

MINUTES OF THE MEETING
PUBLIC HEALTH, WELFARE AND SAFETY COMMITTEE

January 15, 1979

The third meeting of the Public Health, Welfare and Safety Committee met January 15 in Room 410 of the State Capitol Building at 1:30 p.m.

ROLL CALL: All committee members were present except Senator Himsi.

CONSIDERATION OF SENATE BILL 61: Senate Bill 61, by request of the Department of Institutions, would require all insurance companies who issue health insurance in the state of Montana to provide coverage of the treatment of alcoholism, chemical dependency, and drug addiction.

Witnesses supporting SB61:

Mike Murray, Alcohol & Drug Abuse Division of the State of Montana
Dick Baumberger, Alcoholism Program in Great Falls
Jim Murry, Montana State AFL-CIO

Witnesses opposing SB61:

Josephine M. Driscoll, Insurance Division of State of Montana
Tom Harrison, Blue Shield Insurance Company
Gerald T. Neils, Montana Logging Association

Senator Norman, sponsor of Senate Bill 61, stated that this is a bill on health insurance and not specifically a bill on alcoholism. He pointed out that alcoholism is a wide-spread and increasing problem and that the medical costs are increasing substantially. This bill has that in mind. It is the purpose of the bill to provide money for the treatment of this affliction. There is an exclusion clause in the bill which says if there is a group policy you can in writing remove yourself from coverage and should receive a discount in premiums calculated on statistical data. Twenty states have such legislation, and presumably more will follow. This policy is not open-ended and the mandate of this legislation is not to provide coverage for the incorrigible drunk. Most of these policies would be in contracts with blue collar workers, supervisory personnel; personnel who are employed. The average alcoholic is included among our family and friends. Alcoholics, especially acute alcoholics, frequently have other diseases; but there is still the underlying problem of alcoholism. If a policy is to be written or renewed, these provisions would apply. It does not apply to current contracts.

Senator Norman stated that in his opinion the bill needs an amendment to make it workable. For example, if someone makes a claim for an expense but doesn't finish the course, maybe a payment shouldn't be forthcoming. The bill could set a limit such as 25 days a year in the hospital or in 12 consecutive months; or perhaps 20 percent of the hospitalization of the policy could be used for alcoholism; or it could be a flat \$2500 per year. Senator Norman asked Mr. Zanto or Mr. Murray from the Department of Institutions to speak in support of the bill.

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Mr. Murray, Division Administrator for the Alcohol and Drug Abuse Division of the Department of Institutions, said that Senate Bill 61 as proposed will provide hospital care for the detoxification of alcoholics. Item 2 would provide for less costly care for treatment of alcoholism in halfway houses when referred there by a medical doctor. The average cost in a halfway house is \$35 to \$45 per day versus over \$100 per day in the hospital. This gives the physician the option of using less costly treatment in cases where there is no life-death situation. Engmann Associates of California (see Exhibit "A") just completed a national survey on costs of insurance coverage in other states. The average cost for this type of insurance ranged from a low of 13¢ per family unit to 30¢ per covered family unit.

Dick Baumberger, Director of the Alcohol Program in Great Falls, spoke in support of SB 61. He pointed out that health insurance is paying for medical problems caused by alcoholism, yet not covering treatment of alcoholism. In his case his insurance carrier spent thousands of dollars treating his illnesses but didn't treat the primary problem of alcoholism. It cost him only \$500 to treat the alcoholism.

Jim Murray, Executive Secretary for the Montana State AFL-CIO, spoke in support of Senate Bill 61. See Exhibit "B."

Jo Driscoll, Chief Deputy for the Insurance Department of the State of Montana, spoke in opposition to Senate Bill 61. See Exhibit "C."

Tom Harrison, MPS Blue Shield, spoke in opposition of Senate Bill 61 for all of the reasons stated by Mrs. Driscoll. He pointed out that the coverage is available now if anyone wants it and wants to pay for it. He mentioned that detoxification and acute illness is covered with 3 or 4 days at a licensed hospital under an existing policy. He felt that the allegation by Mr. Murray that this insurance can be provided at 13¢ a family unit is incredible. MPS estimates that this is a 7% item. On the best plan it is in excess of \$7 a unit in order to get this covered. He felt that the individual opting out in Section 2 is an impossibility to enforce and pointed out that that option is in the Minnesota health care package and it has been ignored. Mr. Harrison stated that if the bill is going to have any opting out it should be on a group basis. Since this coverage is now available, he asked the Committee to allow private enterprise to work instead of directing it. He pointed out that to figure rates is an expensive process, and to put together a set of coverage required by legislation would increase the cost of health care unnecessarily.

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Gerald T. Neils, Montana Logging Association, stated that the association just negotiated a medical plan with Blue Cross in which these detoxification problems are included. Their objection is not along that line, but they are concerned with the provision allowing members to opt out if they want to. The Montana Logging Association would have the problem of educating each member who wants to opt out and receive a reduction in premium cost that they cannot give it to him. He stated that providing a provision to opt out on an individual basis would only increase the paperwork, which is already monumental.

Senator Norman concluded the testimony by saying that the objections are all that might be anticipated, but 20 other states do have this type of insurance coverage and have not had these difficulties. He spoke to the need for halfway houses and pointed out the problem of the revolving door syndrome where an alcoholic is in the hospital for a few days and released and then is back in again in a few months until he loses job, family, etc.; yet it is hardly wise to keep these people in a hospital at over \$100 per day. He pointed out that although there are arguments against the constitutionality of the bill and against the statistical ability to arrange such a system that other states have overcome these problems. He feels that if Minnesota is not enforcing its own law that some member of the bar should bring this to the attention of the courts.

Chairman Olson asked the Committee members if they had any questions. The question was raised as to the considerable disparity for cost of this type of insurance. Mrs. Driscoll said that the cost is very difficult to judge at this time since it is unknown who will take the coverage and you do have to spread the risk. Mr. Baumberger pointed out that the cost should take into consideration the treatment in a hospital of the revolving door syndrome mentioned by Senator Norman as well as treatment of other health-related problems. Clarification was requested by the Committee on what a halfway house is and where they are located. Chairman Olson asked Mrs. Driscoll what the Insurance Department could do in two years if legislation was delayed until next session. She replied that they would come up with some medical standards and that perhaps some consideration should be given to some minimum standards. She pointed out that Item 3 of the bill does not require a doctor's referral. She said that SRS has lots of funds available to take people out of institutions and place them in homes like this.

Chairman Olson closed the hearing on Senate Bill 61.

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ACTION ON SENATE BILL 61: Senator Palmer moved that we delay action on Senate Bill 61 until Senator Norman has time to prepare an amendment. Motion was seconded and passed unanimously.

ANNOUNCEMENTS: Chairman Olson asked the committee members if they had any objection to moving meeting time to 1:00 p.m. instead of 1:30 p.m. since the Senate now went into session at 3:00 p.m. It was decided to change the meeting time to 1:00 p.m. on the scheduled meeting days.

ADJOURNMENT: With no further business being discussed, the meeting was adjourned at 2:25 p.m.

S. A. Olson
S. A. OLSON, CHAIRMAN

ROLL CALL
PUBLIC HEALTH COMMITTEE

46th LEGISLATIVE SESSION -- 1979

Date 1-15-79

Each day attach to minutes.

State of Montana

Department of Institutions

Alcohol and Drug Abuse Division



VERNOR
THOMAS L. JUDGE

DIRECTOR
LAWRENCE M. ZANTO

DIVISION ADMINISTRATOR
MICHAEL A. MURRAY

COMMUNITY & PROGRAM
DEVELOPMENT BUREAU CHIEF
GEORGE L. SWARTZ

REPORTING & EVALUATION
BUREAU CHIEF
ROBERT W. ANDERSON

Helena, 59601

ADELLE AMODEO
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EXHIBIT "B"

Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59601

PHONE 406/442-1708

TESTIMONY OF JAMES W. MURRY BEFORE THE SENATE PUBLIC HEALTH, WELFARE AND SAFETY COMMITTEE, JANUARY 15, 1979, 1:30 P.M., ROOM 410

I AM JIM MURRY, EXECUTIVE SECRETARY FOR THE MONTANA STATE AFL-CIO. I APPEAR BEFORE THIS COMMITTEE IN BEHALF OF SENATE BILL 61, A BILL WHOSE PASSAGE COULD PROVIDE AN IMPORTANT AND HUMANITARIAN SERVICE TO MANY WORKING PEOPLE AND TO THEIR WORKING ENVIRONMENT.

BY PROVIDING THAT INSURANCE COMPANIES AND HEALTH SERVICE CORPORATIONS COVER TREATMENT OF THE SOCIAL DISEASE OF ALCOHOLISM AND DRUG ABUSE, THE BENEFITS OF THIS HUMANITARIAN SERVICE WOULD BE EVENTUALLY RENDERED TO ALL MONTANANS.

I NEED NOT REMIND THIS COMMITTEE OF THE REAMS OF DATA AND THE HUNDREDS OF MILLIONS OF DOLLARS ANNUALLY SPENT ON EITHER THE RESEARCH OR THE TREATMENT OF ALCOHOL OR DRUG ABUSE, OR ON THE PRODUCTS THEMSELVES --- AT A COST SHARED EACH YEAR BY EVERY AMERICAN TAXPAYER.

I NEED NOT REMIND THIS COMMITTEE THAT ALCOHOL IS CONSIDERED TO BE THE LARGEST, SINGLE CAUSE OF HIGHWAY DEATHS.

--THAT ALCOHOL ABUSE IS BELIEVED TO BE THE GREATEST FACTOR IN EMPLOYEE ABSENTEEISM.

--AND THAT THE PROGRESSIVE CANCER OF ALCOHOL AND DRUG ABUSE EATS INTO THE ENVIRONMENT IN WHICH THE WORKERS' ASSOCIATES AND JOB PERFORMANCE AND PRODUCTIVITY ARE JEOPARDIZED.

I NEED NOT REMIND THIS COMMITTEE OF THE GLOBAL AND AGELESS WASTE IN LIVES AND IN ECONOMY THAT IS GENERATED BY THIS INSIDIOUS SOCIAL CANCER THAT CAN CRIPPLE AN ENTIRE SOCIETY AND LAY WASTE TO ALL IT HAS GAINED FOR THE BENEFIT OF ITS CITIZENS.

FOR THIS COMMON DISEASE WHOSE BURDEN IS SHARED BY ALL AMERICANS IS NOT TREATED LIKE A COLLISION OF VEHICLES, IS NOT TREATED LIKE PROPERTY LOSS OR HEALTH LOSS OR LOSS OF A LIMB OR SIGHT; IT IS NOT INSURED FOR COVERAGE OF ANY KIND. AND YET THE COSTS ARE SHARED BY ALL OF US.

BUT SINCE THE RESULTS OF THIS MALADY REACHES FAR INTO THE FABRIC OF LIVES WE SHOULD ADDRESS THE PROBLEM AS IT SHOULD BE ADDRESSED --- LIKE THE DISEASE THAT IT IS.

WE LAUGH AT OUR FRIENDS WHEN THEY BECOME INEBRIATED AT OUR SOCIAL GATHERINGS BUT SCOLD OUR CHILDREN FOR THE SAME ACTIVITIES. SOMEWHERE ALONG THE LINE, WE NEED TO REASSESS OUR PRIORITIES, AND BROADEN OUR VALUES.

WHAT IS NEEDED IS A COMPREHENSIVE HEALTH PROGRAM THAT INCLUDES THE PREVENTION, TREATMENT, EDUCATION AND REHABILITATION OF THESE SOCIAL MALADIES AND MENTAL PROBLEMS.

TREATMENT, EDUCATION, AND UNDERSTANDING BEGINS AT HOME, BEGINS AT WORK, WE SAY. BUT, FIRING OR FINING A WORKER FOR ABUSE WILL NOT ARREST THE PROBLEM; WILL NOT END THE ABUSE.

INSURANCE COMPANIES AND HEALTH INSURANCE CORPORATIONS NEED TO LOOK AT THE PROBLEM, AS WE ALL MUST. PROVIDING VOLUNTARY COVERAGE FOR THIS DISEASE WILL NOT TURN OUR SOCIETY INTO A POLICE STATE. IT WILL PROVIDE FOR THE NECESSARY PROFESSIONAL COUNSELING AND EDUCATIONAL TREATMENT OF THIS DISEASE AND BY SO DOING ADDRESS THE PROBLEM DIRECTLY AS ADULTS, SO THAT MORE WORKERS AND LIVES WILL BE SAVED IN MORE PRODUCTIVE WAYS AND COSTS SHARED MORE EQUITABLY.

I AM OF THE OPINION THAT A PROGRAM THAT SAVES BUT A SINGLE HUMAN LIFE IS A MEANGINFUL, AND BENEFICIAL PROGRAM.

EXHIBIT "C"

SENATE BILL NO. 61

COMMITTEE ON PUBLIC HEALTH

STATEMENT BY: Josephine Driscoll, Chief Deputy Insurance Commissioner
Insurance Department, State Auditor's Office
E. V. "SONNY" OMHOLT, State Auditor and Ex Officio
Commissioner of Insurance

We wish to testify in opposition ~~to~~ ^{of} Senate Bill No. 61, to any provisions, both in concept and technical deficiencies. We understand a similar provision is contained in the Minnesota State Health Care Plan package, which is being challenged in the Courts, and going to trial today.

Section 1. Mandating of coverages presents questions of constitutionality, especially when we are dealing with affording protection for yourself, as opposed to protection of others under the third party concept.

Bill makes no reference to amount of coverage to be provided, nor any limitation to such coverage or benefits. It includes all forms of accident and sickness coverage, which would include disability income benefits, ^{and} ~~and~~ Medicare supplement policies.

Interferes with the rights of employers and employees to negotiate benefits, and the bargaining powers of unions, etc. It has been indicated to this Department that mandating of benefits has created a trend toward "self-insurance", and in some instances this would not be in the best interests of the individual employee.

Further, it is presumed that such coverage would be subject to other insurance laws, such as those relating to pre-existing conditions. Currently laws such conditions may be excluded for a

period, not exceeding three years. The majority of policies contain a two year clause, many, one year, and medicare supplements, for example, six months, or none at all. Should such coverage be mandated, we believe most companies would revert to the full three years in order to avoid adverse selection.

A great many policies, at this time, provide some benefits for those conditions, - at least for the in-hospital care. A logical rule coverage is not provided for "residential" and "non-residential" care, especially such as indicated under Section 3, part (3), which makes no reference to "recommendation by a doctor."

Although it is socially acceptable to refer to such conditions as an "illness", it must be recognized that in many instances these are long-term, re-occurring conditions. To extend benefits to rehabilitation, for example, would involve more hospital days than other illness.

Section 2. To rewrite all insurance forms would, of course, involve added costs to the insurer, and also the filing of such forms with the Department of Insurance. It must be clarified as to what coverage is to be afforded. Who would elect to purchase the coverage, in view of the exclusion of pre-existing conditions?

Under group coverage, especially where there is no contribution by the employee, the employer is required to provide benefits to all employees without discrimination. Who would make the decision to refuse?

3-

The feasibility of individuals, or individual members of a group, refusing coverage raises many questions. There would certainly be a question as to the "appropriate" reduction in premium, as it is extremely difficult to assess the cost of such a program.

The Health Insurance Association, who represents over 300 insurers, estimates that the cost of providing hospital benefits for alcoholism would be approximately 5% in addition to present premiums, and possibly 2 to 2 1/2 %, for the drug and chemical dependency, for pure claim payments only. It is impossible to estimate at this time, the cost of the "residential" and "non-residential treatment.

Section 3. Place of treatment. Reference to "renewal" raises questions, as to legality of imposing such requirements on in-force policies.

Treatment under (2) and (3) give special recognition to alcoholism, chemical dependency and drug addiction, over and above other illness. We feel these would be long-term treatment situations which would be expensive to maintain.

Due to the time factor, it was impossible for the Health Insurance Association to have a representative at this hearing. They did request that their opposition be voted.

In discussing this bill with Mr. Hopstad of the Glazebrook Hospital, Glasgow, it appears there may be some merit to

the consideration of the extension of in-hospital benefits, within certain limitations. This, however, would require further careful study and we feel it would be impossible to do so within the limits of this session. However, we would be pleased to meet with interested parties for the consideration of legislation for the next session.

Thank you for your consideration.



Josephine M. Driscoll, CPIW

Chief Deputy Insurance Commissioner

NAME: Michael Murray DATE: 1-15-79

ADDRESS: 1539 11th Ave Helena

PHONE: 449-2827

REPRESENTING WHOM? Dept. of Inst Alcohol & Drug Abuse Div.

APPEARING ON WHICH PROPOSAL: SB 61

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Jasephine Dr. Driscoll DATE: 1-15-79

ADDRESS: One Rept. Mitchell Beazley

PHONE: 449-2996

REPRESENTING WHOM? Gov. Dept., State Auditor

APPEARING ON WHICH PROPOSAL: 1361

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? 

COMMENTS: Statement

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: Gerald T. Neils DATE: 1/15/79

ADDRESS: 8 N Howie

PHONE: 443-2923

REPRESENTING WHOM? Mount Logging Ass'n

APPEARING ON WHICH PROPOSAL: 5861

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS : _____

Ambiguous language

Complexity of paperwork

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Ed Murray DATE: 1-15-79

ADDRESS: 1203 28th St. S #75 Great Falls

PHONE: 452-8176

REPRESENTING WHOM? Blue Cross of Montana

APPEARING ON WHICH PROPOSAL: SB 61

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? ✓

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.