

**MINUTES OF THE HOUSE BUSINESS AND LABOR
STANDING COMMITTEE**
Room W010, West Office Building, State Capitol Complex
January 26, 2007

Members Present: Rep. Stephen D. Clark, Chair
Rep. Jim Dunnigan, Vice Chair
Rep. Jackie Biskupski
Rep. David Clark
Rep. Carl W. Duckworth
Rep. Ben Ferry
Rep. Gage Froerer
Rep. Neil A Hansen
Rep. Todd E. Kiser
Rep. Michael T. Morley
Rep. Paul Neuenschwander
Rep. Mark Walker

Members Absent: Rep. Kevin Garn

Staff Present: Allison Nicholson, Policy Analyst
Linda Error, Committee Secretary

Note: List of visitors and a copy of handouts are filed with committee minutes.

Chair S. Clark called the meeting to order at 2:03 p.m.

MOTION: Rep. Kiser moved to approve the minutes of the January 24, 2007 meeting. The motion passed unanimously, with Rep. D. Clark, Rep. Ferry, and Rep. Morley absent for the vote.

H.B. 295 Insurance Law Amendments (*Rep. J. Dunnigan*)

Rep. Dunnigan introduced the bill to the committee with the assistance of J.E."Mickey" Braun, Assistant Commissioner, Utah Insurance Department.

MOTION: Rep. Kiser moved to amend the bill as follows:

1. Page 1, Lines 18 through 19:

- 18 ▶ addresses independent review organizations;
▶ addresses requirements for the commissioner's adoption of a Basic Health Care Plan;
- 19 ▶ addresses groups eligible for group or blanket insurance;

2. Page 2, Lines 46 through 47:

- 46 31A-22-610, as last amended by Chapter 252, Laws of Utah 2003
31A-22-613.5, as last amended by Chapter 114, Laws of Utah 2002
47 31A-22-629, as last amended by Chapter 78, Laws of Utah 2005

3. Page 64, Lines 1966 through 1967:

- 1966 (iii) a child placed for adoption.

Section 10. Section 31A-22-613.5 is amended to read:

31A-22-613.5. Price and value comparisons of health insurance.

(1) This section applies generally to all health insurance policies and health maintenance organization contracts.

(2) ~~[(a)]~~ The commissioner shall adopt a Basic Health Care Plan consistent with this section to be offered under the open enrollment provisions of Chapter 30 , Individual, Small Employer, and Group Health Insurance Act.

~~[(b) (i) Before adoption of a plan under Subsection (2)(a), the commissioner shall submit the proposed Basic Health Care Plan to the Health and Human Services Interim Committee for review and recommendations:~~

~~—(ii) After the commissioner adopts the Basic Health Care Plan, the Health and Human Services Interim Committee:~~

~~—(A) shall provide legislative oversight of the Basic Health Care Plan; and~~

~~—(B) may recommend legislation to modify the Basic Health Care Plan adopted by the commissioner.]~~

(3) (a) The commissioner shall promote informed consumer behavior and responsible health insurance and health plans by requiring an insurer issuing health insurance policies or health maintenance organization contracts to provide to all enrollees, prior to enrollment in the health benefit plan or health insurance policy, written disclosure of:

(i) restrictions or limitations on prescription drugs and biologics including the use of a formulary and generic substitution; and

(ii) coverage limits under the plan.

(b) In addition to the requirements of Subsections (3)(a) and (d), an insurer described in Subsection (3)(a) shall submit the written disclosure required by this Subsection (3) to the commissioner:

(i) upon commencement of operations in the state; and

(ii) anytime the insurer amends any of the following described in Subsection (3)(a):

(A) treatment policies;

- (B) practice standards;
- (C) restrictions; or
- (D) coverage limits of the insurer's health benefit plan or health insurance policy.
- (c) The commissioner may adopt rules to implement the disclosure requirements of this Subsection (3), taking into account:
 - (i) business confidentiality of the insurer;
 - (ii) definitions of terms; and
 - (iii) the method of disclosure to enrollees.
- (d) If under Subsection (3)(a)(i) a formulary is used, the insurer shall make available to prospective enrollees and maintain evidence of the fact of the disclosure of:
 - (i) the drugs included;
 - (ii) the patented drugs not included; and
 - (iii) any conditions that exist as a precedent to coverage.

(4) The Basic Health Care Plan adopted by the commissioner under this section shall provide for:

- (a) a lifetime maximum benefit per person not to exceed \$1,000,000;
- (b) an annual maximum benefit per person not to exceed \$300,000;
- (c) an out-of-pocket maximum per person not to exceed \$5,000, including the deductible;
 - (d) in relation to its cost-sharing features:
 - (i) a deductible of not less than \$1,500 for major medical expenses; and
 - (ii)(A) a copayment of not less than:
 - (I) \$25 per visit for office services; and
 - (II) \$150 per visit to an emergency room; or
 - (B) coinsurance of not less than:
 - (I) 20% per visit for office services; and
 - (II) 20% per visit for an emergency room; and
 - (e) in relation to cost sharing features for prescription drugs:
 - (i) a deductible of not less than \$500; and
 - (ii)(A) a copayment of not less than:
 - (I) \$15 for the lowest level of cost for prescription drugs;
 - (II) \$30 for the second level of cost for prescription drugs; and
 - (III) \$60 for the highest level of cost for prescription drugs; or
 - (B) coinsurance of not less than:
 - (I) 25% for the lowest level of cost for prescription drugs;
 - (II) 40% for the second level of cost for prescription drugs; and

(III) 60% for the highest level of cost for prescription drugs.

Renumber remaining sections accordingly.

The motion to amend passed unanimously, with Rep. D. Clark and Rep. Ferry absent for the vote.

MOTION: Rep. Kiser moved to pass the bill out favorably as amended. The motion passed unanimously, with Rep. Biskupski and Rep. D. Clark absent for the vote.

H.B. 277 Construction Amendments (Rep. M. Morley)

MOTION: Rep. Morley moved to delete in title and body **H.B. 277** and replace it with **1st Substitute H.B. 277**. The motion passed unanimously.

Rep. Morley introduced the bill to the committee.

Spoke to the bill: John T. Nielsen, Utah State Bar Association

Spoke against the bill: Paul Newton, President, Utah Land Title Association

Spoke for the bill: Craig Moody, Utah Construction Suppliers Association
Taz Biesinger, Utah Home Builders Association

MOTION: Rep. Ferry moved to pass the substitute bill out favorably. The motion passed with Rep. Biskupski voting in opposition.

H.B. 261 Expiration of Gift Certificates (Rep. W. Harper)

Rep. Harper introduced the bill to the committee.

MOTION: Rep. Neuenschwander moved to amend the bill as follows:

1. Page 5, Lines 136 through 140:

136 (4) (a) A gift certificate, instrument, or other record that does not print an expiration
137 date in accordance with Subsection (2)(v) does not expire.

138 (b) A gift certificate, instrument, or other record that does not include printed
139 information concerning a fee to be charged and deducted from the balance of the gift
140 certificate, instrument, or other record is not subject to the charging and deduction of the
fee.

(c) Subsections (2)(v) and (4)(b) do not apply to a gift certificate, instrument, or

other record useable at multiple, unaffiliated sellers of goods or services if an expiration date is printed on the gift certificate, instrument, or other record.

The motion to amend passed unanimously, with Rep. Morley absent for the vote.

Spoke to the bill: Jim Olsen, President, Utah Retail Merchants Association
 Howard Headlee, President, Utah Bankers Association

MOTION: Rep. Ferry moved to pass the bill out favorably as amended. The motion passed unanimously, with Rep. Froerer absent for the vote.

H.B. 258 Continuing Education Requirements for Architects (*Rep. B. Dee*)

This bill was not heard in this meeting.

MOTION: Rep. Kiser moved to adjourn the meeting. The motion passed unanimously, with Rep. Froerer absent for the vote.

Chair Clark adjourned the meeting at 3:35 p.m.

Rep. Stephen D. Clark, Chair