

HOUSE BILL NO. 693

INTRODUCED BY THOMAS, DRISCOLL, JACOBSON, CRIPPEN, COBB,  
BENEDICT, MERCER, J. BROWN, MESSMORE, ZOOK, BACHINI, ECK,  
T. NELSON, J. RICE, STICKNEY, B. BROWN, NATHE, BLAYLOCK,  
HALLIGAN, PAVLOVICH, MAZUREK, BRADLEY, BOHARSKI, GRINDE  
BY REQUEST OF THE GOVERNOR

IN THE HOUSE

FEBRUARY 8, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

                                      FIRST READING.

MARCH 22, 1991                    COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 23, 1991                    PRINTING REPORT.

APRIL 3, 1991                     SECOND READING, DO PASS.

                                      ON MOTION, RULES SUSPENDED. BILL  
PLACED ON THIRD READING THIS DAY.

                                      THIRD READING, PASSED.  
AYES, 85; NOES, 14.

APRIL 4, 1991                     ENGROSSING REPORT.

IN THE SENATE

APRIL 4, 1991                    INTRODUCED AND REFERRED TO COMMITTEE  
ON PUBLIC HEALTH, WELFARE, & SAFETY.

                                      FIRST READING.

APRIL 12, 1991                    COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

APRIL 15, 1991                    SECOND READING, CONCURRED IN.

APRIL 16, 1991                    THIRD READING, CONCURRED IN.  
AYES, 48; NOES, 1.

                                      RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 18, 1991                    RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 19, 1991

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 693 *Cipri*  
 2 INTRODUCED BY *Thomas* *Amnell* *Swearing* *Lobby* *Benedict*  
 3 *Macan* *J. Brown* *Messmore* *Bob* *Brachino* *Eck*  
 4 BY REQUEST OF THE GOVERNOR *Carlson* *Bel* *Brown*  
 5 *North* *Hayley* *Bradley*  
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROMOTE HEALTH

7 INSURANCE FOR UNINSURED MONTANANS; ALLOWING INSURERS AND  
 8 HEALTH SERVICE CORPORATIONS TO ISSUE LIMITED BENEFIT  
 9 DISABILITY INSURANCE POLICIES; PROVIDING REQUIREMENTS FOR  
 10 LIMITED BENEFIT DISABILITY INSURANCE POLICIES; AUTHORIZING A  
 11 TAX CREDIT FOR SMALL EMPLOYERS WHO MAKE DISABILITY INSURANCE  
 12 AVAILABLE TO THEIR EMPLOYEES; AND PROVIDING EFFECTIVE DATES  
 13 AND A RETROACTIVE APPLICABILITY DATE."

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 NEW SECTION. Section 1. Definitions. As used in  
 16 [sections 1 through 5], unless the context requires  
 17 otherwise, the following definitions apply:

- 18 (1) "Health service corporation" has the same meaning  
 19 as provided in 33-30-101.
- 20 (2) "Insurer" means an insurer operating pursuant to  
 21 Title 33, chapter 2 or 3, and offering or selling policies  
 22 or contracts of disability insurance, as provided in Title  
 23 33, chapter 22.
- 24 (3) "Limited benefit disability insurance policy" means  
 25 a policy or contract of insurance meeting the requirements

1 of [sections 2 through 4].

2 NEW SECTION. Section 2. Limited benefit disability  
 3 insurance policies authorized. (1) Insurers and health  
 4 service corporations may issue limited benefit disability  
 5 insurance policies that do not provide mandated health care  
 6 coverage as required in 33-22-111, 33-22-114, 33-22-131,  
 7 33-22-229, 33-22-301, 33-22-302, 33-22-304, 33-22-504,  
 8 33-22-506, 33-22-509, 33-22-703, 33-22-1002, 33-30-1001,  
 9 33-30-1003, 33-30-1004, 33-30-1008, 33-30-1011, and  
 10 33-30-1013.

11 (2) Limited benefit disability insurance policies may  
 12 be issued only to the following persons:

- 13 (a) employers who:
  - 14 (i) employ 20 or fewer employees working at least 20
  - 15 hours per week; and
  - 16 (ii) have not contributed, within the preceding 12
  - 17 months, to payment of any premiums for disability insurance
  - 18 on behalf of an employee;
- 19 (b) disabled or injured workers and their families;
- 20 (c) unemployed individuals and their families;
- 21 (d) self-employed individuals and their families; and
- 22 (e) individuals required to provide health insurance
- 23 for their dependent children by court order.
- 24 (3) The insurer or health service corporation may
- 25 establish terms and conditions for copayments and



1 deductibles.

2 (4) The insurer or health service corporation issuing a  
3 limited benefit disability insurance policy shall provide  
4 the insured individual with a written disclosure statement,  
5 separate from the insurance policy, certificate, or evidence  
6 of coverage, stating in clear and understandable language  
7 and format which mandatory coverages and providers are not  
8 covered by the policy and what coverage is provided by the  
9 policy.

10 (5) Limited benefit disability insurance policies must  
11 provide coverage in accordance with the minimum requirements  
12 set forth in [section 3].

13 NEW SECTION. **Section 3. Limited benefit disability**  
14 **insurance -- minimum benefits.** A limited benefit disability  
15 insurance policy must provide benefits that include but are  
16 not limited to coverage for:

17 (1) maternity care consisting of prenatal and  
18 obstetrical care furnished by providers licensed or  
19 certified in accordance with the laws of the state of  
20 Montana or the state where the services are provided;

21 (2) newborn care consisting of routine hospital nursery  
22 and pediatric care for the child of a covered individual or  
23 covered individual's spouse from the instant of birth until  
24 the child reaches the age of 31 days. If newborn coverage is  
25 to continue beyond 31 days and payment of a specific premium

1 or subscription fee is required to provide coverage for a  
2 child, the policy may require that notification of the birth  
3 of the child and payment of the required premium must be  
4 furnished to the insurer within 31 days after the date of  
5 birth in order to have the coverage continue beyond the  
6 31-day period.

7 (3) well-child care consisting of immunizations and  
8 checkups for children under 2 years of age;

9 (4) services for the care and treatment of mental  
10 illness, alcoholism, and substance abuse, consisting of  
11 inpatient or outpatient services by any licensed Montana  
12 facility or provider, with a minimum lifetime benefit of  
13 \$1,000; and

14 (5) hospital care under terms and conditions  
15 established by the policy of insurance.

16 NEW SECTION. **Section 4. Certification of limited**  
17 **benefit disability insurance policies.** Before an insurer or  
18 health service corporation may market or issue a limited  
19 benefit disability insurance policy, the commissioner of  
20 insurance shall certify that the policy provides the minimum  
21 benefits required in [section 3].

22 NEW SECTION. **Section 5. Premium tax.** The premium tax  
23 provided in 33-2-705(2) does not apply to premiums paid on  
24 account of policies issued under [sections 2 and 3].

25 NEW SECTION. **Section 6. Tax credit for providing**

1 **disability insurance for employees.** An employer is entitled  
 2 to a credit against taxes otherwise due under this chapter  
 3 for the amount of premiums for disability insurance paid by  
 4 the employer for his employees, subject to the following  
 5 requirements:

- 6 (1) The tax credit is available only to employers who:  
 7 (a) have been in business in Montana for at least 12  
 8 months; and  
 9 (b) employ 20 or fewer employees working at least 20  
 10 hours per week.  
 11 (2) At least 50% of each employee's insurance premium  
 12 is paid by the employer.  
 13 (3) Subject to the provisions of subsection (4), an  
 14 employer is entitled to a tax credit for a maximum of 10  
 15 employees, computed as follows:  
 16 (a) a credit of \$25 a month for each employee if the  
 17 employer pays 100% of the employee's premium; or  
 18 (b) a credit equal to \$25 a month multiplied by the  
 19 percentage of the employee's premium paid by the employer  
 20 for each employee if the employer pays less than 100% of the  
 21 employee's premium.  
 22 (4) The credit may not exceed 50% of the premium cost  
 23 for each employee and may not be claimed for a period of  
 24 more than 36 months.  
 25 (5) The credit allowed under this section may not be

1 claimed as a carryback or carryforward and may not be  
 2 refunded if the employer has no tax liability.

3 NEW SECTION. **Section 7. Tax credit for providing**  
 4 **disability insurance for employees.** There is a credit  
 5 against the taxes otherwise due under this chapter allowable  
 6 to an employer for the amount of premiums for disability  
 7 insurance paid by the employer for his employees. The tax  
 8 credit must be computed in accordance with the provisions of  
 9 [section 6].

10 NEW SECTION. **Section 8. Codification instruction.** (1)  
 11 [Sections 1 through 5] are intended to be codified as an  
 12 integral part of Title 33, and the provisions of Title 33  
 13 apply to [sections 1 through 5].

14 (2) [Section 6] is intended to be codified as an  
 15 integral part of Title 15, chapter 31, part 1, and the  
 16 provisions of Title 15, chapter 31, part 1, apply to  
 17 [section 6].

18 (3) [Section 7] is intended to be codified as an  
 19 integral part of Title 15, chapter 30, part 1, and the  
 20 provisions of Title 15, chapter 30, part 1, apply to  
 21 [section 7].

22 NEW SECTION. **Section 9. Retroactive applicability.**  
 23 [Sections 6 and 7] apply retroactively, within the meaning  
 24 of 1-2-109, to taxable years beginning after December 31,  
 25 1990.

LC 0273.01

1        NEW SECTION.    **Section 10.**    Effective    dates.    (1)  
2        [Sections 1 through 3 and 5 through 7] are effective July 1,  
3        1991.  
4        (2) [Sections 4, 8, 9, and this section] are effective  
5        on passage and approval.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0693, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to promote health insurance for uninsured Montanans; allowing insurers and health service corporations to issue limited benefit disability insurance policies; providing requirements for limited benefit disability insurance policies; authorizing a tax credit for small employers who make disability insurance available to their employees; and providing effective dates and a retroactive applicability date.

ASSUMPTIONS:Department of Revenue


1. There are approximately 19,865 employers in Montana who employ fewer than 20 employees. Of these employers, 12,430 employ between 1 and 4 employees; 4,684 employ between 5 and 9 employees; and 2,750 employ between 10 and 20 employees (Department of Labor and Industry, 1990).
2. The weighted average policy cost for all categories of a limited benefit disability insurance policy is \$110.82 per month (Blue Cross & Blue Shield, 1990).
3. 1% of all eligible employers will claim the tax credit for tax year 1991 and 2% of all eligible employers will claim the credit during tax year 1992.
4. The participating employers will pay 50% of the monthly premiums for their employees and dependents.
5. The allowable credit is a maximum of \$25 per month, per employee, up to 10 employees if the employer pays at least 50% of the premiums for all his/her employees.
6. All of the eligible employers will have sufficient tax liability (personal or corporate) to claim the maximum credit.
7. Individual income tax receipts are \$311,176,000 and \$327,201,000 in FY92 and FY93, respectively (OBPP).
8. Corporation tax receipts are \$60,841,000 and \$60,111,000 in FY92 and FY93, respectively (OBPP).
9. The total amount of credit claimed is split 90% individual income tax and 10% to corporation license tax.
10. Per current law, all income tax receipts are deposited in the state general fund in FY92 and FY93.
11. No incorporated financial institutions will claim the tax credit, therefore, 100% of the corporate tax impact from this proposal will be on the general fund.

State Auditor

12. The limited benefit policies will be sold to persons who do not have health insurance. Consequently, premium tax collections will not be affected.
13. Other legislation that is part of the Governor's package will also be enacted into law. The cumulative effect will require one FTE, grade 12, to review insurance standards contained in the legislation.

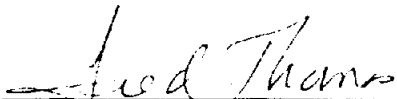
FISCAL IMPACT:

see next page

  
 ROD SUNDSTED, BUDGET DIRECTOR  
 Office of Budget and Program Planning

DATE

2-13-91

  
 FRED THOMAS, PRIMARY SPONSOR

DATE

2-15-91

Fiscal Note for HB0693, as introduced

HB 693

Fiscal Note Request, HB0693, as introduced

Form BD-15

Page 2

FISCAL IMPACT:

Department of Revenue:

Expenditures:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
F.T.E.	0.00	0.50	0.50	0.00	0.10	0.10
Personal Services	0	19,940	19,940	0	2,150	2,150
Operating Costs	<u>0</u>	<u>6,990</u>	<u>6,990</u>	<u>0</u>	<u>970</u>	<u>970</u>
Total	0	26,930	26,930	0	3,120	3,120
<u>Funding:</u>						
General Fund	0	26,930	26,930	0	3,120	3,120

State Auditor:

F.T.E.	0.00	1.00	1.00	0.00	1.00	1.00
Personal Services	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>	<u>30,000</u>
Total	0	30,000	30,000	0	30,000	30,000
<u>Funding:</u>						
General Fund	0	30,000	30,000	0	30,000	30,000

Revenues:

Individual Income Tax	311,176,000	311,053,000	(123,000)	327,201,000	326,954,000	(247,000)
Corporate License Tax	<u>60,841,000</u>	<u>60,827,000</u>	<u>(14,000)</u>	<u>60,111,000</u>	<u>60,084,000</u>	<u>(27,000)</u>
Total	372,017,000	371,880,000	(137,000)	387,312,000	387,038,000	(274,000)

General Fund Impact

(193,930)

(307,120)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

In the FY94-95 biennium the participation rate of employers would probably increase to approximately 3%. Under the same assumptions and proposed legislation the tax credit would then result in an annual revenue decrease of \$411,000.

HB 693



APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 693

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HEALTH SERVICE CORPORATIONS TO ISSUE LIMITED BENEFIT  
DISABILITY INSURANCE POLICIES; PROVIDING REQUIREMENTS FOR  
LIMITED BENEFIT DISABILITY INSURANCE POLICIES; AUTHORIZING A  
TAX CREDIT FOR SMALL EMPLOYERS WHO MAKE DISABILITY INSURANCE  
AVAILABLE TO THEIR EMPLOYEES; AND PROVIDING EFFECTIVE DATES  
AND A RETROACTIVE APPLICABILITY DATE."

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

**NEW SECTION. Section 1. Definitions.** As used in  
[sections 1 through 5], unless the context requires  
otherwise, the following definitions apply:

(1) "Health service corporation" has the same meaning  
as provided in 33-30-101.

(2) "Insurer" means an insurer operating pursuant to  
Title 33, chapter 2 or 3, and offering or selling policies  
or contracts of disability insurance, as provided in Title

33, chapter 22.

(3) "Limited benefit disability insurance policy" means  
a policy or contract of insurance meeting the requirements  
of [sections 2 through 4].

**NEW SECTION. Section 2. Limited benefit disability  
insurance policies authorized.** (1) Insurers and health  
service corporations may issue limited benefit disability  
insurance policies that do not provide mandated health care  
coverage as required in 33-22-111, 33-22-114, 33-22-131,  
33-22-229, 33-22-301, 33-22-302, 33-22-304, 33-22-504,  
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33-30-1003, 33-30-1004, 33-30-1008, 33-30-1011, and  
33-30-1013.

(2) Limited benefit disability insurance policies may  
be issued only to the following persons:

(a) employers who:

(i) employ 20 or fewer employees working at least 20  
hours per week; and

(ii) have not contributed, within the preceding 12  
months, to payment of any premiums for disability insurance  
on behalf of an employee;

(b) disabled or injured workers and their families;

(c) unemployed individuals and their families;

(d) self-employed individuals and their families; and

(e) individuals required to provide health insurance

1 for their dependent children by court order.

2 (3) The insurer or health service corporation may  
3 establish terms and conditions for copayments and  
4 deductibles.

5 (4) The insurer or health service corporation issuing a  
6 limited benefit disability insurance policy shall provide  
7 the insured individual with a written disclosure statement,  
8 separate from the insurance policy, certificate, or evidence  
9 of coverage, stating in clear and understandable language  
10 and format which mandatory coverages and providers are not  
11 covered by the policy and what coverage is provided by the  
12 policy.

13 (5) Limited benefit disability insurance policies must  
14 provide coverage in accordance with the minimum requirements  
15 set forth in [section 3].

16 NEW SECTION. **Section 3. Limited benefit disability**  
17 **insurance -- minimum benefits.** A limited benefit disability  
18 insurance policy must provide benefits that include but are  
19 not limited to coverage for:

20 (1) maternity care consisting of prenatal and  
21 obstetrical care furnished by providers licensed or  
22 certified in accordance with the laws of the state of  
23 Montana or the state where the services are provided;

24 (2) newborn care consisting of routine hospital nursery  
25 and pediatric care for the child of a covered individual or

1 covered individual's spouse from the instant of birth until  
2 the child reaches the age of 31 days. If newborn coverage is  
3 to continue beyond 31 days and payment of a specific premium  
4 or subscription fee is required to provide coverage for a  
5 child, the policy may require that notification of the birth  
6 of the child and payment of the required premium must be  
7 furnished to the insurer within 31 days after the date of  
8 birth in order to have the coverage continue beyond the  
9 31-day period.

10 (3) well-child care consisting of immunizations and  
11 checkups for children under 2 years of age;

12 (4) services for the care and treatment of mental  
13 illness, alcoholism, and substance abuse, consisting of  
14 inpatient or outpatient services by any licensed Montana  
15 facility or provider, with a minimum ~~lifetime~~ ANNUAL benefit  
16 of \$1,000; and

17 (5) hospital care under terms and conditions  
18 established by the policy of insurance.

19 NEW SECTION. **Section 4. Certification of limited**  
20 **benefit disability insurance policies.** Before an insurer or  
21 health service corporation may market or issue a limited  
22 benefit disability insurance policy, the commissioner of  
23 insurance shall certify that the policy provides the minimum  
24 benefits required in [section 3].

25 NEW SECTION. **Section 5. Premium tax.** The premium tax

1 provided in 33-2-705(2) does not apply to premiums paid on  
 2 account of policies issued under [sections 2 and 3].

3 NEW SECTION. **Section 6. Tax credit for providing**  
 4 **disability insurance for employees.** An employer is entitled  
 5 to a credit against taxes otherwise due under this chapter  
 6 for the amount of premiums for disability insurance paid by  
 7 the employer for his employees, subject to the following  
 8 requirements:

- 9 (1) The tax credit is available only to employers who:
  - 10 (a) have been in business in Montana for at least 12
  - 11 months; and
  - 12 (b) employ 20 or fewer employees working at least 20
  - 13 hours per week.
- 14 (2) At least 50% of each employee's insurance premium
- 15 is paid by the employer.
- 16 (3) Subject to the provisions of subsection (4), an
- 17 employer is entitled to a tax credit for a maximum of 10
- 18 employees, computed as follows:
  - 19 (a) a credit of \$25 a month for each employee if the
  - 20 employer pays 100% of the employee's premium; or
  - 21 (b) a credit equal to \$25 a month multiplied by the
  - 22 percentage of the employee's premium paid by the employer
  - 23 for each employee if the employer pays less than 100% of the
  - 24 employee's premium.
  - 25 (4) The credit may not exceed 50% of the premium cost

1 for each employee and may not be claimed for a period of  
 2 more than 36 CONSECUTIVE months. A TAX CREDIT MAY NOT BE  
 3 GRANTED TO AN EMPLOYER OR ITS SUCCESSOR WITHIN 10 YEARS OF  
 4 THE LAST CONSECUTIVE CREDIT CLAIMED.

5 (5) The credit allowed under this section may not be  
 6 claimed as a carryback or carryforward and may not be  
 7 refunded if the employer has no tax liability.

8 NEW SECTION. **Section 7. Tax credit for providing**  
 9 **disability insurance for employees.** There is a credit  
 10 against the taxes otherwise due under this chapter allowable  
 11 to an employer for the amount of premiums for disability  
 12 insurance paid by the employer for his employees. The tax  
 13 credit must be computed in accordance with the provisions of  
 14 [section 6].

15 NEW SECTION. **Section 8. Codification instruction.** (1)  
 16 [Sections 1 through 5] are intended to be codified as an  
 17 integral part of Title 33, and the provisions of Title 33  
 18 apply to [sections 1 through 5].

19 (2) [Section 6] is intended to be codified as an  
 20 integral part of Title 15, chapter 31, part 1, and the  
 21 provisions of Title 15, chapter 31, part 1, apply to  
 22 [section 6].

23 (3) [Section 7] is intended to be codified as an  
 24 integral part of Title 15, chapter 30, part 1, and the  
 25 provisions of Title 15, chapter 30, part 1, apply to

HB 0693/02

1 [section 7].

2 NEW SECTION. **Section 9. Retroactive applicability.**

3 [Sections 6 and 7] apply retroactively, within the meaning  
4 of 1-2-109, to taxable years beginning after December 31,  
5 1990.

6 NEW SECTION. **Section 10. Effective dates.** (1)

7 [Sections 1 through 3 and 5 through 7] are effective July 1,  
8 1991.

9 (2) [Sections 4, 8, 9, and this section] are effective  
10 on passage and approval.

-End-

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INTRODUCED BY THOMAS, DRISCOLL, JACOBSON, CRIPPEN, COBB,  
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 Title 33, chapter 2 or 3, and offering or selling policies  
 or contracts of disability insurance, as provided in Title

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(3) "Limited benefit disability insurance policy" means  
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16 of \$1,000; and

17 (5) hospital care under terms and conditions  
18 established by the policy of insurance.

19 NEW SECTION. **Section 4.** Certification of limited  
20 benefit disability insurance policies. Before an insurer or  
21 health service corporation may market or issue a limited  
22 benefit disability insurance policy, the commissioner of  
23 insurance shall certify that the policy provides the minimum  
24 benefits required in [section 3].

25 NEW SECTION. **Section 5.** Premium tax. The premium tax

1 provided in 33-2-705(2) does not apply to premiums paid on  
 2 account of policies issued under [sections 2 and 3].

3 NEW SECTION. Section 6. Tax credit for providing  
 4 disability insurance for employees. An employer is entitled  
 5 to a credit against taxes otherwise due under this chapter  
 6 for the amount of premiums for disability insurance paid by  
 7 the employer for his employees, subject to the following  
 8 requirements:

- 9 (1) The tax credit is available only to employers who:
  - 10 (a) have been in business in Montana for at least 12
  - 11 months; and
  - 12 (b) employ 20 or fewer employees working at least 20
  - 13 hours per week.
- 14 (2) At least 50% of each employee's insurance premium
- 15 is paid by the employer.
- 16 (3) Subject to the provisions of subsection (4), an
- 17 employer is entitled to a tax credit for a maximum of 10
- 18 employees, computed as follows:
  - 19 (a) a credit of \$25 a month for each employee if the
  - 20 employer pays 100% of the employee's premium; or
  - 21 (b) a credit equal to \$25 a month multiplied by the
  - 22 percentage of the employee's premium paid by the employer
  - 23 for each employee if the employer pays less than 100% of the
  - 24 employee's premium.
  - 25 (4) The credit may not exceed 50% of the premium cost

1 for each employee and may not be claimed for a period of  
 2 more than 36 CONSECUTIVE months. A TAX CREDIT MAY NOT BE  
 3 GRANTED TO AN EMPLOYER OR ITS SUCCESSOR WITHIN 10 YEARS OF  
 4 THE LAST CONSECUTIVE CREDIT CLAIMED.

5 (5) The credit allowed under this section may not be  
 6 claimed as a carryback or carryforward and may not be  
 7 refunded if the employer has no tax liability.

8 NEW SECTION. Section 7. tax credit for providing  
 9 disability insurance for employees. There is a credit  
 10 against the taxes otherwise due under this chapter allowable  
 11 to an employer for the amount of premiums for disability  
 12 insurance paid by the employer for his employees. The tax  
 13 credit must be computed in accordance with the provisions of  
 14 [section 6].

15 NEW SECTION. Section 8. Codification instruction. (1)  
 16 [Sections 1 through 5] are intended to be codified as an  
 17 integral part of Title 33, and the provisions of Title 33  
 18 apply to [sections 1 through 5].

19 (2) [Section 6] is intended to be codified as an  
 20 integral part of Title 15, chapter 31, part 1, and the  
 21 provisions of Title 15, chapter 31, part 1, apply to  
 22 [section 6].

23 (3) [Section 7] is intended to be codified as an  
 24 integral part of Title 15, chapter 30, part 1, and the  
 25 provisions of Title 15, chapter 30, part 1, apply to

1 [section 7].

2 NEW SECTION. **Section 9. Retroactive applicability.**

3 [Sections 6 and 7] apply retroactively, within the meaning  
4 of 1-2-109, to taxable years beginning after December 31,  
5 1990.

6 NEW SECTION. **Section 10. Effective dates. (1)**

7 [Sections 1 through 3 and 5 through 7] are effective July 1,  
8 1991.

9 (2) [Sections 4, 8, 9, and this section] are effective  
10 on passage and approval.

-End-



SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 12, 1991

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration House Bill No. 693 (third reading copy -- blue), respectfully report that House Bill No. 693 be amended and as so amended be concurred in:

1. Page 2, line 12.

Following: "33-30-1011,"

Strike: "and"

2. Page 2, line 13.

Following: "33-30-1013"

Insert: ", or any other provision enacted after January 1, 1991, unless the provision specifically mandates coverage for policies issued under [sections 1 through 5]"

3. Page 2, line 19.

Following: "(ii)"

Insert: "have been in business in the state for at least 12 months and"

4. Page 2, line 25 through page 3, line 1.

Strike: subsection (e) in its entirety

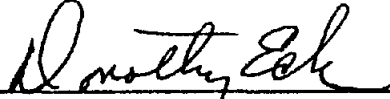
Insert: "(e) a parent, or the department of social and rehabilitation services on behalf of the parent, who is ordered by a court or administrative authority of this or another state or who is required under 40-5-208(1)(b) to provide health insurance coverage for a child if health insurance coverage is not available through employment or a union. This subsection (e) applies only to orders or modifications of orders issued after July 1, 1991, by a court or administrative authority."


5. Page 5, line 6.

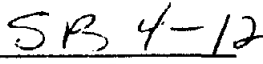
Following: "insurance"

Insert: "issued under [sections 1 through 5] and"

Signed: \_\_\_\_\_

  
Dorothy Eck, Chairman

  
Ad. Coord.

  
Sec. of Senate

SENATE  
HB 693

HOUSE BILL NO. 693

INTRODUCED BY THOMAS, DRISCOLL, JACOBSON, CRIPPEN, COBB, BENEDICT, MERCER, J. BROWN, MESSMORE, ZOOK, BACHINI, ECK, T. NELSON, J. RICE, STICKNEY, B. BROWN, NATHE, BLAYLOCK, HALLIGAN, PAVLOVICH, MAZUREK, BRADLEY, BOHARSKI, GRINDE BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROMOTE HEALTH INSURANCE FOR UNINSURED MONTANANS; ALLOWING INSURERS AND HEALTH SERVICE CORPORATIONS TO ISSUE LIMITED BENEFIT DISABILITY INSURANCE POLICIES; PROVIDING REQUIREMENTS FOR LIMITED BENEFIT DISABILITY INSURANCE POLICIES; AUTHORIZING A TAX CREDIT FOR SMALL EMPLOYERS WHO MAKE DISABILITY INSURANCE AVAILABLE TO THEIR EMPLOYEES; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. Section 1. Definitions. As used in [sections 1 through 5], unless the context requires otherwise, the following definitions apply:

(1) "Health service corporation" has the same meaning as provided in 33-30-101.

(2) "Insurer" means an insurer operating pursuant to Title 33, chapter 2 or 3, and offering or selling policies or contracts of disability insurance, as provided in Title

33, chapter 22.

(3) "Limited benefit disability insurance policy" means a policy or contract of insurance meeting the requirements of [sections 2 through 4].

NEW SECTION. Section 2. Limited benefit disability insurance policies authorized. (1) Insurers and health service corporations may issue limited benefit disability insurance policies that do not provide mandated health care coverage as required in 33-22-111, 33-22-114, 33-22-117, 33-22-229, 33-22-301, 33-22-302, 33-22-304, 33-22-504, 33-22-506, 33-22-509, 33-22-703, 33-22-1002, 33-30-1001, 33-30-1003, 33-30-1004, 33-30-1008, 33-30-1011, and 33-30-1013, OR ANY OTHER PROVISION ENACTED AFTER JANUARY 1, 1991, UNLESS THE PROVISION SPECIFICALLY MANDATES COVERAGE FOR POLICIES ISSUED UNDER [SECTIONS 1 THROUGH 5].

(2) Limited benefit disability insurance policies may be issued only to the following persons:

(a) employers who:

(i) employ 20 or fewer employees working at least 20 hours per week; and

(ii) HAVE BEEN IN BUSINESS IN THE STATE FOR AT LEAST 12 MONTHS AND have not contributed, within the preceding 12 months, to payment of any premiums for disability insurance on behalf of an employee;

(b) disabled or injured workers and their families;



1 (c) unemployed individuals and their families;  
 2 (d) self-employed individuals and their families; and  
 3 ~~(e) individuals required to provide health insurance~~  
 4 ~~for their dependent children by court order.~~

5 (E) A PARENT, OR THE DEPARTMENT OF SOCIAL AND  
 6 REHABILITATION SERVICES ON BEHALF OF THE PARENT, WHO IS  
 7 ORDERED BY A COURT OR ADMINISTRATIVE AUTHORITY OF THIS OR  
 8 ANOTHER STATE OR WHO IS REQUIRED UNDER 40-5-208(1)(B) TO  
 9 PROVIDE HEALTH INSURANCE COVERAGE FOR A CHILD IF HEALTH  
 10 INSURANCE COVERAGE IS NOT AVAILABLE THROUGH EMPLOYMENT OR A  
 11 UNION. THIS SUBSECTION (E) APPLIES ONLY TO ORDERS OR  
 12 MODIFICATIONS OF ORDERS ISSUED AFTER JULY 1, 1991, BY A  
 13 COURT OR ADMINISTRATIVE AUTHORITY.

14 (3) The insurer or health service corporation may  
 15 establish terms and conditions for copayments and  
 16 deductibles.

17 (4) The insurer or health service corporation issuing a  
 18 limited benefit disability insurance policy shall provide  
 19 the insured individual with a written disclosure statement,  
 20 separate from the insurance policy, certificate, or evidence  
 21 of coverage, stating in clear and understandable language  
 22 and format which mandatory coverages and providers are not  
 23 covered by the policy and what coverage is provided by the  
 24 policy.

25 (5) Limited benefit disability insurance policies must

1 provide coverage in accordance with the minimum requirements  
 2 set forth in [section 3].

3 NEW SECTION. Section 3. Limited benefit disability  
 4 insurance -- minimum benefits. A limited benefit disability  
 5 insurance policy must provide benefits that include but are  
 6 not limited to coverage for:

7 (1) maternity care consisting of prenatal and  
 8 obstetrical care furnished by providers licensed or  
 9 certified in accordance with the laws of the state of  
 10 Montana or the state where the services are provided;

11 (2) newborn care consisting of routine hospital nursery  
 12 and pediatric care for the child of a covered individual or  
 13 covered individual's spouse from the instant of birth until  
 14 the child reaches the age of 31 days. If newborn coverage is  
 15 to continue beyond 31 days and payment of a specific premium  
 16 or subscription fee is required to provide coverage for a  
 17 child, the policy may require that notification of the birth  
 18 of the child and payment of the required premium must be  
 19 furnished to the insurer within 31 days after the date of  
 20 birth in order to have the coverage continue beyond the  
 21 31-day period.

22 (3) well-child care consisting of immunizations and  
 23 checkups for children under 2 years of age;

24 (4) services for the care and treatment of mental  
 25 illness, alcoholism, and substance abuse, consisting of

1 inpatient or outpatient services by any licensed Montana  
2 facility or provider, with a minimum ~~lifetime~~ ANNUAL benefit  
3 of \$1,000; and

4 (5) hospital care under terms and conditions  
5 established by the policy of insurance.

6 NEW SECTION. Section 4. Certification of limited  
7 benefit disability insurance policies. Before an insurer or  
8 health service corporation may market or issue a limited  
9 benefit disability insurance policy, the commissioner of  
10 insurance shall certify that the policy provides the minimum  
11 benefits required in [section 3].

12 NEW SECTION. Section 5. Premium tax. The premium tax  
13 provided in 33-2-705(2) does not apply to premiums paid on  
14 account of policies issued under [sections 2 and 3].

15 NEW SECTION. Section 6. Tax credit for providing  
16 disability insurance for employees. An employer is entitled  
17 to a credit against taxes otherwise due under this chapter  
18 for the amount of premiums for disability insurance ISSUED  
19 UNDER [SECTIONS 1 THROUGH 5] AND paid by the employer for  
20 his employees, subject to the following requirements:

- 21 (1) The tax credit is available only to employers who:  
22 (a) have been in business in Montana for at least 12  
23 months; and  
24 (b) employ 20 or fewer employees working at least 20  
25 hours per week.

1 (2) At least 50% of each employee's insurance premium  
2 is paid by the employer.

3 (3) Subject to the provisions of subsection (4), an  
4 employer is entitled to a tax credit for a maximum of 10  
5 employees, computed as follows:

6 (a) a credit of \$25 a month for each employee if the  
7 employer pays 100% of the employee's premium; or

8 (b) a credit equal to \$25 a month multiplied by the  
9 percentage of the employee's premium paid by the employer  
10 for each employee if the employer pays less than 100% of the  
11 employee's premium.

12 (4) The credit may not exceed 50% of the premium cost  
13 for each employee and may not be claimed for a period of  
14 more than 36 CONSECUTIVE months. A TAX CREDIT MAY NOT BE  
15 GRANTED TO AN EMPLOYER OR ITS SUCCESSOR WITHIN 10 YEARS OF  
16 THE LAST CONSECUTIVE CREDIT CLAIMED.

17 (5) The credit allowed under this section may not be  
18 claimed as a carryback or carryforward and may not be  
19 refunded if the employer has no tax liability.

20 NEW SECTION. Section 7. Tax credit for providing  
21 disability insurance for employees. There is a credit  
22 against the taxes otherwise due under this chapter allowable  
23 to an employer for the amount of premiums for disability  
24 insurance paid by the employer for his employees. The tax  
25 credit must be computed in accordance with the provisions of

1 [section 6].

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7 integral part of Title 15, chapter 31, part 1, and the  
8 provisions of Title 15, chapter 31, part 1, apply to  
9 [section 6].

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11 integral part of Title 15, chapter 30, part 1, and the  
12 provisions of Title 15, chapter 30, part 1, apply to  
13 [section 7].

14 NEW SECTION. Section 9. Retroactive applicability.  
15 [Sections 6 and 7] apply retroactively, within the meaning  
16 of 1-2-109, to taxable years beginning after December 31,  
17 1990.

18 NEW SECTION. Section 10. Effective dates. (1)  
19 [Sections 1 through 3 and 5 through 7] are effective July 1,  
20 1991.

21 (2) [Sections 4, 8, 9, and this section] are effective  
22 on passage and approval.

-End-