUSSION:

Chairman Patrick and **Mr. Drum** discussed PERSI contribution rates and how data and presumptions are factored in. However, teachers and administrators are retiring two years earlier than planned. PERSI is paying for two more years of benefits other than what was planned. Approximately \$28,000 falls short of covering the total cost per employee.

Senator Lakey remarked the sheriff's department does not think officers will retire early in order to become an SRO, since the job is part-time. **Mr. Drum** remarked PERSI will not know for approximately five to six years if the retirement pattern will change or the impact on the PERSI Fund. In answer to Senator Lakey's question, **Mr. Drum** responded that if the retirement pattern does not change for officers, it would help sustain PERSI within the next five to six years.

Senator Burgoyne inquired if the employer made the PERSI contribution and not the employee. **Mr. Drum** stated that was true, but future proposed legislation will ask the employee to contribute.

A discussion ensued between **Mr. Drum** and **Senator Ward-Engelking** clarifying there is no increase in retirement if a teacher is already drawing from PERSI. They discussed whether or not an employer is hiring retired teachers instead of new teachers. **Mr. Drum** mentioned PERSI projected the employer rate a little low.

Mr. Drum added neither credits nor PERSI benefits change if a teacher or a retired officer goes back to work after drawing PERSI retirement.

Representative Young stated the idea is to help schools employ retired officers as SROs after retirement. This bill should save PERSI money and not change the pattern.

MOTION:

Senator Burgoyne moved to send **H 177** to the floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:00 p.m.

Senator Patrick
Chair

Linda Kambeitz
Secretary