

**MINUTES**

**MONTANA SENATE  
52nd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON FINANCE & CLAIMS**

**Call to Order:** By Chairman Judy Jacobson, on February 13, 1991,  
at 5:15 p.m.

**ROLL CALL**

**Members Present:**

Judy Jacobson, Chairman (D)  
Greg Jergeson, Vice Chairman (D)  
Gary Aklestad (R)  
Thomas Beck (R)  
Esther Bengtson (D)  
Gerry Devlin (R)  
Harry Fritz (D)  
Ethel Harding (R)  
Thomas Keating (R)  
Dennis Nathe (R)  
Larry Tveit (R)  
Eleanor Vaughn (D)  
Mignon Waterman (D)

**Members Excused:** Richard Manning (D)

**Staff Present:** Teresa Olcott Cohea(LFA).

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Announcements/Discussion:** NONE.

**HEARING ON SENATE BILL 288**

**Presentation and Opening Statement by Sponsor:**

Senator Bob Williams, District 15, Hobson, said Senate Bill 288 came about in the 1989 session on Senate Bill 270, which was the asbestos abatement bill. It was funded through the RIT funds. He stated it was their intent to make the program self-sufficient. It is self-sufficient; all this bill does is to set up a fund for the fees collected to go into it and also the penalties collected will go into this fund too. He stated the fiscal note showed no fiscal impact.

**Proponents' Testimony:**

Adrian C. Howe, Chief of the Occupational Health Bureau,

presented written testimony in support of the bill. (Exhibit #1)

Opponents' Testimony:

NONE.

Questions from Committee Members:

Senator Devlin asked if there were RIT funds moving into this at the present time. Senator Williams said there were not.

Closing by Sponsor

Senator Williams said SB 288 would make the asbestos control program entirely self-sufficient by fees and penalties, as was the original intent of the legislature. The workload history establishes we are able to do that and we are confident that we will be able to continue funding it this way. The fees are restricted by statute to the cost of the program operation and is subject to periodic review. He said if penalties are collected and deposited in the special revenue funds above what are needed, we can decrease the fees and leave the penalties.

HEARING ON SENATE BILL 269

Presentation and Opening Statement by Sponsor:

Senator Aklestad, District 6, Galata, stated Senate Bill 269 will restructure the State medical program and will give a new management tool to the department in Helena. Part of the management tool would be to screen applicants for the program. The screening process would be primarily for two different types of clients, the Acute Care and the Chronic Care. The acute care would take care of those on the short term and the chronic care would take care of those on the long term. This new program will give the department more latitude and still serve those deserving to be served by the program. It would reduce the general fund, and most of the savings would be because of the different funding mechanism.

Proponents' Testimony:

Julia Robinson, Director of the Department of Social and Rehabilitation Services stated they think this is a very important bill and wants everyone to understand their proposals. The State Medical Program was originally designed to pay for medical care for certain low income Montanans who have no where else to go. They don't have health insurance and they don't qualify for any other state or federally funded programs, such as Medicaid or Medicare. The services the department provides are similar in amounts, scope and duration to the services available for Montana Medicaid Program. This program is unique in that it is not offered across the state. It is offered only in the 12 state-assumed counties and it is 100% state general fund program.

She stated it was very expensive to the state because this isn't a program that currently receives match. There are about 3000 people who are eligible for state medical. Ms. Robinson explained the extensive handout. (Exhibit #2) She explained it showed who was eligible by age and category. Most of the recipients are single males between the ages of 30 and 55. She said by looking at the chart you can see that while there is a relationship between state medical and general assistance, that relationship is totally parallel. Twenty-one percent of the GA recipients, or 802 recipients made up 85% of the state medical costs. 79% of the recipients, about 3000 only made up about 15% of the cost. It shows that a few people are costing the majority of the cost of this program.

Ms. Robinson stated the GA caseload dropped dramatically last year and the state medical program did not drop. State medical costs versus GA costs show that the GA caseload has gone down substantially in this state and yet the state medical costs have continued to remain stable. That raised the question for Ms. Robinson to look into what was going on with this particular program. In order to understand, it had to be compared to other states. She stated we have one of the most generous programs in the country; only 10 other states have programs as comprehensive as ours and in terms of how we compare to the region, we certainly have the most generous program. She advised members to look at their charts to compare with other states. Ms. Robinson stated it is important to continue to offer medical assistance. The program is designed to take care of people who have disabilities and any type of medical necessity that is considered acute. She stated that people who are eligible for medical care get a letter monthly for authorization. You can then go in and get any type of medical care for that month. Once they get the authorization, the department does not restrict their medical credit. This has led to some problems in that lack of coordination and oversight in care means that often the secondary systems are treated without getting to the primary problem. Out of 728 inpatient hospital admissions for the state's medical program last year, 254 or 35% were conditions related to alcohol and drug abuse and mental disorders. Another consequence of this freedom is the potential for abuse. Ms. Robinson stated examples of such abuses.

Nancy Ellery, Administrator of the Medicaid Services Division spoke on Medicaid benefits to the program. The state medical program was transferred to the Medicaid Services Division in July of 1990. As Senator Aklestad stated, this is a two-pronged approach, with one prong being acute care coverage and the other is the chronic care coverage. The range of services will still be comparable to Medicaid. However, the acute care coverage will focus on services for immediate short term medical needs, such as for a broken leg. The chronic care coverage will focus on more comprehensive conditions that need long term care. Both will incorporate the managed care concept. Ms. Ellery advised members to look at the chart before them to see how the system works. She stated that when someone comes in and applies

for coverage, their eligibility is determined at the county office. After the eligibility is determined they will be put in on the acute care coverage and we will pay for services to treat whatever their immediate short term medical need is. We make sure that managed care is involved to approve and make sure it is medically necessary. If the person has a chronic condition when they come in, that is a disability that is expected to last more than 12 months, we will make them apply for supplemental security income, which is SSI for short. That is the federal program that provides financial payments as well as medicaid benefits for low income, aged, blind and disabled individuals. There is a new provision in the federal law that will allow the states to do independent determinations and disability in order to qualify for medicaid. Previously the state to go with whatever disability determination was made by SSI. Only about 1/3 of the people passed that initial screening and then another 20 percent were later found eligible. Under this new provision of the law, we will make an independent disability determination. If we find the person is disabled, Medicaid can begin immediately and then continue until the final SSI appeal is exhausted, sometimes taking up to two years. She stated the department will work aggressively to help people get SSI eligibility. The two exceptions to this program will be children and Project Work participants. Children will continue to get the full range of services that the Medicaid program allows. They will see no change by this new program. This approach will address the problems with our current open-ended system. Our proposal ensures that we address a person's underlying medical condition, not just the symptoms. People with long term problems will receive the benefit of a comprehensive treatment plan through managed care and the chronic program as well as the acute program. She stated the proposal has many benefits. By insuring that people in acute care coverage use the medical services wisely we are going to reduce abuses by recipients who see the state medical authorization as kind of a gold card for health care. Most importantly, this proposal will help us contain cost in the program. Reducing the unnecessary services will reduce cost and under the managed care contract with Blue Cross Blue Shield, they have seen that for every dollar they spend, they save nine dollars with just helping the person coordinate the delivery of those health care services. Identifying those who are eligible for SSI in conducting this independent disability determination to get Medicaid started earlier will mean we will get the advantage of the federal match while their application is pending. We need to make sure that the state medical program reaches the people who need it, and she feels this bill will help to do that, and she urges the committee to approve it.

#### Opponents' Testimony:

Marcia Dias of the Montana Low Income Coalition asked for a clarification of Section 1 53-3-109 under No. 4, item a and b. The concern they have with the low income people is the services that will be discontinued because they may not be necessary for

the job. The types of things of concern are hearing aids and eye glasses and possibly dentures and medication, which may not fall under the category of an acute need, but may pose a serious risk on certain types of laboring jobs where they may not be necessary for the job, but it may be necessary for personal safety. We feel a concern for conditions like diabetes and fibrosis, that these may not be acute conditions and that these people will be slipping through the cracks and not be covered. We also feel concern for mental health conditions which again may not be considered acute until somebody needs hospitalization.

Questions From Committee Members:

Senator Nathe asked if Hill Burton funds were still being used in hospitals.

Bob Olsen, Vice President of Montana Hospital Association stated Hill Burton funds are still being used in approximately 35 to 40 of the hospitals in Montana. The types of services that can be written off to Burton are those charitable services for low income people so for someone who would lose eligibility for state medical, if they are in the right place they may qualify for Hill Burton coverage. If the person is on Medicare or Medicaid the amount that isn't paid by the state or by the federal government cannot be used to defray Hill Burton obligations. The Hill Burton program is destined to come to completion within the next 5 years for most of those hospitals, and probably within 15 years it will all be over.

Senator Nathe asked if the department has a working relationship with any voluntary organization such as Lions Club, for eye glasses.

Ms. Robinson stated that they don't have a direct relationship with the Lions Club, but that is something we should look into. The difference between what we are currently doing and what we are proposing, is that if you go to the project work program, as part of an individual case plan, if you need something to go to work, then the project work provider would decide that and it would have to be part of the case plan. Right now it is an entitlement program because Medicaid is an entitlement. We are not saying you will not have the complete range of Medicaid services to choose between, but that it would have to be part of a case plan to get a job. So, if you thought the job was going to be unsafe, and the person needed eye glasses and hearing aids for the job, we would certainly authorize that. We aren't picking categories of service that we are eliminating. Where this is different is that you have to go to the project work program and be participating in the program.

Senator Jacobson asked Ms. Robinson to address Ms. Dias' first question regarding Page 2, Section B, subsection 4.

Ms. Robinson explained what they are trying to do is to do a

screen at the very beginning. We would pay for it with our people to do it for SSI. We wouldn't wait for SSI. State law now does require that we make people apply for SSI. We have to wait for SSI to decide if a client is eligible to get Medicaid reimbursement. Then, we have to try and get the money back from the federal government for all those bills over the first couple years. Sometimes we recapture it and sometimes not. Because of the change in the federal law, what we are saying is if I contract with a state person to do what would be close to an SSI determination, then we'll feel very comfortable defending that person should be on SSI. Once the state makes that decision, we get Medicaid money even if later the federal government decides they shouldn't be. That is a major change in the program that saves considerable state dollars. The difference in this program from what we have done in the past is that we will do the determining, and we will do it faster, and we'll do it using our regulations and then at least we'll be saving the state the money while we are doing all the appeals and if we decide they are eligible, we're going to fight hard to make them eligible because I believe the SSI was set up to take care of people with chronic disabilities.

Senator Jacobson asked if while they are going through this eligibility you are paying Medicaid, and part of that is federal, do you expect, for instance, if you get to the end of this and those very rigid people tell you no, this person is not, and you appeal and they still tell you no, will you have to repay the feds.

Ms. Robinson stated no, the new rules say they do not need to repay the feds. The worst that can happen to the state is that they have two years of Medicaid coverage and then the individual becomes a chronic case that we pay 100% general funds. There is not a risk to the state involved in this program as we understand. We now have a letter in writing that we would not have to repay that.

Senator Waterman asked if this would increase the caseload for legal services.

Norm Waterman stated that they already have a contract with Legal Services to handle the SSI applications and to see those people with applications through the appeal process. They also do handle referrals from us on the state medical program.

Senator Waterman asked Ms. Robinson why you wouldn't qualify everyone for SSI immediately?

Ms. Robinson answered they have to do a screen that would be similar to SSI so a person would have to have some kind of chronic disability.

Senator Vaughn asked if the SSI would take our evaluator's position?

Ms. Robinson stated that the SSI is very rigid, but what it does do is give us a better case for legal aid to defend.

Senator Nathe asked if a change in the law would affect the medically needy.

Ms. Robinson stated the medically needy program is part of the Medicaid program. Medicaid is in every town, and if you make a change in the Medicaid program you are affecting every county in the state. If you make a change in this program, you are only affecting the 12 assumed counties.

Closing by Sponsor:

Senator Aklestad said he appreciated the hearing, and stated we are given a new tool. The department will still provide the service and the acute care and the chronic care and funding mechanism where we are going to put these people on SSI and if they come off SSI, then they would come back into our program and would be paid but they would be under SSI while that evaluation is going on and that can't happen at this time. In reference to Marcia Diaz's testimony concerning a job, when glasses or hearing aids might be needed, I would like to draw the committee's attention to page 6, line 9. In that language there is a latitude that the department make evaluations in those types of situations to provide those types of services for those individuals. I recommend that SB 269 bill do pass.

HEARING ON SENATE BILL 274

Presentation and Opening Statement by Sponsor:

Senator Larry Tveit, Senate District 11, Fairview, said railroad properties have been acquired by the state through the donation or settlements. The moneys have gone to the general fund. SB 274 will earmark revenue generated from property ownership into a special account for railroad property improvement and system expansion.

Proponents' Testimony:

Randy Johnson of the Montana Grain Growers Association and also representing the Montana Citizens Freight Rate Association, which is an organization representing varied transportation interests in the state. Written testimony (Exhibit 3). They did suggest one additional amendment, which would be on line 22, strike the words "state owned".

Lawrence Hess representing Central Montana Rail, which is a non-profit corporation serving the rail transportation needs of the Geraldine and Denton area. This corporation was formed for the purpose of operating a short line railroad which is leased from the state of Montana. We support the proposed amendments. He said they feel that in normal railroad operations if an asset

were sold, it would be reinvested. He said that is what this bill does, and he thinks it is good business. He thinks sometimes it would be more economical for the state to subsidize or assist the short line railroads in their operations than to build highway facilities that could haul this commodity.

Kay Norenberg, representing W.I.F.E. stated they support this bill.

Senator Bob Williams, of Senate District 15, stated that about 85% of this railroad is in his district. The employment this creates in central Montana is appreciated and it creates permanent jobs for eight (8) people. When the program was started, it was hoped they could ship out 1000 carloads of grain a year. This year they shipped out over 1900 carloads, so there is definitely a need for this railroad.

Opponents' Testimony:

NONE.

Questions From Committee Members:

Senator Nathe asked John Craig to explain about Burlington Northern.

John Craig, Intermotor Commodities Bureau Chief of the Department of Commerce, Transportation Division stated the central Montana railroad was formed in 1985. At that time BN owned the line and had purchased this line from Milwaukee Railroad. The lawsuit that was in question came about as a result of BN's promise to operate the line for an extended period of time. On the basis of that promise, the state of Montana withdrew its objection to the transaction sale with the Milwaukee Railroad, believing the line would be extended for an indefinite period of time. Within 18 months of that agreement, BN then applied for the abandonment of the line and that was the basis of the lawsuit. As a result of the negotiated settlement with BN they agreed to donate the line to the state and the state in turn would lease the line to an organization known as Central Montana Railroads.

Senator Aklestad asked Senator Tveit about letting the assets be used to repair other railroads.

Terry Cohea, stated there is a prohibition on the legislature in the Constitution appropriating funds directly to a private agency.

Senator Aklestad referred to the fiscal note and asked if the money was coming from the retroactive provision.

Senator Devlin asked if \$175,000 was included in our general fund.

Senator Jacobson stated that yes it was because by state law it has to be deposited in the general fund.

Terry Cohea stated it is not in our revenue estimate and she would be surprised if it was in the executive, given that it came in January after both books were done. Generally these relatively small amounts of money is just lumped together as other revenue. But it is an impact on the general fund as she understand the situation, it has actually been deposited in the general fund and if this bill were successful, would take it out of the general fund and move it to the state special revenue account.

Senator Devlin asked Terry Cohea if it will show up in her report next year.

Senator Jergeson asked if the entire \$175,000 is from the sale of the RARUS.

Terry Cohea said in order to be a valid statutory appropriation Section 17-7-501, has to be amended. If you want it to go through the regular process you need to change this to just get it into the account. If you want to make it a full statutory appropriation, then you would need to amend the statutory appropriation section.

Senator Jergeson asked John Craig if there would be a way to define a short line railroad.

John Craig said it would be very difficult to come up with criteria.

Senator Waterman stated that other than the \$175,000, we aren't talking about much money on an ongoing basis. She thought it would be best to leave it with the state owned railroad.

Senator Tveit said they would certainly look at it.

Senator Beck asked what RARUS was.

It was formerly the Butte-Anaconda and Pacific railroad owned by the Anaconda Company.

Senator Devlin asked about the income from leases, and said it wasn't clear on the fiscal note. Is that each year, or for a five year period.

Senator Waterman stated a total of five years, and that is why we aren't talking about much money.

Closing by Sponsor:

Senator Tveit stated that he would get with people to get the language corrected. These are basically abandoned lines

taken over and are very important for agricultural products.

HEARING ON SENATE BILL 284

Presentation and Opening Statement by Sponsor:

Senator Eck, District 40, Bozeman stated this is a very short bill which allows our Montana Children's Trust Fund Board to hire its own staff. The Montana Children's Trust Fund was set up for the purpose of providing preventive services for child abuse and neglect. It is funded partly from an income tax check-off, and partly from a \$5 fee for marriage dissolutions.

Proponents' Testimony:

Mike Males from Bozeman, who is on the Children's Trust Fund Board, spoke on behalf of the Board. He presented their annual report to the Governor. (Exhibit #4) SB 284 allows the Children's Trust Fund Board to hire minimal staff should the need arise. He stated they have no plans presently to hire staff as their funds are very low. He stated they funded 21 programs which are listed in the report. They receive requests far in advance of the money they have available. Montana has one of the highest rates of child abuse. There is a demonstrated need for prevention services in this state. We are pursuing additional funding sources and if successful the administration of these funding sources would overwhelm both the volunteer board and clerical support which we now receive from the Department of Family Services. We would appreciate the flexibility to hire staff that other voluntary boards do have and he urged the committee's do pass vote on the bill.

Gaylord Walls from Box Elder, Montana, and a member of the board of the Children's Trust Fund, stated that previously the board had been operated via a chairperson from Hardin, Montana, co-chaired with a DFS director out of Billings and the administrative services were provided by DFS. When the new board came on, there was an interest from the former board members to have someone assume the role of chair. Along with that was a loss of DFS support. He stated he spent about 6 months trying to get the director's approval for administrative support from DFS. It didn't work out and Mr. Walls assumed all the secretarial services, contact with all the organizations that were funded, all the problems, besides doing his regular job. He felt he didn't give it all the attention it needed. Mr. Walls stated because of that, he would ask the committee to approve the bill.

Kenneth Moore, Pastor of the Christian Church of Helena stated that it is vital that the Children's Trust Fund have the possibility of staff.

Opponents' Testimony:

NONE.

Questions From Committee Members:

Senator Devlin asked what kind of money is involved.

Mike Males stated we are not asking the legislature for any money. Total expenditure for the 7 member board is about \$2500 a year. We spend 5% on administration.

Senator Waterman asked Senator Eck if they have pursued with the current director, if they are willing to provide administrative services.

Senator Eck stated the current director is very supportive of this. I think there is a very real advantage for a board like this to hire their own staff.

Senator Devlin referred to the second page of the handout concerning administrative support.

Senator Jacobson stated this is strictly DFS's clerical time that they spend on Children's Trust Fund, about \$7200 a year, which is all donated. It doesn't come out of the trust fund.

Senator Beck asked where they planned to work and do they need office space.

Mr. Males explained they don't have any plan to hire anyone yet.

Senator Jacobson stated she was very supportive of the program and said the only concern she has is at what level of grant monies are you going to consider hiring staff.

Mr. Males explained that is why they adopted a by-law limiting it to 15% of the state money that comes into the fund. He would suggest they would have to be in the hundreds of thousands of dollars before we hire staff.

Senator Jacobson asked if it might not be appropriate to identify a level of income at which you would look at hiring staff.

Closing by Sponsor:

Senator Eck said that granting this flexibility to hire their own staff is helpful and the fact that their by-laws state not more than 15% could be used for this, allows you to look at what kind of staff they could hire. They might be able to contract for at least some secretarial services or some grant writing expertise at this time. When you look at the need, and what their potential is, I think it is worth giving them this type of flexibility.

Motion:

Senator Jergeson moved amendments to Senate Bill 123.

Senator Jergeson moved Senate Bill 123 as amended.

Discussion:

Senator Jergeson said his amendments would strike almost everything except they will make it permissive for this Weed Council to make grants to the experiment station and Extension Service for research, evaluation and education projects on cropland weeds. This has been endorsed by Reps. Thoft and Grady who are particularly concerned about the impact of SB 123 as introduced.

Senator Jacobson asked if those positions presently funded by general fund, is there anything in the bill that says the general fund money will revert.

Senator Jergeson said these grants that could be given by the council would be to those scientists for work on cropland weed control.

Amendments, Discussion, and Votes:

Motion on amendments CARRIED.

Recommendation and Vote:

Senate Bill 123 DO PASS as amended motion CARRIED.

EXECUTIVE ACTION ON SENATE BILL 288

Motion:

Senator Aklestad moved Senate Bill 288.

Discussion:

NONE.

Recommendation and Vote:

Senate Bill 288 DO PASS motion CARRIED.

EXECUTIVE ACTION ON HOUSE BILL 38

Motion:

Senator Devlin moved Option #1 at \$10,000 amendment.

Senator Nathe moved House Bill 38 BE CONCURRED IN as amended.

Discussion:

Terry Cohea explained the amendments.

Dennis Sheehy, Deputy State Auditor stated they are not opposed to any methods of capping or restricting any balance because their concept is to use any monies that would be generated above and beyond what we budget to adjust the fees for the next year. We would support option 1 because it is a little more direct and easier to understand.

Recommendation and Vote:

Senator Devlin's motion on Option #1 CARRIED.

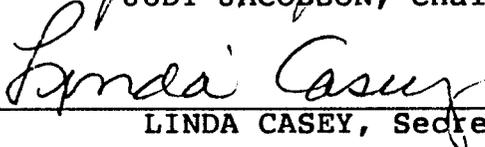
The BE CONCURRED IN as amended motion CARRIED UNANIMOUSLY.

Senator Nathe will carry HB 38 as amended.

ADJOURNMENT

Adjournment At: 6:35 p.m.

  
\_\_\_\_\_  
JUDY JACOBSON, Chairman

  
\_\_\_\_\_  
LINDA CASEY, Secretary

JJ/11c

ROLL CALL

FINANCE & CLAIMS COMMITTEE

DATE 2/13/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON CHAIRMAN	P		
SENATOR JERGESON, VICE CHAIRMAN	P		
SENATOR AKLESTAD	P		
SENATOR BECK	P		
SENATOR BENGTON	P		
SENATOR BIANCHI			
SENATOR DEVLIN	P		
SENATOR FRITZ	P		
SENATOR HAMMOND			
SENATOR HARDING	P		
SENATOR HOCKETT			
SENATOR KEATING	P		
SENATOR MANNING			E
SENATOR NATHE	P		
SENATOR STIMATZ			

Each day attach to minutes.



SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
February 14, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 38 (third reading copy -- blue), respectfully report that House Bill No. 38 be amended and as so amended be concurred in:

1. Page 3, line 22.

Following: " \_ "

Insert: "At the end of each biennium, any fund balance in excess of \$10,000 must be transferred back to the general fund."

Signed: Judy H. Jacobson  
Judy H. Jacobson, Chairman

11/25/91 2/14/91  
Amd. Coord.

SB 5/14 11:00  
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
February 14, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration Senate Bill No. 288 (first reading copy -- white), respectfully report that Senate Bill No. 288 do pass.

Signed: Judy H. Jacobson  
Judy H. Jacobson, Chairman

1st. to 2/14/91  
Amd. Coord.

SB 2/14 11:00  
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
February 14, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration Senate Bill No. 123 (first reading copy -- white), respectfully report that Senate Bill No. 123 be amended and as so amended do pass:

1. Title, line 4.

Following: "THAT"

Strike: "A"

2. Title, line 5.

Strike: "PORTION OF THE"

3. Title, line 6.

Following: "FUND"

Insert: "MAY"

Following: "BE"

Strike: "ALLOCATED"

Insert: "GRANTED"

Following: "STATION"

Insert: "AND THE COOPERATIVE EXTENSION SERVICE"

4. Title, line 7.

Following: "RESEARCH"

Insert: ", EVALUATION, AND EDUCATION"

Following: "ON"

Strike: "NOXIOUS"

Insert: "CROP"

5. Title, lines 8 through 10.

Following: "RESEARCH;" on line 8

Strike: remainder of line 8 through "RESEARCH;" on line 10

6. Title, line 10.

Strike: "80-7-810, 80-7-812,"

7. Title, lines 11 and 12.

Following: "DATE" on line 11

Strike: the remainder of line 11 through "DATE" on line 12

8. Pages 1 and 2.

Strike: sections 1 and 2 in their entirety

Re-number: subsequent sections

9. Page 3, lines 8 and 9.

Strike: "87.5%" on line 8 through "principal" on line 9

Insert: "funds"

10. Page 4, line 11.

Strike: "and"

11. Page 4, line 15.

Following: "state"

Insert: "; and"

(g) grants to the agricultural experiment station and the cooperative extension service for crop weed management research, evaluation, and education"

12. Page 4, line 16 through page 5, line 10.

Following: "station" on page 4, line 16

Insert: "and cooperative extension service shall"

Strike: remainder of line 16 through "(c)" on page 5, line 10

13. Page 5, line 12.

Following: "council"

Strike: ", and"

Insert: "."

14. Page 5, lines 13 through 17.

Strike: subsection (d) in its entirety

15. Page 6, lines 13 and 14.

Strike: lines 13 and 14 in their entirety

Insert: "annual reports required under 80-7-214(4)."

16. Page 6, lines 15 through 18.

Following: "date" on line 15

Strike: remainder of line 15 through "applicability" on line 16

Following: "1991" on line 16

Strike: remainder of line 16 through "1991" on line 18

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

Judy H. Jacobson, Chairman

Steve Ford  
Amd. Coord.

SB 2/14 11:00  
Sec. of Senate

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

TESTIMONY  
on  
SENATE BILL NO. 288

Presented by Adrian C. Howe

A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE AN ASBESTOS CONTROL ACCOUNT IN THE STATE SPECIAL REVENUE FUND; TO REQUIRE MONEY RECEIVED FROM THE COLLECTION OF CERTAIN FEES AND PENALTIES TO BE DEPOSITED IN THE ACCOUNT; TO ALLOCATE MONEY IN THE ACCOUNT TO THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO FUND ASBESTOS CONTROL PROGRAMS; AMENDING SECTION 75-2-514, MCA; REPEALING SECTION 75-2-512, MCA; AND PROVIDING AN EFFECTIVE DATE."

The 51st Legislature established the Asbestos Control Program within the Department of Health and Environmental Sciences (DHES). At that time, there was no established history on the numbers of individuals needing accreditation in the asbestos related occupations or the number of asbestos abatement projects in the state. Therefore, to provide a stable funding source for the program, funding was established from the 16% Resource Indemnity Trust Fund (RIT) allocated to DHES with all fees and penalties deposited back into the RIT. The workload history established during the first year of operation indicates that the program would generate sufficient revenue to be entirely self-supporting as was the original intention.

If enacted, Senate Bill No. 288 will merely change the funding source for the Asbestos Control Program from the RIT to the Asbestos Control Account. This in effect would make the program entirely self-supporting, rather than being able to draw expenditures from the RIT. The Appropriations Committee has funded the Asbestos Control Program during the next biennium from fee funds, as requested by DHES in anticipation of enactment of the proposed legislation contained in Senate Bill No. 288 establishing the Asbestos Control Account in the State Special Revenue Fund. Therefore passage of Senate Bill No. 288 will have no fiscal impact on the program.

On behalf of the DHES, I ask that the Committee favorably consider this bill. Thank you.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1

DATE 2/13/91

BILL NO. SB 288

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 13 day of February, 1991.

Name: Adrian C. Howe

Address: All3 Cogswell Building - Capital Station  
Helena, MT 59620

Telephone Number: 444-3671

Representing whom?  
Montana Dept. of Health and Environmental Sciences

Appearing on which proposal?  
SB 288

Do you: Support?  Amend?  Oppose?

Comments:  
Prepared Testimony.

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 1  
DATE 2/13/91  
BILL NO. SB 288

## FACTSHEET ON STATE MEDICAL PROGRAM

**Description:** State law requires all counties to provide financial and medical assistance for indigent residents. Counties having trouble fulfilling the mandate can ask the state to assume that responsibility in return for providing revenue equal to 12 mills. State Medical pays for medical care for certain low-income Montanans in the 12 state-assumed counties (Cascade, Deer Lodge, Flathead, Lake, Lewis and Clark, Lincoln, Mineral, Missoula, Park, Powell, Ravalli, and Silver Bow). The amount, scope, and duration of benefits are comparable to services in Montana's Medicaid program.

**Who It Serves:** The program serves a little over 3,000 low-income Montanans not eligible for any federally-funded program such as Medicaid or Medicare. 85% get State Medical because they receive General Assistance payments. The other 15% are eligible because their incomes are below \$330 a month (for a single person) and they have high medical bills.

**Cost:** The cost of the State Medical Program has increased dramatically since state assumption began in 1984. From \$2.7 million in 1984, it remained fairly constant until 1987, when costs jumped to \$4.7 million -- a 74% increase. The projected cost for 1991 is \$5.1 million. State Medical funds come solely from the General Fund.

**Problems:** Recipients get a monthly letter of authorization, and then it's up to them to decide what services to get. While some might call the open-ended nature of the program generous, it's actually is an invitation for abuse and less than optimal care.

**Proposed Changes:** The Department proposes to keep eligibility criteria the same, but take a two-pronged approach to services:

**Acute Care Coverage.** Cover treatment of short-term, immediate medical problems. If another medical need developed later, they could get reauthorized for coverage of that problem.

**Chronic Care Coverage.** We would assist people with long-term conditions or disabilities in applying for Supplemental Security Income or SSI, a federal program that makes people eligible for Medicaid. A new provision in federal law allows people who pass the initial screen for SSI to get on Medicaid while they await the final word on their SSI eligibility. Those who are eventually denied SSI would get Chronic Care Coverage, where we would use managed care to develop a comprehensive treatment plan.

SENATE FINANCE AND CLAIMS

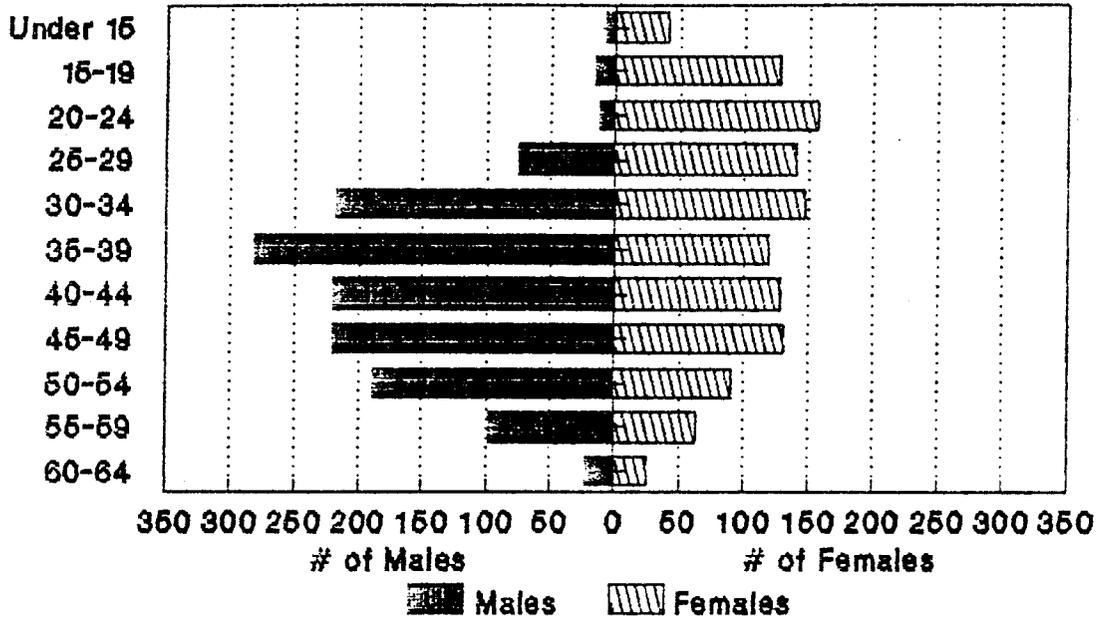
EXHIBIT NO. 2

DATE 2/13/91

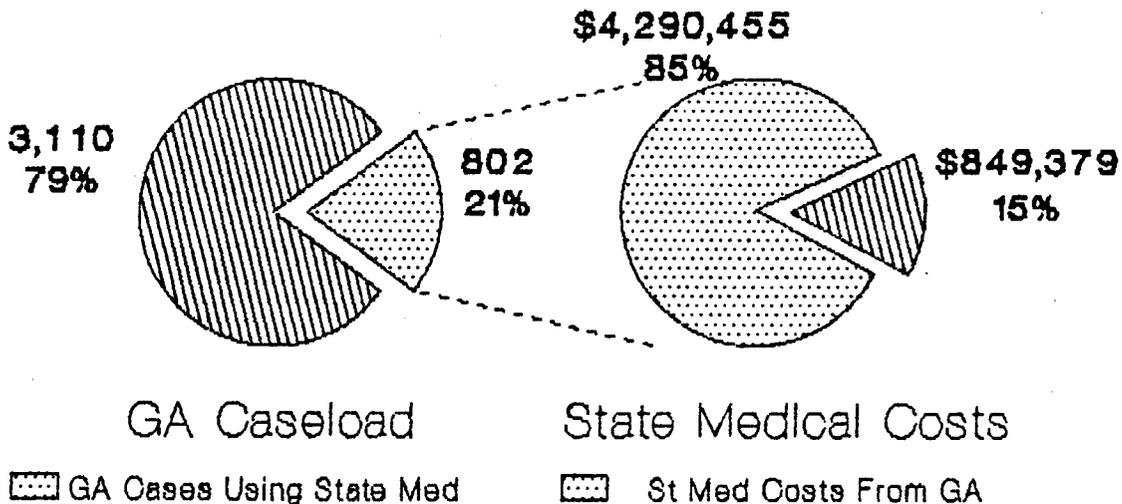
BILL NO. SB269



# State Medical Age Distribution FY 1990

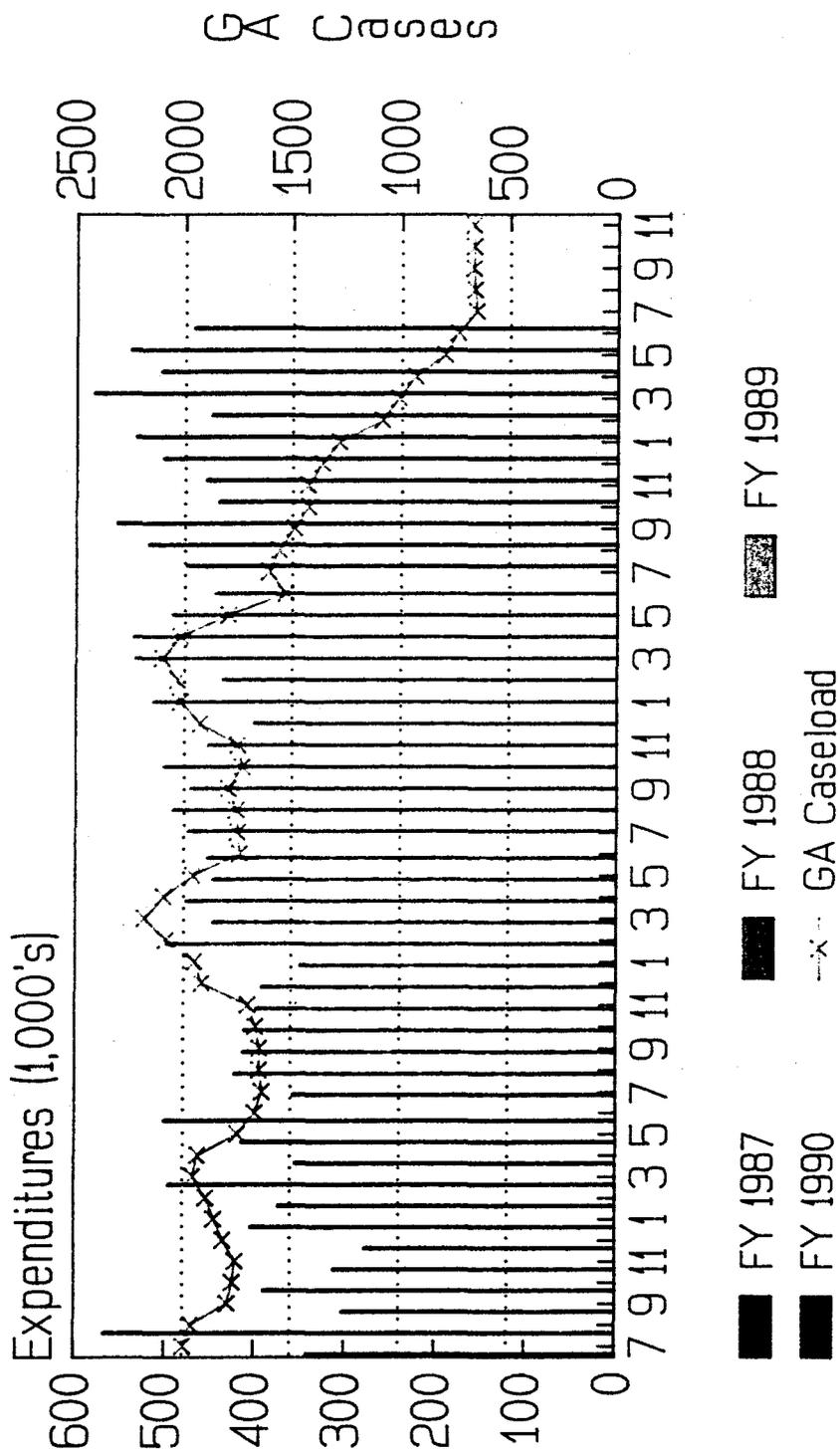


# GA Usage of State Medical FY 1990



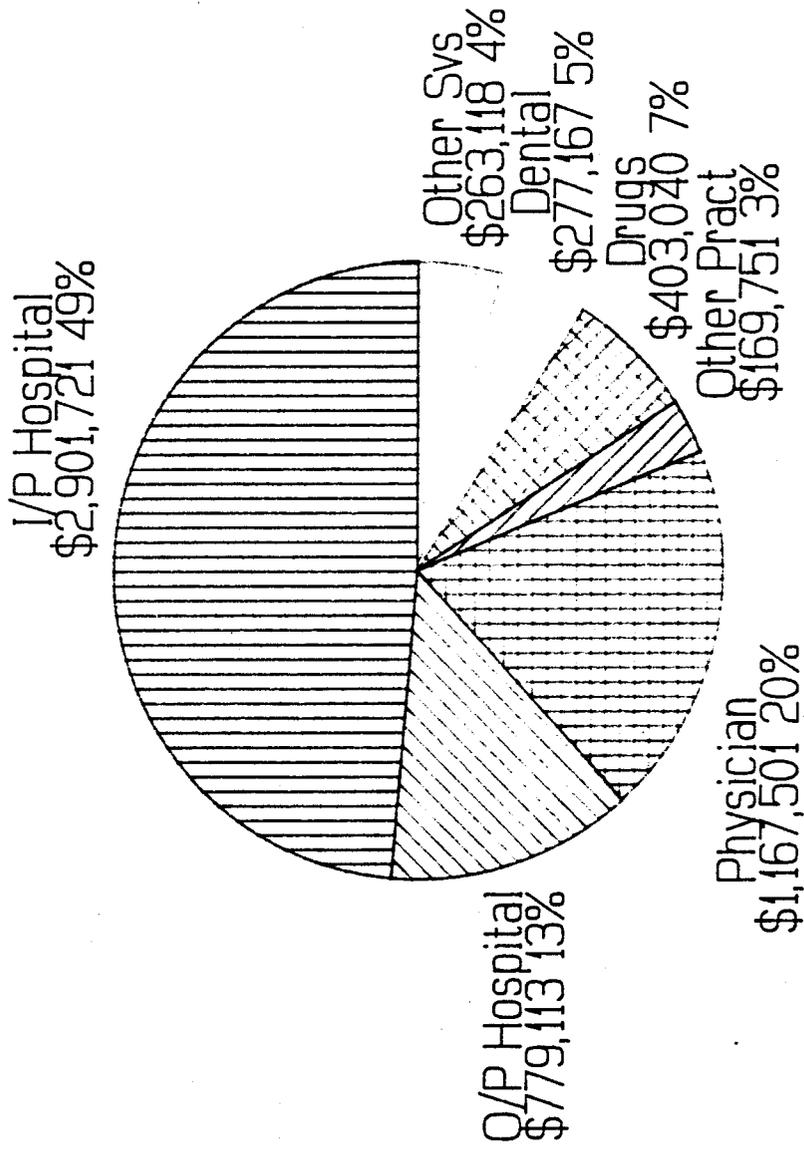
**Conclusion: 21% of GA recipients use State Medical program and account for 85% of State Medical costs.**

# State Med Costs vs GA Cases FY 1987-90



FY 1990 cost data not yet complete.

# State Medical Costs FY 1990

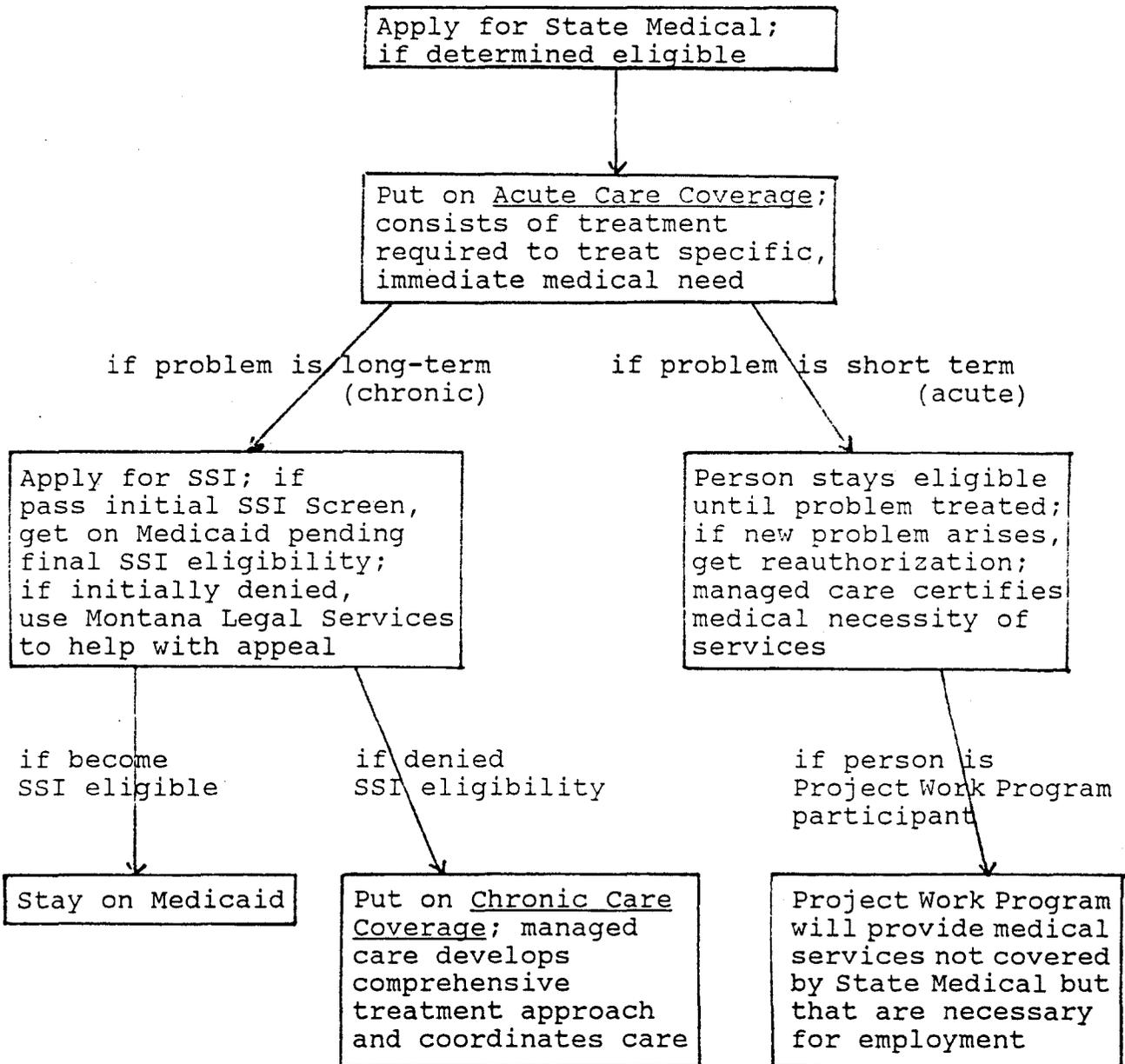


By comparison, Medicaid expenses were \$173.8 million in FY 1990. Costs shown are as of 11/1/90.

# Comparison of Montana Indigent Medical Program To Surrounding States

- Colorado: No County or State funded Indigent Program
- Idaho: State mandates counties to provide emergency services.  
County sets eligibility standards.
- Nevada: State mandates all counties provide indigent medical svcs.  
Benefits similar to Medicaid benefit level.
- North Dakota: Only offered in some counties;  
Only Emergency medical costs covered.
- South Dakota: County Administered program; Benefits vary by county.
- Utah: State Administered program.  
Care for acute, life-threatening, or infectious diseases
- Wyoming: State administered program;  
Benefits less comprehensive than Medicaid.

HOW PROPOSED TWO-TIERED SYSTEM WILL WORK:



Note: Eligibility criteria will remain the same. Benefits will still be limited to amount, scope, and duration of services available under Medicaid. Children are exempt from above changes. SSI is a federal program to provide financial assistance to low-income aged, blind, and disabled; includes Medicaid benefits.

Derivation of the Amounts and Funding Allocations  
for the State Medical Program for FY 1992 and FY 1993

**Assumptions:**

- [1] The base cost (current level) of the state medical program is \$5,020,000.
- [2] Current level costs are divided between unemployable and employable clients according to the following percentages: employable 40%; unemployable 60%.
- [3] Under the department proposal, the employable clients would be covered under the "acute coverage" provisions of the state medical program, and costs for these clients would be borne entirely by the state general fund.
- [4] Under the department proposal, the unemployable clients would be covered under the "chronic illness" provisions of the state medical program, and costs for these clients would be allowable for medicaid reimbursement. For the purposes of this presentation, we are proposing that the state match for these costs be included in the state medical appropriation.
- [5] All state medical clients, both employable and unemployable, will be covered by the department's managed care program for state medical clients.
- [6] Based upon department studies, 49% of all costs in the state medical program are incurred for inpatient care. These costs are susceptible to reduction under the managed care program.
- [7] The managed care program will reduce inpatient costs for state medical cases by an average of 33% in FY92 and 29% in FY93.
- [8] New SRS administrative procedures will reduce costs by 10%-20% below the costs incurred under the managed care levels for the employable category.

**Calculations:**

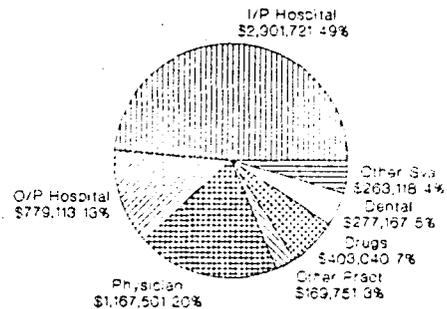
Based on the above assumptions, the table below summarizes the costs associated with the state medical program for FY92 and FY93:

	FY92	FY93
I. Base cost of state medical program (all GF)	\$5,020,000	\$5,020,000
II. Amount of base allocated to employable clients	2,008,000	2,008,000
Less reduction due to managed care (33% of 49% in FY92; 29% of 49% in FY93)	-324,693	-285,337
Less reduction due to new administrative procedures	-337,024	-339,388
Equals net GF cost for employables	<u>\$1,346,283</u>	<u>\$1,383,275</u>
III. Amount of base allocated to unemployables	\$3,012,000	\$3,012,000
Less reduction due to managed care (33% of 49% in FY92; 29% of 49% in FY93)	-487,040	-428,005
Equals net total cost for unemployables	2,524,960	2,583,995
-----		
General fund share to be included in state medical appropriation for unemployables	<u>\$ 714,311</u>	<u>\$ 726,103</u>
IV. Total general fund appropriations for state medical	<u>\$2,060,594</u>	<u>\$2,109,378</u>
V. Total federal appropriations to state medical program to cover the unemployables	<u>\$1,810,649</u>	<u>\$1,857,892</u>

**STATE OF MONTANA - MEDICAID PROGRAM**  
**DEPARTMENT OF SOCIAL AND REHABILITATIVE SERVICES**  
**STATE MEDICAL PROGRAM**

The State Medical Program provides medical assistance to low income persons in 12 state-assumed counties who do not meet eligibility requirements for any other state or federally funded program such as Medicaid or Medicare. Services provided under the State Medical Program are similar in amount, scope and duration to the services available through the Montana Medicaid program.

**State Medical Costs**  
**FY 1990**



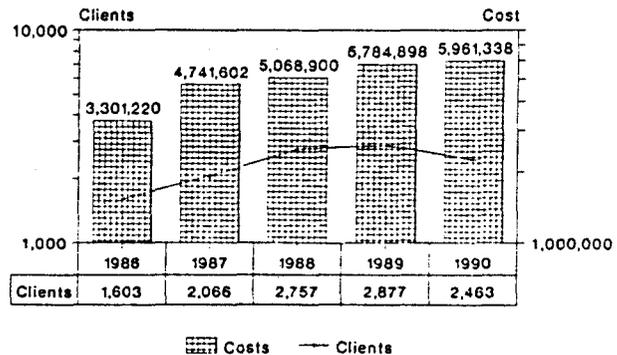
By comparison, Medicaid expenses were \$173.8 million in FY 1990. Costs shown are as of 11/1/90.

**Recipients and Funding:** The costs of the State Medical Program are paid entirely from the state general fund. The costs of the State Medical Program have increased from \$3.3 million in FY 1986 to \$5.7 million in FY 90. Over the same time period, recipients have increased from 1,600 to 2,463 in FY 1990.

All persons eligible for General Assistance are automatically eligible for State Medical benefits. Beginning in January, 1990, all employable individuals are limited to four months of benefits in each calendar year. Although the General Assistance average monthly caseload fell from 1,860 in FY 1989 to 1,227 in FY 1990 and the GA caseload has continued to fall in FY 1991. However, there has not been a similar reduction in the State Medical expenses.

**Issues:** There are two major issues related to the State Medical program. First, the Department request reflects a proposal to bring the costs of the State Medical program in line with non-assumed county medical costs. Secondly, the Department proposal reflects a proposed savings from the implementation of a managed care contract that will insure that all services that are provided are medically necessary.

**State Medical Program**  
**Fiscal Years 1986-1990**



Note: State assumed counties: Lewis & Clark, Park, Silver Bow, Deer Lodge, Powell, Missoula, Cascade, Lake, Ravalli, Mineral, Flathead, and Lincoln.



P.O. Box 1165 • 750 6th Street S.W. • Great Falls, Montana 59403 • 406/761-4596

Testimony of the  
Montana Grain Growers Association & Montana Citizens Freight Rate Association  
on Senate Bill 274  
before the Senate Finance and Claims Committee  
February 13, 1991

My name is Randy Johnson, I am representing the Montana Grain Growers Association and the Montana Citizens Freight Rate Association. Both organizations support SB274 and believe that revenues from the lease or sale of state owned rail property should be channeled back to projects that will help maintain or improve rail service in the State. The revenues in question are very modest amounts, but might, for example, provide matching funds for a federal grant or help purchase used track or other material needed by an operating state-owned short line.

Given the importance of rail transportation to so many industries in Montana and the increasing difficulty of finding public funding for rail projects, SB274 seems to us to be a prudent step and we ask that you approve this legislation.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 2/13/91

BILL NO. SB274

CHUCK MERJA  
President  
Sun River

MERLE MULLET  
Vice President  
Glendive

JERRY THUESEN  
Treasurer  
Reserve

DAVID SAGE  
Secretary  
Poplar

# Montana Children's Trust Fund

P.O. Box 5930  
Helena, Montana 59604



TO: SENATE FINANCE AND CLAIMS COMMITTEE  
FROM: MIKE MALES, CHILDREN'S TRUST FUND BOARD  
RE: TESTIMONY IN SUPPORT OF SB 284  
13 February 1991

## Board of Directors

Dollean Lind,  
Hardin

Richard Kerstein,  
Billings

Gaylord Walls,  
Havre

Mike Males,  
Bozeman

Randy Koutnik,  
Great Falls

Arnie Hove,  
Circle

Darlene Downen,  
Kalispell

I appreciate the opportunity to appear before this committee on behalf of the Montana Children's Trust Fund board of directors in support of Senate Bill 284, by Senator Dorothy Eck. SB 284 would allow the trust fund board to hire its own staff should the need arise. The board administers around \$100,000 in grant monies from income tax checkoff, divorce fees, federal Challenge Grants, and donations biannually for community programs to prevent child abuse. The board has no plans to hire any staff at this time. We would, however, appreciate the flexibility provided by SB 284 to hire minimal administrative staff as other volunteer state boards now have should we be successful in securing additional income.

Our research indicates that Montana has one of the nation's highest reporting rates for child abuse and neglect, with some 10,000 reports made annually and 5,000 substantiated by investigators. This is 60% higher than the per-capita rate of states with similar reporting criteria. Whether this indicates a higher level of child abuse here, better reporting, or both, the critical need for additional child abuse prevention services is clear. Detering child abuse is a much cheaper and happier outcome than treating its results. We receive grant requests from worthy applicants many times in excess of what we can fund.

We plan to pursue additional funding sources in the coming year. If we are successful, administration of higher funding contingent upon grant contract specifications would overwhelm our volunteer board. We currently receive capable clerical assistance from the Department of Family Services, but this assistance does not include administrative duties. In order to minimize public money spent on staff, the board has given initial approval to a by-law limiting administrative expenditures -- including all board and staff expenses -- to a maximum of 15% of the state funds flowing into the trust fund. We would appreciate your approval of SB 284 to allow us minimal staff expenses. Thank you, and please contact us if you have any questions.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 4

DATE 2/13/91

BILL NO. SB 284

Working Together to Prevent Child Abuse

**OPTION #1--Place a cap on the fund balance.**

House Bill 100 limits the balance in the General Services's rent proprietary account (see attached). The following amendment would create similar language for the bad debt proprietary account by providing that any amount in excess of the cap be placed in the general fund. The cap included in the amendment is approximately 10 percent of the annual Bad Debt program budget contained in the Executive Budget. The number in ( ) is approximately 10 percent of the annual Bad Debt program budget, as requested by the State Auditor.

1. Page 3, line 22

Following: " "

Insert: "At the end of each biennium, any fund balance in excess of \$10,000 (\$15,000) must be transferred to the general fund."

**OPTION #2-Adjust rate to match appropriation.**

Section 69-1-224 (attached) provides a method for adjusting the consumer counsel tax to ensure that it produces no more than needed to fund the Consumer Counsel's budget. The following amendment would provide a similar method of determining the percentage of bad debt collections retained in the proprietary account.

1. Page 3, line 4

Following: " "

Insert: "In any fiscal year, the percentage of collected proceeds to be retained may not exceed the current year's appropriation for the debt collection program, minus any fund balance carried forward in accordance with 17-4-106(2), divided by the previous fiscal year's total collected proceeds."

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5

DATE 2/13/91

BILL NO. HB 38

HB 38

DATE

2/13/91

COMMITTEE ON

Finance &amp; Claims

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Mascia [unclear]	M.H.C.	SB269		X
Dick Lodmell	M.L.L.C.	SB269		X
Gaylord [unclear]	CT Fund	SB284	X	
Xavier [unclear]	CTF	SB284	X	
Randy [unclear]	CTF	SB284	X	
Adrian C. Howe	MOHES	SB288	X	
Ken Moore	Christian Church in Montana	SB284	X	
HARLE-   WARNER	MONTANA ASSOC. OF CHURCHES	SB269		X
Chula Allen	Central Montana [unclear]	SB274	X	
JOHN DONWEN	SRS	SB269	X	
JULIA E. ROBINSON	SRS	↓	X	
NANCY ELLERY	SRS	↓	X	
JOHN CAPPANIS	SRS	↓	X	
NORM WATERMAN	SRS	↓	X	
JENNY ROBBE	SRS	↓	X	
Doug Engelhart	Central MT Road	SB274	X	
Lauren [unclear]	" " "	SB274	X	
Randy Johnson	Mont. Grain Growers	SB274	X	
Kay Norberg	WIFE	SB274	X	
Dennis Shope	LAD	HB 38	X	
Dwaine V.U.	SAD	HB 38	X	
[unclear]				
MIKE MALES	CHILDREN'S TRUST FUNDS	SB284	X	

(Please leave prepared statement with Secretary)