

SENATE BILL NO. 301

INTRODUCED BY BLAYLOCK, BACHINI, SWIFT, GRADY

IN THE SENATE

FEBRUARY 6, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

FEBRUARY 7, 1991 FIRST READING.

FEBRUARY 15, 1991 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

FEBRUARY 16, 1991 PRINTING REPORT.

 SECOND READING, DO PASS.

FEBRUARY 18, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 48; NOES, 1.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

 FIRST READING.

MARCH 20, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 6, 1991 SECOND READING, CONCURRED IN.

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

 THIRD READING, CONCURRED IN.
AYES, 56; NOES, 39.

 RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 6, 1991 RECEIVED FROM HOUSE.

APRIL 17, 1991 SECOND READING, AMENDMENTS NOT

CONCURRED IN.

ON MOTION, CONFERENCE COMMITTEE
REQUESTED.

APRIL 18, 1991

CONFERENCE COMMITTEE APPOINTED.

IN THE HOUSE

APRIL 19, 1991

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 22, 1991

CONFERENCE COMMITTEE REPORTED.

APRIL 23, 1991

SECOND READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE HOUSE

APRIL 23, 1991

CONFERENCE COMMITTEE REPORT ADOPTED.

IN THE SENATE

APRIL 24, 1991

THIRD READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *301*
 2 INTRODUCED BY *Blagovest Rashkovic* *Jeff Drusley*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING FORMER
 5 LEGISLATORS TO CONTINUE MEMBERSHIP IN THE STATE GROUP HEALTH
 6 INSURANCE PLAN; AMENDING SECTION 2-18-704, MCA; AND
 7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
 8 APPLICABILITY DATE."
 9

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

11 **Section 1.** Section 2-18-704, MCA, is amended to read:

12 **"2-18-704. Mandatory provisions.** (1) An insurance
 13 contract or plan issued after June 30, 1977, under this part
 14 must contain provisions that permit:

15 (a) the member of a group who retires from active
 16 service under the appropriate retirement provisions provided
 17 by law to remain a member of the group until he becomes
 18 eligible for medicare under the federal Health Insurance for
 19 the Aged Act, 42 U.S.C. 1395, as amended, unless he is a
 20 participant in another group plan with substantially the
 21 same or greater benefits at an equivalent cost or unless he
 22 is employed and, by virtue of that employment, is eligible
 23 to participate in another group plan with substantially the
 24 same or greater benefits at an equivalent cost;

25 (b) the surviving spouse of a member to remain a member

1 of the group as long as the spouse is eligible for
 2 retirement benefits accrued by the deceased member as
 3 provided by law unless the spouse is eligible for medicare
 4 under the federal Health Insurance for the Aged Act or
 5 unless the spouse has or is eligible for equivalent
 6 insurance coverage as provided in subsection (1)(a);

7 (c) the surviving children of a member to remain
 8 members of the group as long as they are eligible for
 9 retirement benefits accrued by the deceased member as
 10 provided by law unless they have equivalent coverage as
 11 provided in subsection (1)(a) or are eligible for insurance
 12 coverage by virtue of the employment of a surviving parent
 13 or legal guardian.

14 (2) An insurance contract or plan issued after June 30,
 15 1983, under this part must contain the provisions of
 16 subsection (1) for remaining a member of the group and also
 17 must permit:

18 (a) the spouse of a retired member the same rights as a
 19 surviving spouse under subsection (1)(b);

20 (b) the spouse of a retiring member to convert a group
 21 policy as provided in 33-22-508; and

22 (c) continued membership in the group by anyone
 23 eligible under the provisions of this section
 24 notwithstanding the person's eligibility for medicare under
 25 the federal Health Insurance for the Aged Act.



1 (3) (a) A state insurance contract or plan issued after
 2 August 31, 1991, must contain provisions that permit a
 3 legislator to remain a member of the state's group plan
 4 until he becomes eligible for medicare under the federal
 5 Health Insurance for the Aged Act, 42 U.S.C. 1395, as
 6 amended, if the legislator:

7 (i) terminates service in the legislature and is a
 8 vested member of a state retirement system provided by law;
 9 and

10 (ii) notifies the department of administration in
 11 writing within 90 days of the end of his legislative term.

12 (b) A former legislator may not remain a member of the
 13 group plan under the provisions of subsection (3) if he:

14 (i) is a member of a plan with substantially the same
 15 or greater benefits at an equivalent cost; or

16 (ii) is employed and, by virtue of that employment, is
 17 eligible to participate in another group plan with
 18 substantially the same or greater benefits at an equivalent
 19 cost.

20 (c) A legislator who remains a member of the group
 21 under the provisions of subsection (3) and subsequently
 22 terminates membership may not rejoin the group unless he
 23 again serves as a legislator.

24 ~~(3)~~(4) A person electing to remain a member of the
 25 group under ~~subsections~~ subsection (1) and, (2), or (3) must

1 shall pay the full premium for his coverage and for that of
 2 his covered dependents."

3 NEW SECTION. Section 2. Effective date. [This act] is
 4 effective on passage and approval.

5 NEW SECTION. Section 3. Retroactive applicability.
 6 [This act] applies retroactively, within the meaning of
 7 1-2-109, to a legislator who was a member of the state's
 8 group health insurance plan in effect on December 1, 1990,
 9 who is otherwise eligible under the provisions of 2-18-704
 10 and who files written notice to the department of
 11 administration within 30 days of [the effective date of this
 12 act].

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0301, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act allowing former legislators to continue membership in the state group health insurance plan; amending section 2-18-704, MCA; and providing an immediate effective date and a retroactive applicability date.

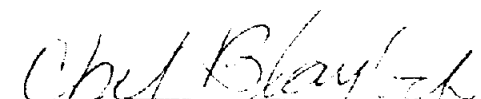
ASSUMPTIONS:

1. The proposed legislation will require provisions in state insurance contracts or plans which allow legislators who are vested members of a state retirement system to remain a member of the state group insurance plan until they attain eligibility for medicare benefits.
2. Only four legislators leaving office in FY90 had served sufficient time to become vested in the Public Employees Retirement System and were too young for medicare benefits.
3. Approximately one out of four legislators will choose to continue membership in the state group health insurance plan due to the lack of comparable group insurance.
4. The proposed legislation will impact only FY93 because legislators are currently allowed to continue membership in the state group health insurance plan for 18 months following the termination of their term.
5. Currently the cost of claims by early retirees in the state group insurance plan is approximately \$1,872 per year more than their annual premium payment. Claims by early retirees are currently subsidized by employer and employee contributions and interest earnings from the self-insurance fund. This trend is projected to continue during FY92-93.
6. Health care costs are projected to increase 12.5% in FY91, 15% in FY92 and 15% in FY93.
7. Current law is represented by the executive budget recommendation for employee benefits paid by the Employee Benefits Program in the Personnel Division of the Department of Administration.

FISCAL IMPACT:

	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>
<u>Expenditures:</u>						
Benefits and Claims	36,200,000	36,200,000	0	43,400,000	43,402,788	2,788
<u>Funding:</u>						
Proprietary Fund	36,200,000	36,200,000	0	43,400,000	43,402,788	2,788


 ROD SUNDESTED, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning


 CHET BLAYLOCK, PRIMARY SPONSOR DATE

2/13/91
 DATE

Fiscal Note for SB0301, as introduced.

SB 301

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

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2 INTRODUCED BY *Blaylock* *Raskin* *Jeff Grady*
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24 notwithstanding the person's eligibility for medicare under
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1 (3) (a) A state insurance contract or plan issued after
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-End-

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 2 INTRODUCED BY *Blaylock* *Reakins* *Swift* *Grady*
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-2- THIRD READING
 SB 301

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-End-

HOUSE STANDING COMMITTEE REPORT

March 19, 1991
Page 2 of 2

March 19, 1991
Page 1 of 2

Mr. Speaker: We, the committee on State Administration report that Senate Bill 301 (third reading copy -- blue) be concurred in as amended.

Signed: 
Jan Brown, Chairman

Carried by: Rep. Southworth

8. Page 3, line 23.
Following: "a"
Insert: "state employee, elected official, or"

9. Page 4, line 1.
Following: "the"
Strike: "full premium"
Insert: "average cost to the plan for members eligible under this section"

10. Page 4, line 7.
Following: "to a"
Insert: "state employee, elected official, or"

And, that such amendments read:

1. Title, line 4.
Following: "FORMER"
Insert: "STATE EMPLOYEES, ELECTED OFFICIALS, AND"
2. Page 3, line 2.
Following: "a"
Insert: "state employee, elected official, or"
3. Page 3, line 6.
Following: "the"
Insert: "state employee, elected official, or"
4. Page 3, line 7.
Following: "terminates"
Insert: "state"
Following: "service"
Strike: "in the legislature"
5. Page 3, line 11.
Strike: "end of his legislative term"
Insert: "last day of eligibility for state insurance"
6. Page 3, line 12.
Following: "former"
Insert: "state employee, elected official, or"
7. Page 3, line 20.
Following: "A"
Insert: "state employee, elected official, or"

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 12 writing within 90 days of the end-of-his-legislative-term
 13 LAST DAY OF ELIGIBILITY FOR STATE INSURANCE.

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 7 PLAN--FOR--MEMBERS--ELIGIBLE--UNDER--THIS--SECTION for his
 8 coverage and for that of his covered dependents."

9 NEW SECTION. Section 2. Effective date. [This act] is
 10 effective on passage and approval.

11 NEW SECTION. Section 3. Retroactive applicability.
 12 [This act] applies retroactively, within the meaning of
 13 1-2-109, to a STATE--EMPLOYEE,--ELECTED--OFFICIAL,--OR
 14 legislator who was a member of the state's group health
 15 insurance plan in effect on December 1, 1990, who is
 16 otherwise eligible under the provisions of 2-18-704 and who
 17 files written notice to the department of administration
 18 within 30 days of [the effective date of this act].

-End-

Conference Committee
on Senate Bill No. 301
Report No. 1, April 22, 1991

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Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill No. 301, met and considered the amendments in the House State Administration Standing Committee Report dated March 19, 1991 and we recommend that these amendments be rejected in their entirety.

And that this Conference Committee report be adopted.

For the Senate:

Wet Blaylock
Chair, Sen. Blaylock

Eleanor Vaughn
Sen. Vaughn

Bill Farrell
Sen. Farrell

For the House:

Jim Brown
Chair, Rep. J. Brown

Jim Southworth
Rep. Southworth

Rep. Gould
Rep. Gould

km 4-22-91
Amd. Coord.

SB 4-22
Sec. of Senate

ADOPT

REJECT

CCR 41
SB 301
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