

SENATE BILL NO. 420

INTRODUCED BY SVRCEK

IN THE SENATE

FEBRUARY 16, 1991           INTRODUCED AND REFERRED TO COMMITTEE  
ON LABOR & EMPLOYMENT RELATIONS.

FIRST READING.

FEBRUARY 23, 1991           COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 25, 1991           PRINTING REPORT.

ON MOTION, CONSIDERATION PASSED  
FOR THE DAY.

FEBRUARY 26, 1991           SECOND READING, DO PASS.

ENGROSSING REPORT.

FEBRUARY 27, 1991           THIRD READING, PASSED.  
AYES, 46; NOES, 1.

TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 4, 1991           INTRODUCED AND REFERRED TO COMMITTEE  
ON LABOR & EMPLOYMENT RELATIONS.

FIRST READING.

MARCH 22, 1991           COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

APRIL 6, 1991           SECOND READING, CONCURRED IN.

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

THIRD READING, CONCURRED IN.  
AYES, 96; NOES, 0.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 17, 1991

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 18, 1991

THIRD READING, AMENDMENTS  
CONCURRED IN.

APRIL 19, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Senate BILL NO. 420  
2 INTRODUCED BY Spade

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING FROM  
5 PERMISSIVE TO MANDATORY THE PROVISION FOR A \$500 DEDUCTIBLE  
6 CLAUSE IN A WORKERS' COMPENSATION INSURANCE POLICY; AMENDING  
7 SECTIONS 39-71-307 AND 39-71-434, MCA; AND PROVIDING AN  
8 EFFECTIVE DATE AND AN APPLICABILITY DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 39-71-434, MCA, is amended to read:

12 "39-71-434. Deductible option insurance policy  
13 provision for medical benefits. (1) In order to lower the  
14 amount an employer is required to pay to obtain workers'  
15 compensation insurance coverage under this chapter, a  
16 workers' compensation policy issued by the state  
17 compensation insurance fund under plan No. 3 or by a private  
18 insurer under plan No. 2 may must offer a \$500 medical  
19 deductible for the medical, hospital, and related services  
20 allowed under 39-71-704. The medical deductible must may  
21 also be offered in amounts-of-\$500 additional increments, up  
22 to-a-total-of-\$2,500-per-claim of any amount.

23 (2) ~~If--the-insured-employer-chooses-to-offer-a-medical~~  
24 ~~deductible,--the~~ The insured employer is liable for the  
25 amount of the deductible for the medical benefits paid for

1 each otherwise compensable claim of work injury suffered by  
2 an employee.

3 (3) If the entire cost of the covered medical benefits  
4 for a claim is \$500 or less, the insured employer shall pay  
5 the entire cost directly to the provider of medical or  
6 related services and a report filed under 39-71-307 must  
7 contain only the date and nature of the injury, the name and  
8 address of the employee, a statement that only medical  
9 benefits of less than \$500 were due the employee, and a  
10 statement that the fees for the medical benefits have been  
11 paid. The insured employer shall contract with the insurer  
12 to have the insurer pay the entire cost of the covered  
13 medical benefits directly to the provider of medical or  
14 related services if the entire cost exceeds \$500 and then  
15 seek reimbursement from the insured employer for the  
16 deductible amount. The insurer is entitled to reimbursement  
17 only for medical, hospital, and related services allowed  
18 under 39-71-704, up to the amount of the deductible.

19 (4) If an insured employer ~~who-has-contracted-with-an~~  
20 ~~insurer-for-a-medical-deductible~~ does not pay the medical  
21 deductible amount to the insurer through reimbursement, the  
22 amount paid by the insurer on the claim may be included as  
23 benefits paid in a determination of the insured employer's  
24 rate."

25 **Section 2.** Section 39-71-307, MCA, is amended to read:



1       **"39-71-307. Employers and insurers to file reports of**  
 2 **accidents -- penalty. (1) Every Except as provided in**  
 3 **39-71-434, every employer and every insurer is required to**  
 4 **file with the department, under department rules, a full and**  
 5 **complete report of every accident to an employee arising out**  
 6 **of or in the course of his employment and resulting in loss**  
 7 **of life or injury to the employee. The reports must be**  
 8 **furnished to the department in the form and detail as the**  
 9 **department prescribes and must provide specific answers to**  
 10 **all questions required by the department under its rules.**  
 11 **However, if an employer is unable to answer a question, he**  
 12 **shall state the reason he is unable to answer.**

13       **(2) Every Except as provided in 39-71-434, every**  
 14 **insurer transacting business under this chapter shall, at**  
 15 **the time and in the manner prescribed by the department,**  
 16 **make and file with the department the reports of accidents**  
 17 **as the department requires.**

18       **(3) An employer, insurer, or adjuster who refuses or**  
 19 **neglects to submit to the department reports necessary for**  
 20 **the proper review of a claim, as provided in subsection (1),**  
 21 **may be assessed a penalty of not less than \$200 or more than**  
 22 **\$500 for each offense. The department shall assess and**  
 23 **collect the penalty. An insurer may contest a penalty**  
 24 **assessment in a hearing conducted according to department**  
 25 **rules."**

1       **NEW SECTION. Section 3. Applicability. [This act]**  
 2 **applies to workers' compensation insurance policies issued**  
 3 **or renewed on or after July 1, 1991.**

4       **NEW SECTION. Section 4. Effective date. [This act] is**  
 5 **effective July 1, 1991.**

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0420, third reading, amended.

DESCRIPTION OF PROPOSED LEGISLATION:

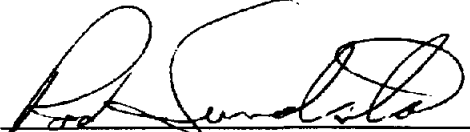
An act changing from permissive to mandatory the provision for a medical deductible clause in a workers' compensation insurance policy; amending section 39-71-434, MCA; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. The proposed legislation will require medical deductibles for insured under the state mutual compensation insurance fund and private insurers.
2. Medical deductible is currently mandatory for all insured with the State Fund.
3. The proposed legislation, as amended, will have no fiscal impact on any state agency.

FISCAL IMPACT:

None

  
ROD SUNDSTED, BUDGET DIRECTOR      3-27-91      DATE  
Office of Budget and Program Planning

  
PAUL SVRCEK, PRIMARY SPONSOR      DATE

Fiscal Note for SB0420, third reading, amended.

**SB 420-1**

APPROVED BY COMMITTEE  
ON LABOR & EMPLOYMENT  
RELATIONS

1 SENATE BILL NO. 420

2 INTRODUCED BY SVRCEK

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING FROM  
5 PERMISSIVE TO MANDATORY THE PROVISION FOR A \$500 MEDICAL  
6 DEDUCTIBLE CLAUSE IN A WORKERS' COMPENSATION INSURANCE  
7 POLICY; AMENDING SECTIONS 39-71-307 AND SECTION 39-71-434,  
8 MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY  
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20 deductible for the medical, hospital, and related services  
21 allowed under 39-71-704. The medical deductible must may  
22 also be offered in amounts of \$500 additional increments, up  
23 to a total of \$2,500 per claim of any amount MUST BE OFFERED  
24 IN AMOUNTS OF \$500 INCREMENTS, UP TO A TOTAL OF \$2,500 PER  
25 CLAIM.

1 ~~(2) If the insured employer chooses to offer a medical~~  
2 ~~deductible, the~~ The IF THE INSURED EMPLOYER CHOOSES TO  
3 ACCEPT A MEDICAL DEDUCTIBLE, THE insured employer is liable  
4 for the amount of the deductible for the medical benefits  
5 paid for each otherwise compensable claim of work injury  
6 suffered by an employee.

7 ~~(3) If the entire cost of the covered medical benefits~~  
8 ~~for a claim is \$500 or less, the insured employer shall pay~~  
9 ~~the entire cost directly to the provider of medical or~~  
10 ~~related services and a report filed under 39-71-307 must~~  
11 ~~contain only the date and nature of the injury, the name and~~  
12 ~~address of the employee, a statement that only medical~~  
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 3 benefits paid in a determination of the insured employer's  
 4 rate."

5 Section 2, Section 39-71-307, MCA, is amended to read:  
 6 "39-71-307. Employers and insurers to file reports of  
 7 accidents-----penalty. (1) Every Except as provided in  
 8 39-71-434, every employer and every insurer is required to  
 9 file with the department, under department rules, a full and  
 10 complete report of every accident to an employee arising out  
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 13 furnished to the department in the form and detail as the  
 14 department prescribes and must provide specific answers to  
 15 all questions required by the department under its rules.  
 16 However, if an employer is unable to answer a question, he  
 17 shall state the reason he is unable to answer.

18 (2) Every Except as provided in 39-71-434, every  
 19 insurer transacting business under this chapter shall, at  
 20 the time and in the manner prescribed by the department,  
 21 make and file with the department the reports of accidents  
 22 as the department requires.

23 (3) An employer, insurer, or adjuster who refuses or  
 24 neglects to submit to the department reports necessary for  
 25 the proper review of a claim, as provided in subsection (1),

1 ~~may be assessed a penalty of not less than \$200 or more than~~  
 2 ~~\$500 for each offense. The department shall assess and~~  
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6 NEW SECTION. Section 2. Applicability. [This act]  
 7 applies to workers' compensation insurance policies issued  
 8 or renewed on or after July 1, 1991.

9 NEW SECTION. Section 3. Effective date. [This act] is  
 10 effective July 1, 1991.

-End-

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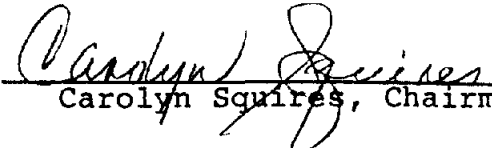
-End-

HOUSE STANDING COMMITTEE REPORT

March 21, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Labor report that Senate Bill 420 (third reading copy -- blue) be concurred in as amended .

Signed:   
Carolyn Squires, Chairman

Carried by: Rep. O'Keefe

And, that such amendments read:

1. Page 1, lines 24 and 25.  
Following: first "OF" on line 24  
Insert: "at least"  
Following: "\$500"  
Strike: remainder of line 24 through "CLAIM" on line 25

HOUSE  
SB 420

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