

HOUSE BILL 522

Introduced by Cobb, et al.

|      |                            |
|------|----------------------------|
| 1/31 | Introduced                 |
| 1/31 | Referred to Appropriations |
| 2/01 | Fiscal Note Requested      |
| 2/01 | First Reading              |
| 2/08 | Fiscal Note Received       |
| 2/08 | Fiscal Note Printed        |
| 3/19 | Hearing                    |
| 3/23 | Tabled in Committee        |

1  
 2 INTRODUCED BY House BILL NO. 522  
 3 Cobb Thomas Measure  
J. Brown NATAL

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE  
 5 DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO PURCHASE  
 6 HEALTH INSURANCE FOR THE CHILDREN OF CERTAIN LOW-INCOME  
 7 FAMILIES; AUTHORIZING THE DEPARTMENT TO ADOPT RULES;  
 8 STATUTORILY APPROPRIATING MONEY; REQUIRING A REPORT TO THE  
 9 LEGISLATURE; AMENDING SECTIONS 17-7-502 AND 18-4-123, MCA;  
 10 AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."

11  
 12 STATEMENT OF INTENT

13 A statement of intent is required for this bill under  
 14 the Legislative History Act because [section 3] requires the  
 15 department of social and rehabilitation services to adopt  
 16 rules.

17 The rules adopted by the department must include  
 18 reasonable rules to:

- 19 (1) define undefined terms;
- 20 (2) establish priorities for the issuance of insurance
- 21 policies;
- 22 (3) provide for the processing of applications for
- 23 insurance coverage; and
- 24 (4) specify the amount of any insurance application fee
- 25 to be charged by the department.

1  
 2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

3 NEW SECTION. Section 1. Department authorized to  
 4 purchase health insurance for certain children --  
 5 application fee. (1) The department of social and  
 6 rehabilitation services may, up to the limit of legislative  
 7 appropriations and as provided in [sections 1 through 4],  
 8 use money appropriated from the fund established by [section  
 9 4] to purchase a policy or policies of health insurance for  
 10 the children of low-income families. The department may  
 11 purchase the policy or policies from any insurer that the  
 12 department determines in its discretion is best able to  
 13 provide the coverages required by this section. The  
 14 department is specifically not required to request bids for  
 15 those coverages.

16 (2) The policy or policies purchased by the department  
 17 under subsection (1) may provide coverage, with no  
 18 deductible amount or copayment required of the insured or  
 19 the family of the insured, for the following types of care:

- 20 (a) out-patient diagnostic tests;
- 21 (b) emergency accident and medical treatment;
- 22 (c) out-patient surgical care;
- 23 (d) doctor's office visits, whether the patient is well
- 24 or sick;
- 25 (e) immunizations and inoculations; and



1 (f) prescriptions.

2 (3) The policy or policies purchased by the department  
3 and the coverages required by this section must, to the  
4 greatest extent possible, be uniformly provided and applied  
5 throughout the state. If available funds are insufficient to  
6 provide coverage for the children of all eligible families,  
7 the department may set priorities to limit the amount,  
8 scope, or duration of insurance available under [sections 1  
9 through 4].

10 (4) The department may charge an application fee to  
11 low-income families applying for insurance under this  
12 section. The application fee must be adopted pursuant to the  
13 rulemaking provisions of the Montana Administrative  
14 Procedure Act and may be a variable fee based upon the kind  
15 and type of insurance to be purchased and the ability of the  
16 family to pay the fee. Fees collected by the department must  
17 be deposited in the children's health insurance fund created  
18 by [section 4].

19 (5) The department may accept donations of funds or  
20 services, or both, from any public or private source for the  
21 purposes of the program established in [sections 1 through  
22 4].

23 (6) As used in this section, "low-income families"  
24 means families whose income is more than allowed for  
25 eligibility for the federal medicaid program under Title XIX

1 of the federal Social Security Act (42 U.S.C. 1396, et seq.)  
2 but does not exceed 200% of the federal poverty threshold as  
3 provided in 42 U.S.C. 1396a(a)(10)(A)(ii)(IX).

4 NEW SECTION. Section 2. Discrimination prohibited. The  
5 prohibition on discrimination contained in 53-6-105 applies  
6 to applications for coverage and coverages provided under  
7 [sections 1 through 4].

8 NEW SECTION. Section 3. Department to adopt rules. (1)  
9 The department shall adopt rules to implement [sections 1  
10 through 4].

11 (2) Rules adopted by the department must include rules  
12 providing for:

13 (a) the investigation of the eligibility of applicants;

14 (b) appropriate sanctions and penalties for insurance  
15 applicants, recipients, or health care providers who  
16 undertake fraudulent, abusive, or improper practices; and

17 (c) periodic review of the eligibility of recipients.

18 (3) Rules adopted by the department are binding upon  
19 county welfare departments.

20 NEW SECTION. Section 4. Children's health insurance  
21 fund. (1) There is a children's health insurance fund within  
22 the state special revenue fund.

23 (2) All money appropriated by the legislature for the  
24 purposes of [sections 1 through 4], all voluntary  
25 contributions from public or private sources, and the

1 earnings on the fund, which must be retained in the fund,  
2 are statutorily appropriated, as provided in 17-7-502, to  
3 the department and may be used:

4 (a) for the education of the public about the  
5 availability of health insurance pursuant to [sections 1  
6 through 4];

7 (b) to pay the costs of the insurance authorized by  
8 [sections 1 through 4]; and

9 (c) for the department's costs of administering the  
10 health insurance program authorized by [sections 1 through  
11 4], including the costs of eligibility determinations.

12 **Section 5.** Section 17-7-502, MCA, is amended to read:

13 **"17-7-502. Statutory appropriations -- definition --**  
14 **requisites for validity.** (1) A statutory appropriation is an  
15 appropriation made by permanent law that authorizes spending  
16 by a state agency without the need for a biennial  
17 legislative appropriation or budget amendment.

18 (2) Except as provided in subsection (4), to be  
19 effective, a statutory appropriation must comply with both  
20 of the following provisions:

21 (a) The law containing the statutory authority must be  
22 listed in subsection (3).

23 (b) The law or portion of the law making a statutory  
24 appropriation must specifically state that a statutory  
25 appropriation is made as provided in this section.

1 (3) The following laws are the only laws containing  
2 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
3 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;  
4 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;  
5 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;  
6 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;  
7 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;  
8 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;  
9 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;  
10 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150;  
11 [section 4]; 53-24-206; 61-2-406; 61-5-121; 67-3-205;  
12 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;  
13 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;  
14 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws  
15 of 1985.

16 (4) There is a statutory appropriation to pay the  
17 principal, interest, premiums, and costs of issuing, paying,  
18 and securing all bonds, notes, or other obligations, as due,  
19 that have been authorized and issued pursuant to the laws of  
20 Montana. Agencies that have entered into agreements  
21 authorized by the laws of Montana to pay the state  
22 treasurer, for deposit in accordance with 17-2-101 through  
23 17-2-107, as determined by the state treasurer, an amount  
24 sufficient to pay the principal and interest as due on the  
25 bonds or notes have statutory appropriation authority for

1 such payments. (In subsection (3), pursuant to sec. 10, Ch.  
2 664, L. 1987, the inclusion of 39-71-2504 terminates June  
3 30, 1991.)"

4 **Section 6.** Section 18-4-123, MCA, is amended to read:

5 "18-4-123. Definitions. In this chapter, unless the  
6 context clearly requires otherwise or a different meaning is  
7 prescribed for a particular section, the following  
8 definitions apply:

9 (1) "Business" means a corporation, partnership,  
10 individual, sole proprietorship, joint-stock company, joint  
11 venture, or other private legal entity.

12 (2) "Change order" means a written order, signed by an  
13 authorized department representative, directing the  
14 contractor to make changes which the changes clause of the  
15 contract authorizes the department to order without the  
16 consent of the contractor.

17 (3) "Contract" means all types of state agreements,  
18 regardless of what they may be called, for the procurement  
19 or disposal of supplies or services.

20 (4) "Contract modification" means a written alteration  
21 in specifications, delivery point, rate of delivery, period  
22 of performance, price, quantity, or other provisions of a  
23 contract accomplished by mutual action of the parties to the  
24 contract.

25 (5) "Contractor" means a person having a contract with

1 a governmental body.

2 (6) "Data" means recorded information, regardless of  
3 form or characteristic.

4 (7) "Department" means the department of  
5 administration.

6 (8) "Designee" means a duly authorized representative  
7 of a person holding a superior position.

8 (9) "Director" means the director of the department of  
9 administration.

10 (10) "Employee" means an individual drawing a salary  
11 from a governmental body, whether elected or not, and any  
12 noncompensated individual performing personal services for a  
13 governmental body.

14 (11) "Governmental body" means a department, commission,  
15 council, board, bureau, committee, institution, legislative  
16 body, agency, government corporation, or other entity,  
17 instrumentality, or official of the executive, legislative,  
18 or judicial branch of this state, including the board of  
19 regents and the Montana university system.

20 (12) "Grant" means the furnishing by the federal  
21 government of assistance, whether financial or otherwise, to  
22 a person or agency to support a program authorized by law.  
23 It does not include an award whose primary purpose is to  
24 procure an end product, whether in the form of supplies or  
25 services. A contract resulting from such an award is not a

1 grant but a procurement contract.

2 (13) "Person" means any business, individual, union,  
3 committee, club, other organization, or group of  
4 individuals.

5 (14) "Printing" means the reproduction of an image from  
6 a printing surface generally made by a contact impression  
7 that causes a transfer of ink or the reproduction of an  
8 impression by a photographic process and includes graphic  
9 arts, typesetting, binding, and other operations necessary  
10 to produce a finished printed product. Printing does not  
11 include rebinding or repair by a library or an office,  
12 department, board, or commission thereof of books, journals,  
13 pamphlets, magazines, and literary articles held as a part  
14 of its library collection.

15 (15) "Procurement" means buying, purchasing, renting,  
16 leasing, or otherwise acquiring any supplies or services. It  
17 also includes all functions that pertain to the obtaining of  
18 any supply or service, including description of  
19 requirements, selection and solicitation of sources,  
20 preparation and award of contract, and all phases of  
21 contract administration.

22 (16) "Procurement officer" means any person duly  
23 authorized to enter into and administer contracts and make  
24 written determinations with respect thereto. The term also  
25 includes an authorized representative acting within the

1 limits of his authority.

2 (17) "Purchasing agency" means any governmental body,  
3 other than the department, which is authorized by this  
4 chapter or its implementing rules or by way of delegation  
5 from the director to enter into contracts.

6 (18) "Services" means the furnishing of labor, time, or  
7 effort by a contractor, not involving the delivery of a  
8 specific end product other than reports which are merely  
9 incidental to the required performance. The term does not  
10 include consulting services as defined in 18-8-102, those  
11 services listed in 18-8-103, employment agreements or  
12 collective bargaining agreements, the provision by providers  
13 of human services regulated by a state agency, contracts for  
14 insurance procured under [sections 1 through 4], or services  
15 related to construction contracts.

16 (19) "Supplies" means all property except as otherwise  
17 provided by law, including but not limited to equipment,  
18 materials, printing, and commodities, and excluding land or  
19 any interest in land.

20 (20) "Using agency" means any governmental body of the  
21 state which utilizes any supplies or services procured under  
22 this chapter."

23 NEW SECTION. Section 7. Report and recommendations  
24 required. The department of social and rehabilitation  
25 services shall submit to the 53rd legislature a report

1 concerning the health insurance program for the children of  
2 low-income families authorized by [sections 1 through 4].

3 The report must contain at least the following elements:

4 (1) an explanation of the funding of the program, along  
5 with an explanation of the funds and services donated to the  
6 program;

7 (2) a description of the insurance coverage purchased  
8 and the populations served by that coverage;

9 (3) an analysis of the claims made and funds expended  
10 compared to the beneficial health effects caused by the  
11 program; and

12 (4) any recommendations for legislative changes to the  
13 program.

14 NEW SECTION. Section 8. Codification instruction.  
15 [Sections 1 through 4] are intended to be codified as an  
16 integral part of Title 53, chapter 6, and the provisions of  
17 Title 53, chapter 6, apply to [sections 1 through 4].

18 NEW SECTION. Section 9. Effective dates. (1) [Section  
19 3 and this section] are effective on passage and approval.

20 (2) [Sections 1, 2, and 4 through 8] are effective July  
21 1, 1991.

22 NEW SECTION. Section 10. Termination. [Section 1(4)]  
23 terminates June 30, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0522, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing the department of SRS to purchase health insurance for the children of certain low-income families.

ASSUMPTIONS:

1. There are 72,696 children under the age of 18 who are below 200% of poverty that are not currently receiving Medicaid. (Source: 1980 Census and HCFA 2082 Report)
2. Assume 20% of eligible children would be covered (14,539). Others will not apply or are covered under other insurance plans.
3. The monthly premium will be \$30.00 per month per child. (Cost = 14,539 x \$30.00 x 12 months, or \$5,234,040)
4. No donations will be received during the 1993 biennium.
5. The average application fee is \$25.00 per child per year.
6. Coverage will be for services enumerated in HB0522.
7. Applications and eligibility determination will be administered by SRS.
  - a. SRS will contract with Human Resource Development Councils (HRDCs) to take applications and determine eligibility - \$350,000. Only income will be verified, twice annually. There will be no resource limit.
  - b. An existing computer system will be modified or a new system will have to be developed to accommodate eligibility tracking, interfacing with insurance provider(s) and reporting. Estimated cost: \$25,000 (includes data processing charges).
  - c. Estimated cost for application forms: \$5,000 (includes design, production and distribution)
  - d. Estimated cost for turnaround documents for keypunching: \$10,000
  - e. Two FTEs (Grade 15/Program Officers) will be required to administer the program. Estimated cost - \$30,095 per year per FTE.

FISCAL IMPACT:

|                              | FY '92      |              |            | FY '93      |              |            |
|------------------------------|-------------|--------------|------------|-------------|--------------|------------|
|                              | Current Law | Proposed Law | Difference | Current Law | Proposed Law | Difference |
| <u>Expenditures:</u>         |             |              |            |             |              |            |
| F.T.E.                       | 0.00        | 2.00         | 2.00       | 0.00        | 2.00         | 2.00       |
| Personal Services            | 0           | 60,190       | 60,190     | 0           | 60,190       | 60,190     |
| Operating Costs              | 0           | 390,000      | 390,000    | 0           | 390,000      | 390,000    |
| Benefits and Claims          | 0           | 5,234,040    | 5,234,040  | 0           | 5,234,040    | 5,234,040  |
| Total                        | 0           | 5,684,230    | 5,684,230  | 0           | 5,684,230    | 5,684,230  |
| <u>Funding:</u>              |             |              |            |             |              |            |
| General Fund                 | 0           | 5,320,755    | 5,320,755  | 0           | 5,320,755    | 5,320,755  |
| Application Fee Account (02) | 0           | 363,475      | 363,475    | 0           | 363,475      | 363,475    |
| Total                        | 0           | 5,684,230    | 5,684,230  | 0           | 5,684,230    | 5,684,230  |
| <u>Revenues:</u>             |             |              |            |             |              |            |
| Application Fee (02)         | 0           | 363,475      | 363,475    | 0           | 363,475      | 363,475    |

*Rod Sundsted* 2-7-91  
 ROD SUNDSTED, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

*John Cobb*  
 JOHN COBB, PRIMARY SPONSOR DATE  
 Fiscal Note for HB0522, as introduced

**HB 522**