

HOUSE BUSINESS AND INDUSTRY COMMITTEE

February 6, 1981

SUMMARIES OF

HOUSE BILL 349 -

Introduced by Rep. Hannah and others, abolishes the Board of Milk Control and provides that the act be referred to a vote of the people if neither HB 51 or HB 151 is enacted.

HOUSE BILL 385 -

Introduced by Rep. Pistoria and Rep. Manning, revises the laws relating to health service corporations, eliminates the annual report fee required from the "Blues" of 20 cents per individual or family, subjects the "Blues" to a 7-3/4% tax, same as charged insurance companies, requires the "Blues" to submit their contracts and other forms to the insurance commissioner for approval 30 days before use instead of after use begins, and requires that the commissioner examine each health service corporation at least once every three years.

HOUSE BUSINESS AND INDUSTRY COMMITTEE

Chairman Rep. W. J. Fabrega, called the committee to order at 8:00 a.m., February 6, 1981, in Room 129, Capitol Building, Helena. Rep. Dick Manning was excused - all other members were present. Bills to be heard were HBs 340 and 385.

HOUSE BILL 340 -

REP. JAY FABREGA asked the persons attending the meeting to address the issue of whether there should be a referendum as to whether the Milk Control Board should be abolished rather than go into the issue of pricing of milk.

REP. TOM HANNAH, House District #67, Yellowstone County, chief sponsor, said HB 340 is a companion bill to HBs 51 and 151 with one major difference. He believes this is such a volatile issue that people should have an opportunity to voice their feeling on it. The substance of what this is all about is in Section 12, page 16. Since both those bills are dead, that is why this bill is before you this morning. Section 11, page 16 allows voting for or against abolishing the Milk Control Board. The exact bill was previously introduced in HB 151. He has a requirement to be sensitive to all segments of Montana - to allow the Legislature to enact comprehensive legislation; to vote on legislation that is pertinent to all the people. He doesn't think the Milk Control Board will be voted out of existence. What will happen to the producer he is not convinced will happen to them.

HB 151 was adapted to include a referendum. HB 51 would be put into effect down to the producer level. If the committee wishes to put such amendments in this one, it would be alright with the sponsor. An effective date could become upon passage, the first of January, or if drafted out, it would be later. He has no problems with an effective date.

GEORGE A. LOSLEBEN, State Antitrust Enforcement Bureau of the Attorney General's office, Helena, was asked by Connie Johnson, representative of the Montana Dietetic Association to present her testimony. EXHIBIT A. They stand in support of deregulation and support HB 340.

Mr. Losleben said he supported HBs 51 and 151, and now supports HB 340 on behalf of the Antitrust Bureau which it did. Through the enactment of this legislation milk prices will come down, there will be more demand and dairy farmers will make more profit. If you deregulate milk, HB 340 would have to be approved. The economic free enterprise system would be reclaimed. People of Montana deserve a say in this directly. Let the people accept or reject the price controls. He strongly urges you to vote do pass. See his testimony, EXHIBIT B.

Phyllis A. Bock, Montana's Power to the People, supports HB 340. See her witness sheet for further testimony.

OPPONENTS -

REP. JOHN VINCENT explained HB 51 would have eliminated controls except to the producer level; HB 340 would eliminate all controls or the status quo. If this issue were to be placed on the ballot, there is absolutely no doubt but what it would be passed. If you pass this, it is going to cost you too much. You will have an ideal forum to present that case. Don't think you will have anything like this bill before the Legislature if this is enacted.

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It would be an excellent time for agreement on both sides. Sooner or later it will be done in the Legislature. Let the people decide - let them gather the signatures themselves.

TERRY MURPHY, Montana Farmers Union, opposes HB 340 in its entirety.

AL DOUGHERTY, attorney and registered lobbyist for Montana Dairyman's Association appreciated the subject being confined to the referendum issue. The referendum has been used for many centuries. Very often it has been used by those people in power to refer a close question to the people. A very famous example occurred 2,000 years ago in Jerusalem when it was left to the people and Jesus was hung on the cross. Both free and suppressed nations do support the government's attitude. Ninety-nine percent approval by the German people brought Hitler to power. When a legislative referendum is asked of the people, it carries with it the implied support of the government. It is an extremely easy thing for them to get the number of signatures necessary for an initiative. He was instrumental in defeating the bottle bill. It is difficult to defeat an initiative. Proponents say it is a close issue and should be given to the people. There are many very controversial issues in the Legislature. Should the Legislature seek the advice of the people?

There are many such issues - religious issue, ERA issue, abortion, teachers' tenure and the powers of school boards, the use or non-use of poker machines, the inventory tax, the classifications of taxation, mandatory sentencing, sex education - if the Legislature takes the attitude that it refers these to the people, it may be shirking its duty. If the bill gets through one house, it is time to study it. What is the opportunity for a referendum? Shall the question pass or fail? There is no opportunity for the discourse and dialogue. It results in oversimplification of an economic question. It turns a controversial issue into a media event. It becomes a media event where the issue can be reduced to a few simple questions - 30-second radio and TV, quarter page newspaper ads, oversimplified on the ballot where it has to be expressed in 100 words or less. A pamphlet for information to the voter has a limit of 200 words - it lacks that intricate review that the legislative process has. Anytime a legislative body refers something to the people it carries with it the implied recommendation that it pass. You would be implying that HB 151 was erroneously killed. The subject of HB 151 has been killed already. Will you each have a backup bill in identical terms?

Some people may be stirred up and they will not find it difficult to gather up the signatures - it will be a mandate to the Legislature that the people want this. The sponsor wouldn't mind if you change the substance of HB 151 language to HB 51 language. You will have changed the intent of HB 340 in its entirety. Should consider the theory of referendum and recommend that this bill receive a Do Not Pass.

REP. ROBERT ELLERD, House District #75, Gallatin County, said nobody knows what the price of milk is going to do, neither he or the dairy farmer or anybody else. This has been agreed to and heard for many years. You are going to hear it forever and he thinks an initiative is the only fair way to do it.

BILL ASHER, representing the Agricultural Preservation Association, the Park County Legislative Association, the Sweetgrass County Preservation Association, the Stillwater County Agricultural Legislative Association, all oppose

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HB 340.

PAT UNDERWOOD, Montana Farm Bureau, Bozeman, opposes HB 340 as being detrimental to the dairy industry of Montana.

BILL JENSEN, a milk producer in the Billings area, opposes a referendum. See his testimony EXHIBIT C.

ANN SCOTT, Montana Farmers Union, opposes HB 340. See her witness sheet testimony.

DONALD J. HAMSER, National Farmers Organization, Shelby, opposes HB 340. See his witness sheet for testimony.

ALICE FRYSLIE, Montana Cattlemen's Association and NFO, Helena, oppose HB 340. See witness sheet for testimony.

For others opposing HB 340 see the attached copies of the Visitors' Register.

QUESTIONS -

Rep. Andreason asked Mr. Dougherty if something comes through on a referendum, it would imply support? Rep. Andreason wished to go on record as taking offense at Mr. Dougherty's reference to the Crucifixion of Christ. He felt it uncalled for an irreverent. Rep. Kessler also felt there is no relevance.

Rep. Vincent asked are you saying that the initiative shouldn't even be a part of our Constitution? Mr. Dougherty said he was opposed to initiatives but do say even initiatives carry the danger of oversimplification as they did in the bottle bill and as they did in the nuclear initiative. Some passed and some failed. Rep. Vincent continued, the referendum, the provision that allows for the referendum, maybe it shouldn't be there? An issue that it feels a lot of people who are interested should not have the power of referendum? Mr. Dougherty thought it should be used with a great deal of implication of legislative support. The people think you as their law makers are recommending its passage. Rep. Vincent asked if the sales tax issue was presented as a referendum - it was and it failed. Rep. Vincent said the sales tax in 1971 was referred to the people because the Legislature could not or would not take it upon themselves. In some cases your argument might hold 'milk' but in other cases it might not.

Rep. Bergene represents an area in Great Falls not designed to be very 'writtey' and for the first bills they had not communicated with her, nor had anyone from the Milk Control Board. People are very concerned about the initiative process. She would have to reject your arguments because she feels the people should have the right to do so.

Rep. Vincent advised let the people decide and see what happens if HB 51 were amended into this and the referendum passes. Mr. Dougherty said the action of a referendum doesn't always settle a question. The bottle bill will be on the ballot forever. Rep. Vincent said there is the possibility that if HB 51 does pass in the form of an initiative you may well come in here and

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modify it. Mr. Dougherty thought it could happen. The wine issue was amended in less than 120 days after it was passed by the people. The lobbyist bill would have been amended had it not become embroiled in a constitutional question.

Rep. Ellerd asked if it failed, would you promise to not come back in and ask that it be changed? Mr. Dougherty thought the people have spoken on that and the Legislature should not touch that. He would give his commitment on that.

Rep. Hannah closed. He appreciated the way it has been handled today. He also appreciated the comments that people should have the opportunity to vote on this. He feels this issue will come before the people - this issue will come before the people. This Legislature has the responsibility to take a look and feels the Legislature has been behind for two years on a total wipe out for the Milk Control Board. It would be better to present the people a bill that had some thought, lots of testimony, that it consider the producers. Their main concern is two-fold - Idaho is not the last state to gain control on the producer level. The other problem is the scare on this that when this happens, every producer in the state will go down the drain. If the committee decides they can direct this bill to both areas, people will vote on decontrol of milk. He is not saying milk prices will go down, but if this goes before the people, there is an overwhelming possibility that they will vote the milk control out. A total emotional vote on whether the Milk Control Board is a viable entity. He thinks we need to address it first and not wait for an initiative - to give this body an opportunity to address a problem which would call for total decontrol; and to give an opportunity for it to go to the floor where it would have the chance of being voted upon.

HOUSE BILL 385 -

REP. PAUL PISTORIA, House District #39, Great Falls, co-sponsored HB 385 with Rep. Richard Manning, Great Falls. "Blues" refers to both the Blue Cross and Blue Shield. This bill would put the Blues under full control of the Commissioner of Insurance, under Sonny Omholt, and tax them with 2-3/4%. Whenever they have a new form, they would have to give the Commissioner 30 days to examine the policy and actually examine their books every three years. Rep. Pistoria feels he was elected to represent all of the people - not just represent the Blues - senior citizens who are getting 'the shaft' and are unable to defend themselves.

He read an article written by Will Rogers March 19, 1933. EXHIBIT D1.

This is the time to consider putting the Blues under control of the Insurance Commissioner. The Blues have been paying 20¢ per member to the Insurance Commissioner's office. This is not enough - their premiums are not lower than private insurance companies. Why? In some cases, the Blues are higher. They do pay property tax. Doesn't know what they invest in. He thinks they should be taxed and put under control so all our people and the members know what their financial status is.

He had a claim for an illness in his family that was not paid and went on and on. He asked Medicaid to review it, but nothing happened. He feels

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the Blues should be under the control of the Commissioner. Doctor fees are increasing rapidly. Doctors figure everyone has hospital insurance and so more people are put in the hospital. He explained his testimony EXHIBIT D2, at length, emphasizing rising insurance costs, doctors putting people in the hospital. Blue Shield and Blue Cross make the check out to the hospital and it is hard to get a refund.

He asked Sonny Omholt why this goes on, and he was told until the Blues are placed under the Insurance Commissioner's office, they can't do anything about it, but if they had full control, these cases would be settled in 2-3 weeks. Our senior citizens must be protected. He thinks everyone in Montana should be paid up immediately for doctor and hospital bills. He thinks everything should be taxed. The free enterprise system has operated for over 200 years based on our tax system to serve our government to serve all of our people. Why should so many people who believe in our tax system not want to be taxed? That is the government we have in the United States.

Controlling the Blues and taxing them 2-3/4% places them in the hands of the bureaucrats some people feel. He doesn't consider Sonny Omholt a bureaucrat - he is a man of integrity, and he is not a bureaucrat. Billboards along the highways say the Blue Shield and Blue Cross pay the most of hospital and doctor bills. The word "most" is not true - it is very deceptive. When you deal with the Blues you have no way to solve your problems or anyone to listen to your complaints - you are at their mercy. There is no way to appeal other than to hire an attorney which would cost more than the doctor bill.

Therefore, we must have some way to help ourselves. They must be put under the control of the Insurance Commissioner. They threaten to raise their premiums \$35 per year. Here the private insurance companies are paying that \$15 million in taxes and their premiums are lower than the Blues and they pay more than the Blues on your claim. He was at the hearing in 1979 and that committee at that time really worked over the Blues - even to the point of what were the salaries of their managers - and it is between \$50 and \$100,000 - possibly \$75,000. He thinks it is time to find out their financial condition and what they are all making.

He doesn't object to the Blues buying property - he likes the tax base: they are investing our premiums in other sources and how can you and I know whether they are good investments or not. He went to the White House October 22, 1979. Dave Manning was there on energy windfall taxes. He talked to an assistant about Medicare - talked about Blue Cross and Blue Shield. They are involved in investigating the Blues because they are receiving so many complaints about injustices. Not much can be done until they are under the Insurance Commissioner's office which is the way most states have it.

Five hundred doctors are members of Blue Shield. Part of the premium goes to a pension fund for doctors. The foot doctors tried to join that organization - they could join but they could not take part in the pension plan. They were told to please not expose this because they could be involved in the IRS. They have approximately 500 in Billings. The Blues paid the fee schedule - 67 agreed to accept the rates, 400 charge more, and we pay more for having these doctors.

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Rep. Fabrega explained there are two issues here - supervision of the Blues in the Insurance Commissioner's office, and premium tax of 2-3/4%.

JO DRISCOLL, Insurance Commissioner's office, was not taking a position on some of the positions in the bill, and is in support of the other. The Blues are indeed under the control of the Insurance Commissioner to the extent of Chapter 30 of the insurance laws. They are not as detailed as other carriers. The Blues have indeed cooperated with their office in accordance with our laws. They have special people in their office to handle complaints on Medicare. The problem is with our laws covering Medicare coverage. They can only process claims in accordance with the laws. She takes no position on the levying of taxes - that is entirely up to the committee.

Regarding the requirement that forms are filed before use - they have asked Blue Shield and Cross to come in and sit down with them in administering the policies in the way we would like to have them do. Admitted carriers - laws do not tell what coverages they must offer. Also, they cannot regulate rates. There is a fiscal note for \$105,000 for the next two years because they have 3 companies to examine. They do not have an actuary on their staff. She is pleased with the way their department operates, but they cannot resolve all problems. Physicians' services are not regulated by their office or anyone else. She supports the filing of forms prior to use.

JIM DANIELS, representing himself, is a member of the National Insurance Underwriters but does not speak for them. He is speaking for himself and those people who have to pay taxes. Blues are quite large in Billings, and he finds them to be very fine competition which is good in the free enterprise system - lose some and win some. They have a competitive advantage as it pertains to taxes, but he really hasn't had any reason to feel this has had much effect in his competition with the Blues. His argument is in increasing taxes to the state fund. Even if we tax the Blues, the trend has gone to where the major insurance companies - he does not work for an insurance company, he is an independent contractor - have just in the last year or so been defaulting the taxes in Montana. Self-funded plans - the City of Billings has been with the Blues for several years, and the premium was something like \$800,000 a year, but the Blues were paying no taxes. The taxes incurred on such an insurance plan would be approximately \$45,000, but not on the self-funded plan. On a self-funded plan costing \$400,000, a premium tax of \$25,000 would be paid. The Billings schools pay \$200,000 a month on \$2.5 million principally under a commercial insurer. They will be changing to a self-funded plan this year. We are going to lose taxes on \$2.5 million. It doesn't matter whether the Blues are taxed or not - we have life insurance companies that will self-insure 50-man groups. Any employer that has 50 or more employees will be self-funded so we will lose revenue. He is taking a neutral position on this, but he thinks that this information is important to this committee because we are not going to gain in taxes - we are going to lose.

OPPONENTS -

ALLEN CAIN, Blue Shield, Helena, opposes HB 385. The MPS was founded in

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1946 under special legislation to operate - look at form 13, that has all that information. Complete disclosure fees of March, a fee which is earmarked for the use of the Commissioner for administration purposes. There is a \$12,000 fee estimated for this year. He suggested taking the tax off the other health insurance companies. He has no objection to the contracts and when they have to be filed in accordance with the bill. He feels there isn't justification for the examination since there are reports now submitted providing full disclosure. See EXHIBIT E.

Part of the Blue premium goes to a doctors' retirement fund. The unit stabilization fund takes 10% out of what a doctor would get and this is held in a reserve - it is a doctor's money and it would be used to pay his claims if times get tough. All these funds would have to be used for stability if it became necessary to pay claims.

BILL SCHMIDT, Galusha, Higgins and Galusha, Certified Public Accountants, of Helena, has represented Blue Shield and MPS, and was responsible for the audit of Blue Shield. He opposes HB 385 for several reasons - see EXHIBIT F. He feels it would impose another cost and another layer of bureaucracy.

RUSS RITTER, Director of the Montana Chamber of Commerce, Vice President of Carroll College, and an elected city official, shares the Council's feelings and does not favor the non-profit over the profit group. The insurance is strictly the bottom line. The Montana Chamber of Commerce represents about 1200 businesses, many of them small who employ approximately 35,000 people. They provide the same 35,000 employees with health provisions. The businesses that buy insurance from non-profit companies don't get any more bite on the cost of health insurance. It is \$25-29 per employee.

Regarding local government: it was very easy for us to compute the amount of money the City of Helena will pay - if passed, it would be in the area of \$7,000 for what their own employees are going to have to pay. He happens to work for a small independent college. The students of that college are the ones that pay those bills - an extra \$10-12 on the tuition, \$6.75 of which are from the State of Montana. Hope you kill the bill once and for all.

WALT VALACICH, Great Falls, has always taken the side of the so-called under dog. Philosophically, he is against the bill and he is not concerned about feeding an already bloated general fund.

DAN LeBAR, Blue Cross attorney, Great Falls, shares some of the concerns about what the effect will be on the senior citizens of Montana, the working groups, the family members. He differs with the proponents what the effect will be on those people. It is clear that that cost would be borne by these members. He hasn't seen any reasons for adding this.

MIKE HAMMOND, Helena, representing himself, feels he pays enough for health care now and this would impose additional costs for health care. He hopes this does not pass.

VIRGIL MILLER, President of Blue Cross, said the bill is inflationary and would increase the cost of health insurance. It would cost members in excess of \$1 million per year - \$30-\$35 per year. It provides for a mandatory

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audit. They are already under the jurisdiction of the Insurance Commissioner and pay fees for the cost of administration.

JIM MAIERLE, Morrison-Maierle, Inc., engineers, are concerned with Section 1 imposing a tax on fees or dues paid to health service corporations equal to 2.75%. This tax would be directly passed on to our firm. See EXHIBIT G.

MIKE BULLOCK, Vice President of Helena Industries engages in the business of training handicapped persons. They pay the dues for medical coverage for each employee. This group medical service has been provided by the Blues and they are satisfied. Helena Industries is having to contend with ever increasing costs. The tax proposed in HB 385 would add approximately \$544.08 to the premiums that our company pays for our employees - the employees would have to come up with an additional \$180. Management of this organization is interested in providing excellent fringe benefits, but cannot do that if costs continue to rise. See EXHIBIT H.

DENNIS P. CORBETT, Aluminum Workers, Kalispell, represents 1,000 employees who have been carried under the Montana Blue Cross and have had really good success with them - a good relationship. He wanted to go on record that all 1,000 of them are against this bill. It is inflationary. They don't need a tax on their health plan. They got it defeated last time. Please don't tax us on our health plan.

BILL PEDERSON, O.C.A.W., Billings, said HB 385 is inflationary. It is going to add to their costs - 2 3/4% premium tax would probably be 5% by the time it got to them and the extra taxes on the city employees. That is more tax than they feel is necessary. Both parties and both houses in the Legislature are proposing less taxes and now we have a member of the House of Representatives asking us to pay more tax. He urged this bill be defeated.

IRVIN E. DELLINGER, Executive Secretary of the Montana Building Material Dealers Association, Helena, opposes HB 385. They have a satisfactory contract with a non-profit health service corporation. Any additional taxes would be passed on to their customers. Members will have to cancel their policies or look at other policies with less coverage. See EXHIBIT I.

JOHN DOULAS, Great Falls, representing himself, is an independent Blues contractor. He feels the 2 3/4% tax would be inflationary and not in the best interests of the State of Montana. It has been his experience that the commercial companies do not provide as comprehensive a program as the Blues do and they have been under the Commissioner.

KEITH OLSON, Executive Director of the Montana Logging Association, they are covered by Blue Cross and they like their coverage. HB 385 will not break any logging contractors, but it will make a difference as to whether they cover themselves and their employees.

DWAYNE PHIPPEN, O.C.A.W. 2-493, Cut Bank, has 80 members who are opposed to HB 385.

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QUESTIONS -

Rep. Harper said Dr. John Strizich believes he gets as good or better MPS coverage. He does not indicate any support of this bill.

Rep. Jensen asked Ms. Driscoll if she had any facts at her disposal whereby you could compare premiums with coverage. She said insurance companies are not required to file rates with the Commissioner. This is open to competition. Inasmuch as the Blues write 50% of the business in the state, it shows they must be competitive.

Rep. Andreason asked Ms. Driscoll if she found they have any less authority in monitoring -- is there any difference? She replied there is a slight difference as it relates to forms. There are specific laws set forth for regular companies but not for the Blues. He further asked regarding complaints if there is any difference in their ability to look into and enforce consumer complaints. She said they look at whether the terms of the contract are complied with.

Rep. Schultz asked if the 20% paid once a year on each member - \$28,000 - does that take care of the costs in your office. Ms. Driscoll said they don't get the \$28,000 in their office. The Legislature allowed them to budget for one person. If they got the \$28,000 they could do a little more. Rep. Fabrega asked how long ago the Legislature allowed them one FTE? She said in 1975. Rep. Fabrega asked if they need more people in her office to take care of the business brought in because of the Blues. She said they could use another one or 1/2 persons. They do need more people. It is hard not to increase government. The \$28,000 would cover her cost if she got the money.

Rep. Kitselman asked when the 20% for each individual was imposed. Would there be any problem in increasing it somewhat? Mr. Miller said they would have no problem with that; whatever is necessary to cover the administration, to supervise and enforce the laws. All fees collected by their office go to the general fund and unless earmarked, it would have to go to the general fund Ms. Driscoll advised.

Rep. Fabrega asked about taxing the Blues, and Mr. Daniels said the amount of premium tax that you are going to receive in the future will be diminishing. He thinks all taxes on health insurance are regressive but you can't give out-of-state companies a windfall of 2.75%.

Rep. Fabrega asked about the provision on page 3, line 3, and if there would be a problem if the committee took the tax bite out. No problem with filing forms with the Commissioner 30 days before their use. There would be no objection.

Rep. Kessler was concerned with the lack of control, and lack of recourse. Ms. Driscoll said they have no control over Medicare and there isn't much recourse. She thinks that causes some problems. A person could go to the Commissioner's office for any complaints.

Rep. Pistoria closed asking what are they going to do by themselves to expedite their claims. Everyone here thinks they are going to get a

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2 3/4% tax - it is going to raise their premiums. How come it is going to raise your premium? The private insurance companies pay this tax and most of their premiums are lower than the Blues. They have never explained it to your committee. I showed you several examples - so much of that is going on. He talked this over with our Insurance Commissioner, Sonny Omholt, but he would have to have more control over the Blues. He wants to give more authority to the Commissioner to examine things brought out today. Why don't they tell you why their premiums in some cases are higher and in some cases they don't pay private claims. They would not tell the people why it would be increased.

Meeting adjourned at 11:30 a.m.

W. J. Fabrega
REP. W. J. FABREGA, CHAIRMAN

Josephine Lahti
Josephine Lahti, Secretary

VISITORS' REGISTER

HOUSE _____ COMMITTEE _____
 BILL #13 340 Date 2/10/81
 SPONSOR Hannak

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Phyllis A. Brock	Hebra	Montross House to the people	✓	
Jay King Fisher	Belling	Producer		✓
Joseph Kaufman	Producer Belling			✓
Bill Weber	Producer Belling			✓
Salim Salim	Beaver Jones			✓
Coody Lail	Shepherd	Dairy Farmer		✓
James Reuter	Scind	Dairy Farmer		✓
Leon Fichter	Scind	Sherry Mfg.		✓
Patricia	Scind	Scind		✓
Ray Lybeck	Kalispell	Dairyman		✓
Robert Lee	Bellevue	Dairyman		✓
David Hule	Hamilton	Ronald Co. Dairy		✓
Kay Woods	Conrad	off. Dairy		✓
Bonnie Crocker	Conrad	off. Dairy		✓
Conrad Miller	Talbot Mt	Producer		✓
Ron Mullen	Talbot Mt	Dairyman		✓
Patricia	Bellevue	Scind		✓
Ken Bessan	Kalispell	Dairyman		✓
H. Ralston	Rancher	Dairyman		✓
George Losleben	1701 Colman	Att. Gen. Participant	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE _____

COMMITTEE _____

BILL _____

340

Date _____

SPONSOR _____

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Johnson by E. B. Baker - Helena - Mt. Dietetic Assn.			✓	
Greenlie Smith	6805 Irving Blvd	Dairy		✓
Harold Smith	6805 Kensington Rd	Dairy		✓
Barnard Jensen	Pompeys Pillar	Dairy		✓
Wm Jensen	Pompeys Pillar	Dairy		✓
John Kent	Worden	Dairy		✓
Virginia Day's	"	"		✓
George Jacobs	"	"		✓
O. Shallen Smith	Pompeys Pillar	Dairyman		✓
Russ Lion	Bozeman			✓
Ashley Reed	Worden	Dairyman		✓
Edith Reed	Worden	"		✓
William Bellings		Self		
Steve Medina	Helena	Congress	✓	
McDermott	Spokane	NFO		✓
Ed McHugh	Helena	Dairy		✓
Wm. P. Rose	Bozeman	Dairy		
Stan Eldred	Bozeman	Dairy		✓
Paul Sullivan	Bozeman	Dairy		✓
John Smith	Bozeman	Montgomery Ward		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

COMMITTEE

BILL 346

Date _____


SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Testimony delivered 2/6/81


Connie J. Johnson, RD, MPH
Registered Dietitian
1701 Chateau
Helena, Montana

REPRESENTING: MONTANA DIETETIC ASSOCIATION

SUPPORTING HB 340 (Referendum for Deregulation of Milk Prices)

Government and university nutrition surveys have shown repeatedly that one of the nutrients most lacking in diets of American is calcium particularly among pregnant women, the elderly and preschool children. This is, also, true for Montanans as evidenced in the Supplemental Food Program for Women, Infants and Children (WIC) and the USDA Extension Program call EFNEP.

The best source of calcium is milk. Yet with its high cost, adequate amounts of milk are increasingly out of reach of the Montana consumer. Deregulation of milk prices will encourage price competition, lower milk prices and put more milk on our kitchen tables.

Also, because milk is a principle food item in the WIC Program, the WIC Coordinator has stated that at 10¢ less per $\frac{1}{2}$ gallon there would be a statewide savings of \$160,000 to the state WIC Program.

Assoc.

The Montana Dietetic/strongly urges support of HB 340 to allow the voters of Montana the opportunity to decide on deregulating milk prices.

TESTIMONY IN SUPPORT OF HOUSE BILL 340

BY

GEORGE A. LOSLEBEN

My name is George Losleben and I am here representing the State Antitrust enforcement Bureau of the Attorney General's office.

We support this legislation, as we did House Bills 51 and 151, because it would allow the retail price of milk in Montana to be determined by fair and open competition -- not artificially fixed at an elevated level by the Milk Control Board as it now is.

Fair competition without the Milk Control Board will undoubtedly bring the price of milk down to a reasonable level for the Montana consumer so that he and she can buy more milk for their families.

With the increased demand caused by deregulated and lower milk prices, the Montana dairyman will be called upon to provide more milk for the Montana market; and surely, more production will mean greater profits.

In short, the Montana dairyman and the Montana consumer will be joint beneficiaries of House Bill 340.

Please support its passage so that the people of Montana -- the silent majority whom we claim to represent -- can decide whether or not they want the Milk Control Board.

The people of Montana deserve a "say" in their government and in the price they are to pay for milk. Let the people accept or reject the current price controls imposed on milk by the Milk Control Board and the legislature. Vote in favor of House Bill 340.

NAME Phyllis R. Becker BILL No. HB 540
ADDRESS Helena DATE 4/1/70
WHOM DO YOU REPRESENT MT. & Son in the House
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Montana has a very high price of milk. A large number of low income people on public assistance and mothers with children. Children need milk. A large part of their food budget goes to pay for milk. They support this bill because it is their understanding that it will help them to have the end of milk in this state. Therefore, they support a referendum to let the people decide on the milk decontrol issue.

NAME

Al Neugherly

BILL No.

H B 340

ADDRESS

Helena

DATE

WHOM DO YOU REPRESENT

Mont. Dairymen's Assn

SUPPORT

OPPOSE

340

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME

Terry Murphy

BILL No. *HB 3410*

ADDRESS

Box 2447 E.A. Fells

DATE

2-6-81

WHOM DO YOU REPRESENT

Maitland Farmers Union

SUPPORT

OPPOSE

☒

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

MFU opposes HB 3410 in its entirety.

NAME Bill Asher BILL No. HO-215
ADDRESS Manhattan DATE Jan 12, 1961
WHOM DO YOU REPRESENT Self
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Representative

Acknowledgment for receipt of statement

Thank you for your statement

Secretary of the House

Stewart County New York Legislature

NAME: PAT Underwood DATE: 6 Feb 81

ADDRESS: Box 1207 Bozeman, MT. 59715

PHONE: 587-3153

REPRESENTING WHOM? MONT. Farm Bureau

APPEARING ON WHICH PROPOSAL: HB 340

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

COMMENTS: The MTFBF opposes HB 340

as being detrimental to the dairy
industry of Mont.

Pat Underwood

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM BILL JENSEN, A PRODUCER IN THE BILLINGS AREA. I AM OPPOSED TO THE REFERENDUM FOR THE FOLLOWING REASONS:

SUPPOSE MILK WENT DOWN 10¢ PER GALLON AND SUPPOSE THE AVERAGE FAMILY PURCHASED 2 GALLONS PER WEEK. THE SAVINGS FOR THE AVERAGE FAMILY WOULD BE 20¢ PER WEEK OR \$10.40 PER YEAR. WHAT WOULD THIS 10¢ PER GALLON DROP COST THE PRODUCER? FOR EVERY ONE CENT DROP PER $\frac{1}{2}$ GALLON MEANS 23¢ PER 100 POUNDS MILK, THIS TIMES 5 WOULD COST THE PRODUCER 1.04 per 100 POUNDS MILK. TAKING MY PRODUCTION OF 5,000 POUNDS PER DAY, THIS WOULD COST ME \$52.00 PER DAY, OR ^{18,980.00}~~\$1,898.00~~ PER YEAR.

I, FOR ONE CANNOT AFFORD THIS CUT. THERE IS NOT THAT MUCH PROFIT TODAY, WITH THE FEED COSTS, SUPPLIES, REPAIRS, TAXES, AND GAS GOING SKY HIGH. IN NO TIME, I WOULD BE OUT OF BUSINESS. YOU MAY SAY, THE DISTRIBUTOR SHOULD STAND $\frac{1}{2}$ OF THE CUT. THIS SHOULD BE TRUE, BUT WITH ALL CONTROLS OFF, THE DISTRIBUTOR IS WRITING OUR CHECK AND HE IS NOT OBLIGATED TO STAND $\frac{1}{2}$ OF THE LOSS. WITH A LARGE SURPLUS OF MILK IN IDAHO, LOOKING FOR A HOME, THEN, THE DISTRIBUTOR, CAN SAY, TAKE IT OR LEAVE IT. I THINK THE \$52.00 PER DAY LOSS WHICH THE PRODUCER WILL TAKE IS A CONSERVATIVE FIGURE. IT COULD GO TO \$100.00 PER DAY VERY EASILY. WHAT WOULD HAPPEN TO THE PRODUCER THEN? HE WILL GO OUT OF BUSINESS FAST. WITH CONTROLS OFF, ALBERTSONS, BUTTREYS, I.C.A. AND ALL CHAIN STORES WILL GO TO IDAHO OR ANY OTHER PLACE THEY CAN GET THEIR MILK THE CHEAPEST. EVEN SAFEWAY WILL GO OUT OF STATE TO GET THEIR MILK IF THEY CAN GET IT CHEAPER. WHAT WILL HAPPEN TO THE PRICE TO CONSUMERS WHEN ALL MONTANA PRODUCERS ARE OUT OF BUSINESS. MILK WILL JUMP NOT ONLY 10¢ PER GALLON, BUT PROBABLY 20¢ TO 50¢ PER GALLON. WHAT ABOUT THE QUALITY? OUR MILK IS PICKED UP EVERY OTHER DAY, BOTTLED

THE SAME DAY OF PICKUP AND PUT ON THE GROCERS SHELF. OUT OF STATE MILK WOULD BE 4 TO 6 DAYS OLD WHEN PUT ON THE SHELF. NATURALLY, IF THE CONSUMER IS TOLD MILK WILL GO DOWN IN PRICE IF IT IS DECONTROLLED, THEY WILL CERTAINLY VOTE FOR THE REFERENDUM, AND OF COURSE, THE CONSUMER HAS THE PRODUCERS OUTNUMBERED. BUT, WILL MR. HANNAH TELL THEM THAT THE PRICE WILL EVENTUALLY GO HIGHER. I DOUBT THIS VERY MUCH.

I HAVE BEEN IN THE DAIRY BUSINESS FOR ALMOST 40 YEARS, WHEN THE MILK CONTROL LAW WAS FIRST ENACTED. IT WAS NOT TOO SATISFACTORY AT FIRST, BUT AFTER SEVERAL YEARS OF AMENDMENTS AND ADDED FUNDS PROVIDED BY THE PRODUCERS AND DISTRIBUTORS TO ENFORCE THE LAW, WE HAVE A VERY GOOD LAW AND CONSUMERS ARE RECEIVING A SUFFICIENT SUPPLY OF WHOLESOME QUALITY MILK AND MILK PRODUCTS. WE, THE MILK PRODUCERS, SPEND A LOT OF MONEY IN MONTANA, APPROXIMATELY, \$30,000,000.00 A YEAR. TO LOSE THIS WOULD BE A DISASTER FOR MONTANA. PLEASE, LETS NOT LET THIS HAPPEN. THANK YOU.

WM. JENSEN

POMPEYS PILLAR

MONTANA 59064

NAME Ann Scott BILL No. HB 340
ADDRESS Great Falls DATE _____
WHOM DO YOU REPRESENT Montana Farmers Union
SUPPORT _____ OPPOSE / AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Montana Farmers Union opposes
HB 340. From the standpoint of
the effects on the dairy
industry, milk can be
bought from the federal order
market in projections that will
in the dairy industry today. The
situation of ^{some} ~~some~~ prices we can
only lead to a decrease in
the long run. It will result
as well as lower production prices.

Ann Scott

NAME Donald Therman BILL No. HR 340
 ADDRESS State DATE _____
 WHOM DO YOU REPRESENT National Farm Holiday
 SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Without a full understanding of the underlying
 business involved in the production and
 marketing of milk and milk products, it
 is impossible to make sound policy. It is
 necessary to understand the problems and
 to have a reliable source of information.

The first thing we must do is to get
 a good team to do the job. We must have
 a team opening the door to a better world of milk.
 It is an invitation to cooperation in the
 future as well as in the present.

This whole issue is one of national
 security. The issue is the question of supply
 with the competitive character of trade and the
 the hyper-possible. It is a matter of life and death.

It is a matter of the future of the nation. It is a matter of the future of the nation. It is a matter of the future of the nation.

NAME Alice Foyshie BILL No. HB. 3-10
ADDRESS Helena DATE _____
WHOM DO YOU REPRESENT Mont. Coll. Women's Assn. & NFO
SUPPORT _____ OPPOSE ✓ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Mr. Dougherty's testimony should
all that needs to be heard on
this issue of this Bill and
a member of our association being
we urge a do-not pass.

Alice Foyshie

VISITORS' REGISTER

HOUSE

COMMITTEE

1.1.

385

Date 2/3

SPONSOR

Aspidia

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOS
Frank Wilson	26511 Morris Rd Bg	producer		✓
Edith Wilson	26511 Morris Rd Bg	producer		✓
J. Murphy	DT. Falls, Mont	Mont. Farmers Union		✓
J. DeLong	Helena	Montan All Grs		✓
AN. CAIN	Helena	BLUE SHIRTS		✓
Mr. Maierle	Helena	Morrison Maierle		✓
Bill Proensen	BILLINGS, MONT	O.C.A.W.		✓
Wayne Phlippen	Cot Dork MONT	OSMA. 2-993		✓
d Murray	Great Falls	Blue Cross		✓
Clayton Kibler	" "	✓		✓
Wm. Jones	Great Falls	" "		✓
Ernest Clabett	Kalispell	Nominall Workers		✓
E. Johnson	Kalispell	Blue Cross		✓
Wm. Johnson	Channing	" "		✓
L. Gorman	Big Falls	Blue Cross		✓
John Chin	Big Falls	Blue Cross		✓
John Gorman	Billings	Ind. Ins Agent		✓
Wm. Jones	Helena	Ind. Ins Agent		✓
Wm. Jones	Helena	Ind. Ins Agent		✓
Wm. Jones	Helena	Ind. Ins Agent		✓
Wm. Jones	Cot. Falls	Blue Cross		✓
Wm. Jones	" "	" "		✓
Wm. Jones	Harby	" "		✓

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

249

COMMITTEE

Date 2/6

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOS
W. VALACICH	Great Falls	Self		X
J. J. Jones	Mt. Gilead	Self		X
W. J. Miller	Great Falls	Blue Cross		X
Wm. H. Burk	Helena	Blue Cross		X
Edw. Bullock	Helena	Self		X
Wm. Schmidt	Helena	Blue Cross		X
Robert Hammond	Helena	Self		X
Geoff. Jones	Helena	Self		X
Wm. Jones	Bellevue	Self	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

February 20 19 85

HOUSE BILL 385

STATEMENT OF INTENT

A statement of intent is required for House Bill 385 to explain the purpose of the legislature in approving the increase in the fee for filing of annual report by health service corporations. This bill raises the fee for each individual or family unit covered, from 20 cents to 50 cents, to finance the performance audits required on each health service corporation at least once every four years and to carry out other duties imposed on the Insurance Department. The insurance Department estimates it will require one additional FTE plus a necessary appropriation to cover additional related costs such as actuarial fees, travel expenses, office space, benefits and office equipment for the FTE. The intention of the legislature is to collect the increase in the fee only if the additional FTE and appropriation are authorized.

PROPOSED AMENDMENT TO HOUSE BILL 385 -

1. Title, lines 5, 6 and 7.

Following: "CORPORATIONS:" on line 5

Strike: "TO" through "TAXED" on line 7

Insert: "TO INCREASE THE ANNUAL REPORT FEE TO 50 CENTS FOR EACH MEMBER"

2. Title, line 10.

Following: "EVERY"

Strike: "3"

Insert: "4"

3. Title, line 11.

Following: "33-30-301, MCA"

Strike: "; ANE REPEALING SECTION 33-30-203, MCA"

4. Page 1, line 14 through line 24.

Strike: Section 1 in its entirety

Renumber: subsequent sections

5. Page 2, following line 20.

Insert: "(g) filing annual report, a fee of 50 cents for each individual or family unit the corporation covered at the close of the year to which the annual report is applicable, except that the minimum fee payable upon filing of an annual report is \$100."

6. Page 4, lines 8 and 9.

Following: "If" on line 8

Strike: "At least once in every 3 years or at any time"

Insert: "If"

7. Page 4, following line 12.

Insert: "(2) In addition to the examination authorized in subsection 1, at least once every 4 years, the commissioner shall conduct an examination of each health service corporation to determine that the corporation fulfills its contractual obligations by prompt satisfaction of claims at the highest monetary level consistent with reasonable dues or fees, and that the corporation's management exercises appropriate fiscal controls and personnel policies to assure that efficient and economic administration restrains overhead costs for the benefit of its members.

Renumber: subsequent subsections

8. Page 5, lines 8 and 9.

Strike: Section 5 in its entirety

Renumber: subsequent section

TRIBUNE-MON-AUG. 12. 1974-FRONT PAGE

Good Morning!

Will Rogers
says . . .



"Tax exempt bonds is the biggest thing in the world the matter with the tax system. It's the most unjust, unequal law we have in this country. Every one of you that own or make anything pays some sort of tax on it. While a financier receiving 300 thousand dollars a year in interest from tax exempt bonds, wouldn't pay a cent to the upkeep of his government from which he not only received protection for himself and family, but also his government guarantees him his original investment. Now think that over a bit and wonder what is the matter with the country! Nothing in our country should be tax exempt! So write to your congressmen and tell him to do away with tax exempt bonds. Even if he can't read, write to him" -- March 19, 1933.

Clipping from Tribune this date-*Fault. Pistorio*

This act revises the law relating to health service organizations in the following manner:

A. Repeals the present provision which requires the filing of an annual report and a fee of 20 cents for each individual or family unit covered and PROVIDES FOR THE PAYMENT OF A TAX EQUAL TO $2 \frac{3}{4}\%$ OF THE AMOUNT OF ALL DUES OR FEES COLLECTED FROM MEMBERS, AND FILING OF REPORT AS REQUIRED BY SECTION 33-30-202.

B. Present law requires that such organizations file copies of all forms with the commission within 30 days after form is first used.

AMENDMENT PROVIDES THAT SUCH FORMS SHALL BE FILED WITH THE COMMISSIONER AT LEAST 30 DAYS PRIOR TO USE OF THE FORM.

This would give the commissioner's office an opportunity to review the forms prior to their issuance and would eliminate the problem of forms being used which may not have met the approval of the commissioner's office.

C. Present law provides for examination only if the commission has reason to believe the corporation is unable or potentially unable to fulfill its contractual obligations to its members. Without examination there would be no way of making this determination.

AMENDMENT WOULD PROVIDE FOR EXAMINATION AT LEAST ONCE IN EVERY 3 YEARS OR AT ANY TIME THE COMMISSIONER FELT OBLIGATIONS COULD NOT BE MET.

STATE OF MONTANA

REQUEST NO. 770-81 (2)

FISCAL NOTE

Form BD-15

In compliance with a written request received 4 P.M. 22 Jan, 19 81, there is hereby submitted a Fiscal Note for HB 385 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation:

HB 385 makes three basic changes in present law:

- A. repeals the annual unit fee and replaces it by a tax of 2.75% of the amount of all dues or fees collected by non-profit health service organizations.
- B. provides for filing of forms at least 30 days prior to use.
- C. provides for examination of health service organizations at least once every 3 years.

Assumptions:

See work sheet attached

Fiscal Impact:

Revenue	
Expense	see work sheet attached
Net effect	

Technical note:

Examination of other insurers is provided for by insurance laws and laws also provide for the expense of examination to be borne by the insurer being examined. There is no provision in this bill for payment of examination. Examination costs are being estimated, based on three such organizations presently doing business, two domestics and one foreign; including an estimated actuarial expense of \$5,000 each. Initial examination costs would be higher than future examinations, as the extent and time consumed is presently an unknown factor. Funds could be earmarked with any overage to be returned to the general fund. Intent as to examination of other than domestic organizations?????

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

③

REQUEST NO. 190-81

Figure 11.1

TO: St Andrew

A Fiscal Note estimate and statement are requested for:

工部

was 5

Amended S.B. _____
Amended H.B. _____
Date of Amendment _____

И.И.А.

Completed worksheets are due in the Office of Budget & Program Planning on or before 1-24

1. Estimated Effect on Revenue and/or Expenditures	Fiscal Year 1982			Fiscal Year 1983		
	Estimated Amount Under Current Law	Estimated Amount Under Proposed Law	Estimated Increase (Decrease)	Estimated Amount Under Current Law	Estimated Amount Under Proposed Law	Estimated Increase (Decrease)
A. Effect on Revenue By Source: (List in Detail)						
Tax from Health Service Corps	\$ 28,206	\$ 2,617,007	\$ 2,599,791	\$ 29,673	\$ 3,035,232	\$ 3,005,559
TOTAL REVENUE	\$ 28,206	\$ 2,617,007	\$ 2,599,791	\$ 29,673	\$ 3,035,232	\$ 3,005,559
B. Effect on Expenditures by Category:						
Personal Services <i>Employees Costs</i>	- 0 -	90,000	90,000	- 0 -	- 0 -	- 0 -
Operating Expenses <i>Medical Costs</i>	- 0 -	15,000	15,000	- 0 -	- 0 -	- 0 -
Capital Outlay						
Local Assistance, Grants						
Benefits & Claims						
TOTAL EXPENDITURES	\$ - 0 -	105,000	105,000	- 0 -	- 0 -	- 0 -
NET EFFECT (A less B)	\$ 28,206	\$ 2,522,907	\$ 2,494,791	\$ 29,673	\$ 3,035,232	\$ 3,005,559
C. Fund Information:						
General Fund	\$ 28,206	\$ 2,522,907	\$ 2,494,791	\$ 29,673	\$ 3,035,232	\$ 3,005,559
Other (describe)						

(4)

STATE OF MONTANA

FISCAL NOTE WORKSHEET

REQUEST NO. 190-81

Form RD-14

(Office of Budget and Financial Planning Use Only)

II. ASSUMPTIONS USED IN OBTAINING ESTIMATES: (Please list clearly and in detail; use extra sheets if necessary)
 List assumptions made during preparation of the fiscal note. If certain costs associated with the proposed legislation can be absorbed without additional funds, indicate this as an assumption. If no dollar estimates have been presented, list reasons in this space.

Average rate of premium totals increase 15 1/2 %
 1977-78-79

Average ~~Annual~~ membership fees collected 77-78-79 increased 5.2%

III. DERIVATION OF ESTIMATES:

Show basic calculations or provide a brief description of the techniques used to obtain estimates; also, cite sources of basic data used for projections.

From information on Form 107-77 (Int. Ins. Dept.) filed with this office in 1977-978+1979.

Fees actually collected by us.

Exam costs estimated from actual costs of examining other insurance companies. per sec 33-36-105 (1) MCA

5

STATE OF MONTANA
FISCAL NOTE WORKSHEET

REQUEST NO. 190-81
Form 110-14

(Office of Budget and Program Planning Use Only)

IV. AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:
Provide an estimate of the local impact:

V. LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Use this space to describe any potentially significant effects the proposed legislation might have on expenditures and/or revenues for fiscal years subsequent to FY 1983; give quantitative estimates whenever possible.

Revenue will probably continue a 15% or more rate.

VI. TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:
Explain.

Agency Representative who Prepared Estimates:

James A. Cheetham
(Name)

Assistant Ch. Dep. Insur. Commissioner
(Title)
1-23-81
(Date)

(Phone No)

Received _____

Analyzed by _____

Fiscal Note by _____

Date _____

STATE OF MONTANA
E. V. "Sonny" Goholt
State Auditor
Commissioner of Insurance
Helena, Montana

INSURANCE DEPARTMENT COLLECTIONS FOR FISCAL YEAR ENDING JUNE 30TH:

AGT., ETC., LIC. FEES	CO. FEES	FIRE MARSHALL TAX	FIRE- MEN'S PENS. TAX	OTHER THAN LIFE PREMIUM TAX	LIFE & DISABILITY PREMIUM TAX	RETAIL- ATION TAX	HEALTH SER. CORP. FEES & TAX	TOTAL	# OF CO. AUTH. IN MT.	DEPT. OPER- ATING EXP.	% OF OPER. EXP. TO REVENUE
1962 \$101,165	\$ 48,302	\$ 27,512	\$	\$1,182,296	\$1,086,353	\$39,937	\$	\$ 2,485,565	563	N/A	N/A
1963 120,955	43,225	27,313		1,290,876	1,154,144	40,458		2,676,971	564	N/A	N/A
1964 91,153	59,897	27,818		1,331,861	1,303,426	40,083		2,854,238	582	\$ 69,168	2.4
1965 89,746	47,196	28,722		1,377,099	1,388,658	45,818		2,977,239	620	63,883	2.2
1966 90,004	55,246	29,881		1,480,737	1,460,357	50,828		3,167,053	648	75,499	2.4
1967 89,444	51,316	31,360		1,605,392	1,583,304	54,636		3,415,952	651	91,338	2.7
1968 91,092	56,418	29,972		1,643,372	1,643,098	53,555		3,517,507	707	98,028	2.8
1969 91,037	56,537	34,902		1,786,786	1,774,334	79,021		3,822,617	756	93,376	2.4
1970 99,760	253,806	66,952		2,239,370	2,245,201	26,611		4,931,700	805	104,101	2.3
1971 102,890	261,364	72,487		2,483,581	2,445,508	17,595		5,383,425	823	112,156	2.1
1972 106,524	267,131	129,231		2,921,201	2,665,545	26,119		6,115,751	842	137,565	2.3
1973 116,202	292,854	147,829		3,221,340	3,005,581	28,667		6,812,473	897	142,711	2.1
1974 126,619	301,538	158,521		3,519,525	3,222,842	37,878		7,366,923	945	239,480	3.3
1975 279,201	319,064	182,858		4,013,822	3,487,943	40,329		8,323,217	955	366,842	4.4
1976 274,750	309,253	191,133		4,591,501	3,690,125	44,835		9,483,281	969	338,409	3.6
1977 268,138	311,295	236,459		4,72,924	4,054,309	67,425	24,809	11,239,651	956	351,641	3.1
1978 344,201	324,678	274,848		549,670	4,513,215	84,519	23,330	12,656,322	985	400,108	3.2
1979 556,908	338,501	310,103		619,082	5,059,252	77,113	25,706	14,367,308	996	394,904	2.7
1980 417,808	336,024	342,138		8,049,699	5,232,148	88,253	26,686	15,177,033	1016**	429,232	2.8

*61% of 1962
**180% of 1962

1016 Actual Companies authorized at 6/30/60 (includes Health Service Corporations, Motor Clubs, Fraternal, Farm Mutuals etc.)

ONLY 28,206 TOTAL FROM THE RULES IS PENALTY
THEY OULDT TO BE ASHAMED OF THEMSELVES
*15,077,033 TO TOTAL REVENUE FROM ALL PRIVATE
HEALTH INSURANCE.

Blue Cross
of Montana



Rec'd - THUR. DEC. 18, 1980
By *Sorener*

P. O. Box 5004
3360 10 Avenue South
Great Falls, Montana 59403
Phone: 761-7310

Blue Cross of Montana
Statistical Data Sheet
December, 1980

Number of Employees as of 12/1/80 233

Annual Payroll, Fiscal Year 1981 \$3,325,000

Fringes, Fiscal Year 1981 729,000

Total Employee Benefits, Fiscal Year 1981 \$4,054,000

Total Annual Operating Expenses, Fiscal Year 1981 \$6,257,000

Number of Claims Paid, Year Ended 12/31/79

Blue Cross	
Hospital	135,050
Med/Surg	166,880
Total Blue Cross	<u>301,930 CLAIMS</u>

Medicare	108,711
Total Claims	<u>410,641</u>

Annual Dollars Handled (12 Months Ended 6/30/80) *PROBABLY 600,000 by end of yr.*

Hospital Claims	\$ 20,012,000
Medical/Surgical Claims	15,091,000
Hospital Claims for Members of Blue Cross Plans	
Hospitalized in Montana	1,989,000
Medicare Claims	57,772,000
Administrative Expense	5,360,000
Total Dollars Handled	<u>\$100,224,000</u>

Current Enrollment 12/1/80 150,000 members

*BY END OF YR. APPROX.
\$ 150,000,000 handled*

Required 500,000 in Annual.

*10 for yr agents } Pay
204 per member } 13,000
Reason for business Rev. } 14,000
Under UDAG } Per yr
of Blue Cross Kls } to Surv ON/HLT
for 2 1/2 - UDAG pay 4/00*

*now \$ 4,000,000 in Reserve
Represent approx
1 month in claims*

REC'D-SAT-FEB 24, 1979

MONTANA PHYSICIANS' SERVICE

404 Fuller Avenue • P.O. Box 4309 • Helena, Montana 59601 • (406) 442-5450



BLUE SHIELD

Medical • Surgical • Hospital

RE-FABREGA'S H.B. 873

February 22, 1979

Dear Member:

On February 19 the Taxation Committee of the Montana House of Representatives introduced House Bill 873. The bill would, if passed, impose a 2.75% tax on the Blue Shield dues which you pay. *BY JAY FABREGA WHY?*

Because MPS Blue Shield is a non-profit corporation, the imposition of this tax would automatically lead to a 2.75% increase in your Blue Shield dues. We do not feel this tax is justified or necessary since Blue Shield presently pays a fee to the Montana Insurance Commissioner's Office to defray the cost of regulating health service corporations.

We further believe that the tax imposed by House Bill 873 would be unfair to those people who are attempting to provide for their health protection by budgeting. It would not affect those who fail or refuse to carry health protection, but rather would only tax people who pay for the cost of health care in advance.

In these inflationary times, people are having a hard time paying for their health care protection. Some of our older citizens, living on fixed incomes, have been forced to drop Blue Shield coverage because they can't afford it.

Although talk of tax cuts has been prevalent during this Session, we are now facing a new tax. We feel that many legislators do not fully appreciate the hardship that will result from the enactment of this new tax on the expense of providing health care protection. Representatives of Blue Shield are working hard to convince the Legislature not to impose this new tax, but we need your help.

We urge you to immediately voice your opposition to House Bill 873 to your representatives in the Legislature, particularly to the members of the House Taxation Committee. Members of the House Taxation Committee are:

Herb Huennekens, Chairman
E. N. Dassinger, Vice Chairman
Verner L. Bertelson
James H. Burnett
Robert Dozier
Jay Fabrega
Harrison G. Fagg
Peter J. Gilligan, Jr.
Dan W. Harrington
Les J. Hirsch

Vicki Johnson
Edward Lien
Kenneth L. Nordtvedt, Jr.
Hershall M. Robbins
Arlyne Reichert
Robert Sivertson
Melvin Underdahl
Orren Vinger
Melvin J. Williams

It is vitally important that your opposition to this bill be made known to members of the Committee as soon as possible since the House will be acting on this bill very soon. Please call, write or wire your representatives and urge them to oppose this legislation.

Very truly yours

Michael E. Donovan
Michael E. Donovan
President

75,000 lry?

EXPLANATION of MEDICARE BENEFITS

THIS IS A STATEMENT OF THE ACTION TAKEN ON YOUR MEDICARE CLAIM
KEEP THIS NOTICE FOR YOUR RECORDS

MONTANA PHYSICIANS' SERVICE

404 Fuller Avenue • P. O. Box 1310 • Helena, Montana 59601 • 406-442-5450



BLUE SHIELD

Medical • Surgical • Hospital

YOUR MEDICARE NUMBER
(HEALTH INSURANCE CLAIM NUMBER)

516013093A

ALWAYS USE THIS NUMBER WHEN WRITING ABOUT CLAIM
BENEFICIARY

BENEFITS PAID TO

DATE: 05/30/79
CONTROL 9099 0429341

KAY PISTORIA
301 W LAWRENCE
HELENA MT
59601

KAY PISTORIA
301 W LAWRENCE
HELENA MT
59601

SERVICES WERE PROVIDED BY	2. WHEN DATES OF SERVICE		3. AMOUNT BILLED	4. AMOUNT APPROVED	5. EXPLANATION OF ANY DIFFERENCES BETWEEN COLUMNS 3 & 4, MEDICARE DOES NOT PAY FOR:	SEE BACK A B
	FROM MO. DAY YR.	TO MO. DAY YR.				
J W STRIZICH M D	040379	040379	9.00	ALL ROUTINE	ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	9.00		ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	8.00		ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	5.00		ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	7.00		ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	7.00		ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	7.00		ROUTINE PHYSICAL EXAMS	15
			TOTAL \$ 43.00			

PLEASE BE SURE TO READ THE IMPORTANT
INFORMATION ON BACK OF THIS NOTICE.

TOTALS

43.00

MEDICARE
PAID

REMARKS

INPATIENT RADIOLOGY & PATHOLOGY PHYSICIAN SERVICES AND CERTAIN
LABORATORIES PAID IN FULL

AMOUNT PAYABLE AT 80% AFTER THE ANNUAL DEDUCTIBLE

AMOUNT APPLIED TOWARD ANNUAL DEDUCTIBLE
YOU HAVE MET OF THE DEDUCTIBLE FOR 979

BALANCE PAYABLE AT 80%

TOTAL MEDICARE PAYMENT

USE THE ENCLOSED REQUEST FOR MEDICARE PAYMENT FORM THE NEXT TIME YOU WISH TO CLAIM MEDICARE BENEFITS

EXPLANATION of MEDICARE BENEFITS

THIS IS A STATEMENT OF THE ACTION TAKEN ON YOUR MEDICARE CLAIM
KEEP THIS NOTICE FOR YOUR RECORDS

MONTANA PHYSICIANS' SERVICE
404 Fuller Avenue • P.O. Box 1110 • Helena, Montana 59601 • (406) 442-5450



BLUE SHIELD

Medical • Surgical • Hospital

YOUR MEDICARE NUMBER
(HEALTH INSURANCE CLAIM NUMBER)

516013093A

ALWAYS USE THIS NUMBER WHEN WRITING ABOUT CLAIM
BENEFICIARY

BENEFITS PAID TO

DATE: 05/30/79
CONTROL 9099 0410506

KAY PISTORIA
301 W LAWRENCE
HELENA MT
59601

KAY PISTORIA
301 W LAWRENCE
HELENA MT
59601

1. SERVICES WERE PROVIDED BY	2. WHEN DATES OF SERVICE		3. AMOUNT BILLED	4. AMOUNT APPROVED	5. EXPLANATION OF ANY DIFFERENCES BETWEEN COLUMNS 3 & 4, MEDICARE DOES NOT PAY FOR:	SEE BACK A
	FROM MO DAY YR	TO MO DAY YR				
J W STRIZICH M D	040379	040379	7.00	ALL ROUTINE	ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	40.00		ROUTINE PHYSICAL EXAMS	11
J W STRIZICH M D	040379	040379	24.00		ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	9.00		ROUTINE PHYSICAL EXAMS	11
J W STRIZICH M D	040379	040379	22.00		ROUTINE PHYSICAL EXAMS	12
J W STRIZICH M D	040379	040379	13.80		ROUTINE PHYSICAL EXAMS	15
J W STRIZICH M D	040379	040379	17.00		ROUTINE PHYSICAL EXAMS	14
J W STRIZICH M D	040379	040379	5.00		ROUTINE PHYSICAL EXAMS	11
J W STRIZICH M D	040379	040379	10.00		ROUTINE PAP SMEARS	15
			TOTAL \$ 147.80			

PLEASE BE SURE TO READ THE IMPORTANT
INFORMATION ON BACK OF THIS NOTICE.

TOTALS 147.80

MEDICARE
PAID

REMARKS

INPATIENT RADIOLOGY & PATHOLOGY PHYSICIAN SERVICES AND CERTAIN
LABORATORIES PAID IN FULL

AMOUNT PAYABLE AT 80% AFTER THE ANNUAL DEDUCTIBLE

AMOUNT APPLIED TOWARD ANNUAL DEDUCTIBLE
YOU HAVE MET OF THE DEDUCTIBLE FOR 1979

BALANCE PAYABLE AT 80%

TOTAL MEDICARE PAYMENT

USE THE ENCLOSED REQUEST FOR MEDICARE PAYMENT FORM THE NEXT TIME YOU WISH TO CLAIM MEDICARE BENEFITS

BENEFICIARY'S NAME FIRST LAST PISTORIA P 021907 XX		PHYSICIAN'S NAME AND NUMBER STRIZICH J W MD HELENA 0828		MONTANA PHYSICIAN'S SERVICE P.O. BOX 4309, HELENA, MONTANA 59601	
PATIENT'S FIRST NAME 186309 6020C45-0C50-5		IF IMPRINTER USED, CIRCLE PATIENT'S NAME-IF NOT PRINT OR TYPE CLEARLY		OTHER INSURANCE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
CERTIFICATE NO. GROUP NO. KATR (603 13)		BENEFICIARY'S ADDRESS STREET CITY ZIP		JOB-RELATED CONDITION <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
PATIENT'S BIRTH DATE		DIAGNOSIS 401		PATIENT'S RELATION TO BENEFICIARY <input checked="" type="checkbox"/> SELF <input type="checkbox"/> SPOUSE <input type="checkbox"/> SON <input type="checkbox"/> DTR	
DATE OF INJURY (IF APPLICABLE)		DATE (S) OF SERVICE		MMA CODE	
DESCRIPTION OF SERVICE		MOD		NO OF SER	
USUAL CHARGES		TOTAL CHARGE \$			
DATE 2/19/9		SIGNATURE OF PERSON PREPARING REPORT *SD		FOR M.P.S. USE ONLY	

BENEFICIARY'S NAME FIRST INITIAL PISTORIA Kay		PHYSICIAN'S NAME AND NUMBER Strizich 2285		MONTANA PHYSICIAN'S SERVICE P.O. BOX 4309, HELENA, MONTANA 59601	
PATIENT'S FIRST NAME		IF IMPRINTER USED, CIRCLE PATIENT'S NAME-IF NOT PRINT OR TYPE CLEARLY		OTHER INSURANCE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
CERTIFICATE NO. GROUP NO. 186309-6 020045-0050		BENEFICIARY'S ADDRESS STREET CITY ZIP		JOB-RELATED CONDITION <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
PATIENT'S BIRTH DATE 6/3/13		DIAGNOSIS		PATIENT'S RELATION TO BENEFICIARY <input checked="" type="checkbox"/> SELF <input type="checkbox"/> SPOUSE <input type="checkbox"/> SON <input type="checkbox"/> DTR	
DATE OF INJURY (IF APPLICABLE)		DATE (S) OF SERVICE		MMA CODE	
DESCRIPTION OF SERVICE		MOD		NO OF SER	
USUAL CHARGES		TOTAL CHARGE \$			
DATE 3/15/9		SIGNATURE OF PERSON PREPARING REPORT *S		FOR M.P.S. USE ONLY	

REQUEST FOR REVIEW OF PART B MEDICARE CLAIM
Medical Insurance Benefits – Social Security Act

Carrier's Name and Address

1 Name of Patient

KATHRYN PISTORIA

2 Health Insurance Claim Number

516-01-3073 A

3 I do not agree with the determination you made on my claim as described on my Explanation of Medicare

Benefits dated: 5/30/79 or other notice dated:

4 MY REASONS ARE: (Attach a copy of the Explanation of Medicare Benefits, or describe the service, date of service, and physician's name—NOTE.—If the date on the Notice of Benefits mentioned in item 3 is more than six months ago, include your reason for not making this request earlier.)

ON APRIL 3, 1979 I WENT TO VISIT JOHN W. STRIZICH, M.D. BECAUSE I WAS EXTREMELY ILL WITH HIGH BLOOD PRESSURE. IT WAS NOT A ROUTINE PHYSICAL EXAM. I WOULD LIKE MY CLAIM REVIEWED.

5 ☐ I have additional evidence to submit. (Attach such evidence to this form)

☐ I do not have additional evidence.

COMPLETE ALL OF THE INFORMATION REQUESTED. SIGN AND RETURN THE FIRST 2 COPIES AND ANY ATTACHMENTS TO THE CARRIER NAMED ABOVE. IF YOU NEED HELP, TAKE THIS AND YOUR NOTICE FROM THE CARRIER TO A SOCIAL SECURITY OFFICE, OR TO THE CARRIER. KEEP THE LAST COPY OF THIS FORM FOR YOUR RECORDS.

6 SIGNATURE OF EITHER THE CLAIMANT OR HIS REPRESENTATIVE

Representative

Claimant

Address

Address

City, State, and ZIP Code

City, State, and ZIP Code

Telephone Number

Date

Telephone Number

Date

Kathryn M. Pistoria

2121 Central Avenue

Great Falls, Montana 59401

453-3665

3 July 1979

ORIGINAL

MEDICARE

Medicare Part B Carrier
Montana Physicians' Service
P.O. Box 4310
Helena, Montana 59601

August 31, 1979

REC'D - FRI - SEPT. 7,
1979.

Ms. Kathryn M. Pistoria
2421 Central Ave.
Great Falls, MT 59401

REVIEW DETERMINATION
CLAIM NO: 516 01 3093 A

Dear Ms. Pistoria:

- X As requested we have reviewed your Medicare claims to decide whether or not the original determination made by our office was correct. In reviewing claims such as this certain procedures have been established to insure fairness. These procedures include a new and independent examination of all evidence relating to any claim by a specially-trained group of individuals who had no involvement with the initial determination of the claim. Based on such a review, we find that our original determination was correct.

YOU IGNORED THE ORIGINAL DIAGNOSIS BY DR. STRIZICH.
The issue in this case is whether or not an allowance should be made by Medicare on services provided by J. W. Strizich, M.D. on April 3, 1979, in the amounts of \$147.80, and \$43.00. PLUS \$16 & \$24 = TOTAL \$230.80

Part B of Medicare covers the incurred expenses of physicians' services which are defined as the professional services performed by a physician or physicians for a patient including diagnosis, therapy, surgery and consultation. This coverage is subject to all limitations defined in the Medicare law and regulations. Part of Medicare covers only those expenses incurred for items or services which are reasonable and necessary for the diagnosis or treatment of an illness or injury.

NOTE - Upon receipt of office records from Doctor Strizich, your claim was reviewed by a medical consultant. After reviewing all evidence, it was determined that the records and diagnosis indicated a routine physical exam; thus, no allowance can be made by Medicare. YOU DID NOT REVIEW DR. STRIZICH'S ORIGINAL DIAGNOSIS, BECAUSE I HAVE IT IN MY POSSESSION.
WHY? If you are dissatisfied with the decision in your case, you may request a hearing within six months from the date of this notice. IT WAS NOT ROUTINE
In order to qualify for a hearing, the amount of benefits in question must be \$100.00 or more, i.e. the amount which you

A RACKET & HOW MANY OTHER YOU LOOK? THIS TIME
YOU PICKED ON THE WRONG PERSON. I NOW WILL EXPOSE
YOU.

Kathryn M. Pistoria
516 01 3093 A

REVIEW DETERMINATION

August 31, 1979
Page Two

NOTE would be paid if an additional allowance is made, after subtracting any unsatisfied deductible and the 20 percent coinsurance. To meet the \$100.00 minimum, you may combine other claims of yours that have been reviewed or reopened if no more than six months have passed since the date of the decision resulting from the review or reopening.

NOTE If you would like to request a hearing, please notify us in writing or contact any Social Security Office. At the hearing you may appear and, if you wish, be represented by an attorney or anyone else you choose to represent you, or you may have a hearing on the record, without the appearance of you or your representative. Please note on your hearing request whether or not you, or your representative, will appear at the hearing.

**ALSO
MAKE
HE PAY
FOR AN
ATTY.
NO OTHER
RECOURSE.**

Sincerely yours,

Dolores Burton
(Mrs.) Dolores Burton, R.N.
Supervisor
MEDICARE DEPARTMENT

DB/lw

original.

REQUEST FOR MEDICARE PAYMENT

MEDICAL INSURANCE BENEFITS—SOCIAL SECURITY ACT (See Instructions on Back — Type or Print Information)

No Part B Medicare benefits may be paid unless this form is received as required by existing law and regulations (20 CFR 422.510)

Form Approved OMB No 066-R-00

NOTICE—Anyone who misrepresents or falsifies essential information requested by this form may upon conviction be subject to fine and imprisonment under Federal Law.

PART I—PATIENT TO FILL IN ITEMS 1 THROUGH 6 ONLY

When completed, send this form to:
Medicare
Montana Physicians' Service
P.O. Box 4310
Helena, Montana 59601

Copy from
YOUR OWN
HEALTH
INSURANCE
CARD
(See example
on back)

1	Name of patient (First name, Middle initial, Last name)	
	Kay Pistoria	
2	Health insurance claim number (Include all letters)	<input type="checkbox"/> Male <input type="checkbox"/> Female
	516 01 3093 A	

3	Patient's complete mailing address (including Apt. no.)	City, State, ZIP Code	Telephone Number
	301 W Lawrence	Helena Montana 59601	
4	Describe the illness or injury for which you received treatment (Always fill in this item if your doctor does not complete Part II below)		Was your illness or injury connected with your employment? <input type="checkbox"/> Yes <input type="checkbox"/> No

5	If any of your medical expenses will be or could be paid by another insurance organization or government agency, show below	
	Name and address of organization or agency	Policy or Identification Number
	MPS	186309 G020045 0050 5

Note: If you Do Not want information about this Medicare claim released to the above upon its request, check (X) the following block ☐

6	I authorize any holder of medical or other information about me to release to the Social Security Administration and Health Care Financing Administration or its intermediaries or carriers any information needed for this or a related Medicare claim. I permit a copy of this authorization to be used in place of the original, and request payment of medical insurance benefits either to myself or to the party who accepts assignment below.
---	--

Signature of patient (See instructions on reverse where patient is unable to sign)

Date signed

SIGN
HERE

PART II—PHYSICIAN OR SUPPLIER TO FILL IN 7 THROUGH 14

7	A. Date of each service	B. Place of service (*See Codes below)	C. Fully describe surgical or medical procedures and other services or supplies furnished for each date given (If lab service, indicate if automated)	D. Nature of illness or injury requiring services or supplies	E. Charges (if related to unusual circumstances explain)	Leave Blank
	1/31/79		Urea Nitrogen	82565		
	1/3/79	0	complete exam	90080	40.00	
			Chest	71010	17.00	
			12 lead	93000	24.00	
			Partial	94160	9.00	
			Procto	45300	22.00	
			Hemoccult x6	82270	13.80	
			Specimen taking	99000	5.00	
			Pap	88150-90	10.00	
			CBC	85010	9.00	
			UA	81000	5.00	
			HCY1	85014	3.00	
			Sed Rate	85650	5.00	
			Blood Sugar	82947	7.00	
			Cholesterol	82465	7.00	
			Uric Acid	84550	7.00	

8	Name and address of physician or supplier (Number and street, city, State, ZIP code)	Telephone No.	9	Total charges
	John W. Strizich M.D.	442-6990		\$ 190.80
	1500 Cannon	Physician or supplier code	10	Amount paid
	Helena Montana 59601	828-5		\$ 0
			11	Any unpaid balance due
				\$ 190.80

12	Assignment of patient's bill	13	Name and address of person or facility where services were furnished (Complete if outside your own office or patient's residence).
	<input type="checkbox"/> I accept assignment (See reverse)		
	<input checked="" type="checkbox"/> I do not accept assignment.		

Signature of physician or supplier (I certify that the statements under Physicians' Notes on the reverse apply to this bill and are made a part hereof.)

Date Signed

O—Doctor's Office
IL—Independent Laboratory

H—Patient's Home (If portable X-ray services, identify the supplier)
IH—Inpatient Hospital

SNF—Skilled Nursing Facility
OH—Outpatient Hospital

OL—Other Locations
NH—Nursing Home

Tax on premiums may be proposed

Tribune Capitol Bureau

Great Falls legislator Paul Pistoria, disturbed by an experience with Blue Shield, says he will reintroduce legislation to tax Blue Shield and Blue Cross premiums as other insurance premiums are taxed.

Pistoria says he had to fight to get Blue Shield to pay part of his wife's medical bills.

Pistoria says his wife Kay went to a Helena doctor three times after becoming ill last March while the Legislature was in session.

When they returned to Great Falls, she submitted a claim to Montana Physicians' Service for both Medicare and Blue Shield benefits. MPS is the carrier for Medicare, and the Pistorias also had supplemental coverage under Blue Shield with MPS.

They received a bill from the doctor for \$230.80, which was paid after the claim was not honored by MPS.

When they received the "explanation of Medicare benefits" from MPS, they were surprised to see that every item was labeled "routine physical exams" and that they were to be paid nothing.

X The Pistorias requested and were given a review. They were advised in an August letter: "After reviewing all evidence, it was determined that the records and diagnosis indicated a routine physical exam. Thus, no allowance can be made by Medicare."

X In September, Pistoria visited the Helena doctor, who told him he did not mark the items as routine medical exams.

X The doctor gave Pistoria the original claim form, a copy of which had been turned in to MPS. The form said the doctor's diagnosis was that Mrs. Pistoria had high blood pressure, possible angina and arthritis.

X Pistoria took the report to MPS the next day, demanding immediate settlement.

X When he was put off, he said: "I told them I was a state representative, I was going to introduce a bill and expose them, that we had felt sorry for them last time (when the Legislature considered and rejected a tax proposal), that they had picked on the wrong guy and if they did it to me there's no doubt they are going to do it to many others, both Blue Shield and Blue Cross."

X Pistoria says that when claims director Cramer Bownes was shown the doctor's diagnosis, Bownes told him, "Oh, that changes the complexion here." He says Bownes asked him not to go to the press or make an issue out of it and that he thought it could be straightened out. He made a copy of the claim form and said Pistoria could expect a check in the near future, Pistoria says.

X MPS soon came through with Medicare and Blue Shield checks totaling \$128.50.

X "I felt I had more coming, but there's nothing I could do about it," Pistoria says. He concedes that two visits to the doctor probably were routine physical exams and not eligible for insurance benefits. But there was nothing routine about the first visit, he says.

X "So over a period of 7½ months I finally had it settled for a total of \$128.50 out of \$230.80," Pistoria says. "I just feel that was too long. And if I

hadn't pushed this matter and presented them with the diagnosis we never would have been compensated, and no doubt that goes on with many throughout the state of Montana."

X Pistoria says he is confident a bill to "expose their assets and tax them" will pass in the next session. Under present Montana law, health service corporations such as MPS are exempt from all premium taxes.

Bownes, the claims director at MPS in Helena, says benefits were finally approved for Pistoria not because he was a legislator but because "they made a contact with the physician, who gave additional information as to the reason for some of the tests."

X Although the doctor's diagnosis was on the claim form, "some of these tests that were done were not related to angina and hypertension," Bownes says. He says MPS makes a judgment as to what tests are related to.

"If you have a chest X-ray and you're in for a broken leg, then of course it wouldn't seem appropriate that a chest X-ray would be necessary to treat a broken leg," he says.

Bownes says it's not uncommon for people to ask for a review of a claims decision, "because a lot of times a physician will submit a claim and just put down tests and maybe leave something off the claim form. And then it is turned down and when the notice goes to the claimant as well as to the physician, and if somebody brings it to our attention, we certainly would make a contact with the physician." X 12

He acknowledged that a person might not be paid a benefit he was entitled to if a claim denial went without challenge.

Blue Shield rates said to allow specialists to hike fees rapidly

BOSTON (AP) — The rate-setting policies of Blue Shield programs allow a few busy specialists to rapidly increase the cost of operations performed by them and their colleagues, a study shows.

The study found that the amount of insurance money that doctors received for specific operations rose as much as 75 percent in three years in one Blue Shield program.

Even though these insurance programs keep the maximum possible reimbursement for each operation secret, doctors can easily determine what they are simply by turning in ever higher bills, the report said.

The study, published in Thursday's New England Journal of Medicine, was directed by Dr. Thomas Delbanco of Beth Israel Hospital in Boston.

More than 70 million Americans use Blue Shield plans to pay doctor bills. Of these, 46 percent subscribe to the most comprehensive policies, which allow doctors to be reimbursed for the going rate in their community.

These fees, called the "usual, customary and reasonable" charges, are typically set at the 90th percentile, or the point at which only 10 percent of the charges in the community are higher. However, doctors can submit bills that are lower than the maximum charge if they want to.

The researchers studied the District of Columbia Blue Shield program and found that doctors could readily find out the maximum amount they would be reimbursed for a specific operation or treatment.

"All the physician has to do is charge a high fee and see what is paid," they wrote. "If the entire charge is accepted, he or she is at or below the customary level. Charges above this level help raise the customary allowance level at the next annual updating."

They looked at several controversial operations and found that the fees paid to doctors increased dramatically.

For instance, the fees for coronary bypass operations jumped 75 percent between 1975 and 1978.

However, in 1976, two Washington physicians were doing 48 percent of these operations, and their rates set the standard for what other doctors could collect for coronary bypasses.

That year, the two "alone established the \$500 increase in the customary allowance level in the area through a combination of high charges and large volume procedures," the researchers wrote.

"Under the bylaws of that plan," they noted, "even if such trends are discovered, a change of allowances is possible only with the vote of the same physicians who may receive such increased payments."

The study found that doctors and hospital administrators hold a majority on the governing boards of 42 of the nation's 69 Blue Shield plans.

The researchers recommended increasing public representation on Blue Shield boards and abolishing rate secrecy as a way of promoting competition.

Delbanco conducted the research while at the Institute of Medicine in Washington. He was helped by the subcommittee on oversight and investigation of the House Committee on Interstate and Foreign Commerce.

Ray Freson, a spokesman for the District of Columbia Blue Shield, acknowledged that a few specialists can raise fees for everyone.

"The observation is correct that if you have a few people who are doing exotic procedures, they will charge what they want, and that will have an effect on other people in the field. It's inherent in the system."

He added that the program keeps the maximum fees secret, because "we don't want to encourage people to seek the upper limit for every fee on every procedure."

Physician Tells of Oppression

By Trisha Kaison

A physician and surgeon told "Spotlight on the News" that he has been harassed by his colleagues in the medical profession because he keeps people out of

SPOTLIGHT ON THE NEWS TV

TELEVISION LOG

Station	Location	Channel	Time	Day
KIWW-TV	Sitka, Alaska	13	5:30 PM	Sun.
KVHV-TV	Los Angeles, Calif.	22	5:30 PM	Mon.
XETV-TV	San Diego, Calif.	6	12:30 PM	Sun.
WJCL-TV	Savannah, Ga.	22	1:30 PM	Sun.
WBHV-TV	Springfield, Ill.	55	1:30 PM	Sun.
WFTV-TV	Poughkeepsie, N.Y.	54	12:00 N	Sun.
WBTV-TV	Cincinnati, Ohio	64	12:00 N	Sun.
WTJC-TV	Springfield, Ohio	25	5:30 PM	Sat.
KGMC-TV	Oklahoma City, Okla.	34	6:00 PM	Sun.
WRIP-TV	Chattanooga, Tenn.	61	11:00 AM	Sun.
WBCV-TV	Buckhannon, W. Va.	11	7:00 PM	Sun.
WCAV-TV	Milwaukee, Wis.	24	9:30 AM	Sun.
WISN-TV	Wausau, Wis.	7	11:00 AM	Sun.
WRIP-TV	Cable Television Network			
Scottsboro, Ala.		10	11:00 AM	Sun.
Walker County, Ga.		9	11:00 AM	Sun.
Caltoosa County, Ga.		9	11:00 AM	Sun.
Rossville, Ga.		9	11:00 AM	Sun.
Chickamauga, Ga.		9	11:00 AM	Sun.
Ft. Oglethorpe, Ga.		9	11:00 AM	Sun.
Lafayette, Linwood, Ga.		11	11:00 AM	Sun.
Summersville, Trion, Trenton, Ga.		13	11:00 AM	Sun.
Ringgold, Ga.		9	11:00 AM	Sun.
Dalton, Tunnel Hill, Ga.		7	11:00 AM	Sun.
South Pittsburg, Jasper, Kimball, Tenn.		13	11:00 AM	Sun.
Swetwater, Tenn.		4	11:00 AM	Sun.
Knoxville, Tenn.		1	11:00 AM	Sun.
Kingston, Tenn.		13	11:00 AM	Sun.
Hartman, Rockwood, Tenn.		5	11:00 AM	Sun.
Chattanooga, East Ridge, Ridgeside, Red Bank, Tenn.		11	11:00 AM	Sun.
Cleveland, Tenn.		6	11:00 AM	Sun.

To: Bob Bartell, Commentator
SPOTLIGHT ON THE NEWS-TV
300 Independence Avenue, S.E.
Washington, D.C. 20003

Dear Bob: Here's what I can do to make "SPOTLIGHT ON THE NEWS" a success:

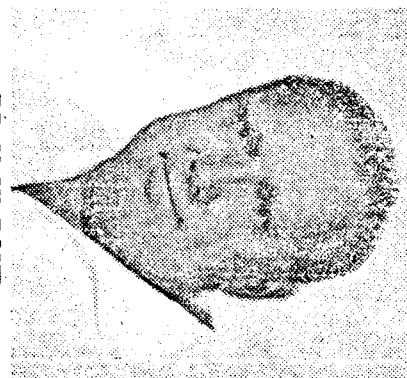
- () I think I can help get on a local TV station. Please contact me.
- () I think I can line up an advertiser.
- () Please accept my contribution of \$_____

Name _____
Address _____
City _____ State _____ Zip _____

the hospital unless it is absolutely necessary.

Dr. N.W. Boyd of Loganville, Pennsylvania is a specialist in osteopathic therapy—healing that emphasizes the manipulation of joints while keeping medicine and surgery to a minimum. He was interviewed on the television program by host Bob Bartell.

During the past 30 years, Boyd said, he has kept more than 7,000 people with rectal disorders out of the hospital and has never been threatened with a malpractice suit. "I think I am unpopular with the other doctors because I prove what I say," he stated. "I think I have proven pretty well that doctors put people in the hospital far too quickly." (This is the thesis of Boyd's book, "Stay Out of the Hospital.")



DR. N.W. BOYD

Why are so many doctors anxious to get their patients into hospital beds? Money, said Boyd. "Doctors figure everyone has hospital insurance, so it's not going to cost the patient anything," he explained. It does, of course, because the more people who are put in the hospital who don't need it, the higher the insurance premiums get.

Are the large insurance companies getting fed up with paying off these huge claims, and are they now supporting Boyd with his cause? No way, said Boyd, because many of these insurance companies ("Blue Shield is the worst of all") are controlled by hospital doctors. When a patient stays out of a hospital, at least four or five specialists lose a leg.

TREATMENT IN OFFICE

The savings made by a patient being treated in the doctor's office rather than the hospital are substantial. For example, Boyd said a hemorrhoid operation that would run \$2,000 in a hospital would cost only about \$400-500 if he took care of it in his office. All rectal diseases—excluding cancer and several rare illnesses—can be treated in the office, usually without surgery, according to Boyd. He said he performs about 60-80 surgical operati a year in the office

under local anesthesia.

The medietras have made it difficult for Boyd to practice his keep-patients-out-of-the-hospital therapy. The Pennsylvania state Board of Osteopathic Medical Examiners suspended Boyd's license for six months in 1956. The "crime" the board accused him of was advertising. Boyd had published a book about his clinic that gave the names and addresses of people he has kept out of the hospital; the board said this was "unethical and illegal."

The Pennsylvania Supreme Court and the U.S. Supreme Court both refused to hear the case, "yet that same U.S. Supreme Court said that doctors that do abortions shall be allowed to advertise," noted Boyd.

RENEWED HARASSMENT

After his suspension, Boyd reassumed his practice, which ran smoothly until January of 1979 when the board once again began to harass him, this time accusing him of treating patients during his suspension.

The law has since been changed—a doctor's license cannot be taken away for advertising—but that won't redress the expenses and losses Boyd has incurred in his case. During the past two years, Boyd has spent more than \$9,000 in legal fees. "They (the board members) are so bitter and resentful and vindictive," said Boyd. "They are trying to cause me all the anguish they can... and my lawyers say it is absolutely 'impossible' for them (legally) to do what they are trying to do."

Books written by doctors in the American College of Surgeons and professors of surgery in American medical schools have inspired Boyd's work, but now these authors are "gone; they're dead. These books were written in the 1920s and 1930s during 'the Depression, when people didn't have any money, and Boyd, 'and they didn't have any insurance, so the doctor could treat them in the office.'"



Robert M. Boyd

USE FOR H.B. 385

Neihart, Montana
January 31st, 1981

Paul G. Pistoria
State Representative
Capitol Building
Helena, Montana 59601

Dear Paul:

After talking to you in regards to your H.B. 385, Thursday January 29th, 1981, I contacted some people in regards to the hearing February 6th, 1981, at 8.A.M. in the old highway building.

The early morning meeting will probably be hard for most of the senior citizens to attend, as the most of them don't have the money to go to Helena, the day before the meeting and rent a motel room, then with the black ice on the highways in the early morning, they probably would not like to drive, but the word will be spread about the help your bill will be for them.

The Deaconess Hospital and the Great Falls clinic, now have new rules regarding their bills, as follows:-

Deaconess Hospital notation on bottom of their bills.

Insurance has been filed, please complete requests from your insurance company promptly, if insurance payments are not timely, we would expect direct payment from you.

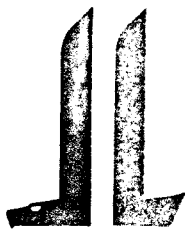
Notation on Great Falls Clinic bills.

The clinic expects regular monthly payments, even though you may have insurance claims pending, please read our credit policy on reverse side of your statement.

I would say that the Blue Shield is direct cause of this rule, as they usually take from 60 days to 6 months to make their share of the payment, if we go ahead and pay these bills, then you have problems getting your money back, as Blue Shield makes the checks out to the Hospital or the clinic never to the patient, neither place wants to give any money back, if there was some way to make the Blue Shield and I suppose Blue Cross has the same policy about paying, pay up within thirty (30) days as required, would be a big help, and keep most of us senior Citizens credit good.

Paul I want to thank you for all your work, and I know you are out a lot in personal expenses, in behalf of us senior citizens, Best Wishes.

Sincerely
Bun Stark
Bun Stark
P.O.Box 64
Neihart, Mont. 59465



use yr H.B. 385

GREAT AMERICAN INSURANCE COMPANY

2-2-81

Dear Paul -

Tried to get in touch with you on Sunday before church but your line was busy. When I tried again after church there was no answer.

I told you I would give you the dope on my Medicare claim that Blue Shield of Helena handled. This involved my nose operation on Dec. 3, 1980.

The Dr. bill was \$195⁰⁰ and they approved \$56.50, which is less than 30%.

The Pathologist bill was \$30.80 and they approved \$10.34 which is about 1/3 of bill.

I sent them a review form with a protest letter & probably won't hear from them for weeks. It took more than six weeks to acknowledge the claim. They are "ripping off" people on their doctor bills, especially senior citizens. Give 'em hell.

I might get over to Helena once
more during the session. I am trying
with the idea of going to California
for a month or so once our weather
gets rough.

My regards to Kay.

As ever,
John Kenney

NAME Quashina M. ... BILL No. H.B. 253
ADDRESS 1111 ... DATE 2. 6. 51
WHOM DO YOU REPRESENT ...
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

*Amended portion of bill
no provision can be made*

NAME Franklin BILL No. 505
ADDRESS Box 309 DATE 3-1-61
WHOM DO YOU REPRESENT Self
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

In all health programs the
same

Exhibit E

February 6, 1981

TO: House Business and Industry Committee

FROM: Montana Physicians' Service - Blue Shield

SUBJECT: HB 385

Montana Physicians' Service is a non-profit, domestic Montana health service corporation. The company was founded in 1946 under special legislation which was enacted so as to permit the company to offer health care coverage without the reserves normally required of an insurance company. In place of reserves the legislation required that MPS maintain agreements with participating physicians to the effect that these doctors would render the services promised to Blue Shield members whether or not the company was able to pay them. The principal genesis behind the founding of Blue Shield, as with other Blue Shield and Blue Cross plans across the country, was the fact that in the 30's and 40's commercial insurance companies would not underwrite the cost of health care -- their underwriters being convinced that it was impossible to estimate the cost for delivering a specified group of health benefits.

The company was first placed under the aegis of the Attorney General for control purposes and since 1975, when new legislation was enacted governing health service corporations, has been under the control of the Insurance Commissioner for regulatory purposes. The new legislation contained requirements for control, for adequate reserves and for annual reports to the Commissioner concerning company's operations. Under these reporting requirements MPS files two annual statements. The first summarizes the company's yearly operations and encloses financial statements prepared by an independent firm of certified public accountants. The company also files what is known as a Form 13, the same reporting form as is filed by commercial insurance companies. The Form 13 requires complete disclosure of all the company's operations and investments including salaries of senior staff, payments for lobbying, etc. At the time of filing the first annual report mentioned the company pays to the Insurance Commissioner a fee of \$.20 per individual or family unit covered which is earmarked for enforcement of the health service corporation legislation. We estimate payment this year will be in the neighborhood of \$12,000.

Other provisions of the health service corporation legislation require the filing with the Commissioner of contract forms, establish grievance procedures for handling

member complaints, provide for licensing of enrollment representatives and authorize an examination by the Commissioner if he believes a health service corporation is in financial difficulty. As legislation is passed regulating health insurance policies sold by commercial insurance companies, health service corporations are regularly included by specific reference although they are organized under and governed by separate statutes.

Affairs of MPS are controlled by a Board of Trustees which includes ten physicians and eleven lay persons. The Trustees serve without pay. Current and former members of the Board of Trustees encompass citizens representing a wide variety of occupations and professions. All of the Trustees are beneficiary members of Montana Physicians' Service which means that they are covered under Blue Shield agreements issued by the company. They thus are representative of the consumers who purchase our coverage.

The statutes governing health service corporations contain a specific provision to the effect that health service corporations are exempt from premium taxes. We appear before you today opposing House Bill 385 which would repeal that exemption and would impose a 2 3/4% premium tax on the premiums paid to us by those who purchase our coverage.

The threshold question which is frequently asked by those considering this matter (which has been before the Legislature on a number of occasions) is, "Since commercial insurance companies pay a premium tax, why don't health service corporations pay the same tax?" The answer to this question is that there are fundamental differences between health service corporations and commercial insurers. This and other factors make it appropriate that premium taxes not be imposed on health service corporations.

(1) At the outset it should be pointed out that this question has been repeatedly raised in the Montana Legislature for a period of over 30 years. Each of the many times this question has arisen it has been defeated. In addition, in the early 70's the question was considered by an interim committee which studied the operations of Blue Cross and Blue Shield. As a result of the committee's deliberations, new legislation was passed governing health service corporations but the Committee recommended, and that legislation continued, an exemption for health service corporations from payment of any premium taxes.

(2) Commercial insurance companies are fundamentally different from health service corporations. Commercial companies are organized and operated so as to pay dividends to their stockholders or, in the case of mutual companies, to their policyholders. MPS as a health service corporation, is required by law to be a non-profit company. It should be emphasized that this non-profit status must be gained from the Internal Revenue Service and from the Montana Department of Revenue. The IRS conducted an audit of MPS in 1978 and advised MPS following its examination that its non-profit status would be continued. MPS is not "owned" by anyone in the usual sense. However, if the company were to dissolve, its assets would be distributed to those persons then covered for health care by the company --its beneficiary members.

Because MPS is a non-profit company it, as in the case of other non-profit companies such as hospitals, does not pay Montana's corporation license tax -- a 6% tax imposed on the net income of all profit companies doing business in Montana.

Commercial insurance companies also do not pay Montana's corporation license tax. In lieu of this tax, such companies pay a 2 3/4% premium tax. As can be seen, the premium tax has been substituted for the corporation income tax which these profit companies would ordinarily pay.

As a non-profit company, MPS is properly exempted from paying either tax. It is not unusual for companies delivering the same type of service to be both profit and non-profit -- one paying income taxes and the other not. An example of such a situation would be the case of hospitals where both profit and non-profit hospitals across the United States are engaged in providing the same service, one tax exempt, the other not.

We would also point out that Blue Cross and Blue Shield are the only domestic companies writing health coverage in Montana. All of the assets of both companies are located in Montana and all of the coverage which they sell is locally underwritten.

(3) Commercial insurance companies are able to sell all lines of business including such profitable lines as group life, regular life, credit life, loss of time and disability. MPS is restricted by law to selling only health coverage. Because of this difference, commercial companies are frequently able to subsidize their offerings in the

health line with other lines of business and can and do compete very effectively in the health care field. Of all the health insurance sold in the state, the commercial companies still have the major market share indicating that they are not at a competitive disadvantage.

(4) Health coverage is an area where coverage should be made available at the very lowest possible cost. Today's sophisticated medical care has saved many lives but its cost makes it the number one cause of personal bankruptcy in the United States.

In recent years it has been very difficult for many people to afford health coverage because of skyrocketing costs. In 1979 health care costs in the United States reached \$212 billion dollars -- about 9% of the Gross National Product. The largest bill paid in 1979 by General Motors (even eclipsing its payment to U. S. Steel) was the cost of health care coverage for its employees. Medicare now pays only 44% of the cost of health care for those covered under the program which requires Medicare beneficiaries to purchase supplementary coverage which continues to increase in price.

In Montana employers (who pay much of the cost of health care coverage as a fringe benefit), senior citizens and those on low incomes are all finding it increasingly difficult to pay the cost of their health care coverage. Each time inflation requires increased rates we can see people dropping their coverage -- and this includes businesses who can no longer afford to pay the cost of this coverage for their employees. If these uncovered people become ill they have only two avenues of recourse -- welfare or bankruptcy.

The use of medical services by people is also on the rise -- for reasons which as yet are not well understood. In 1980 MPS experienced an underwriting loss (excess of claims over premiums received) of \$1.7 million. While this was partially offset by investment income from our reserves, we still concluded the year in a loss position. If MPS had been required to pay a premium tax in 1980, we would have had to use almost \$1 million from reserves to pay it.

With this economic climate in mind it would be truly unfortunate if the Legislature were to impose a tax on premiums paid to Blue Cross and Blue Shield for health coverage. The tax must be passed along to our customers who can ill afford to pay it. The adverse effects of this tax on employers, particularly small ones, senior citizens and

those on fixed or low incomes can't be precisely calculated but they are certainly predictable. Overall, our members would have had to pay an additional \$894,000 in premiums during 1980 if this tax had been in effect. State and local governments, which have many employees covered by Blue Shield and Blue Cross, will also feel the impact of such a tax.

In light of the foregoing, one is somewhat surprised that this burdensome tax is again being proposed at this particular time. We would submit that the recently conducted elections graphically illustrated that people in the United States feel their tax burden has reached the breaking point. When this precise issue was before the 1979 session of this body it was defeated. At that time our members, who had been advised by us that this issue was being considered, literally flooded the Committee with letters urging that the issue not pass. The members of this committee who served in that session can bear witness to the truth of this statement.

We would respectfully submit that requiring people who buy our coverage to pay 2 3/4% tax on their premium simply does not make good economic sense. In fact, if the members of this committee simply can't accept the fact that non-profit health service corporations do not pay a premium tax while commercial profit companies do, it would make a good deal more sense to remove the premium tax from health insurance sold by the commercial companies than it would to place an additional premium tax on health coverage sold by Blue Cross and Blue Shield.

In closing mention should be made of two other issues raised by House Bill 385. We have no objection to being required to file our contracts with the Insurance Commissioner thirty days prior to their use rather than within 30 days of use as is presently the case. We believe the Bill's requirement for a compulsory examination of Blue Cross and Blue Shield each three years is unnecessary. It will cost approximately \$30,000 per company to complete this examination and we doubt the expense is justified in view of the reports we now file. However, the issue of the cost of the premium tax simply far outweighs these other two issues in importance.

For the reasons above stated we strongly recommend that House Bill 385 receive a "Do Not Pass" recommendation from this committee.

STATEMENT OF WILLIAM M. SCHMIDT
TO THE BUSINESS AND INDUSTRY COMMITTEE
OF THE MONTANA HOUSE OF REPRESENTATIVES

RE: HOUSE BILL #385

FEBRUARY 6, 1980

Mr. Chairman and members of the Committee. I am Bill Schmidt, a senior partner in Galusha, Higgins and Galusha, Certified Public Accountants, of Helena. I wish to speak in opposition to this bill for a number of reasons.

Before I detail those reasons, I wish to make it known to the Committee that our firm has, for many years, been engaged as the independent auditors for Montana Physicians' Service, and for a number of years I was the partner in our firm responsible for the audit of this client. I believe it is important for you to have that information at the inception of this testimony so that our relationship to Blue Shield is clearly understood.

My reasons for opposition to this bill include the following:

1. Philosophically, I believe it is wrong for the state to impose a general fund revenue tax on a non-profit company. As you are aware, M.P.S. (Blue Shield) is a non-profit corporation and is qualified as such under the U.S. Internal Revenue Code. As such, it files annual returns with the I.R.S. and is periodically audited by them to insure that their qualification for non-profit status is maintained. Since the purpose of this organization is for its members to

mutually insure their health care at the lowest possible cost and is in no way intended to create a profit, it is clearly unfair to add a general fund tax burden to their members' dues. As you are aware, the premium tax assessed to taxable insurance companies is intended to replace the Montana Corporation License Tax which they do not pay. M.P.S., as a non-profit corporation, has never been liable for the payment of the Montana Corporation License Tax and should not ~~leave~~ ^{provide} the alternative to premium tax imposed either.

2. The additional tax proposed to be imposed would clearly be inflationary since the tax would be passed on to the Plan members in their dues. This would add to the health care costs of thousands of Montanans including:

- Senior citizens; who can ill-afford to pay additional dues (premiums) and dare not be without the coverage;
- Employers of all kinds, for instance school districts, cities and towns and county government units, and private businesses to name a few will have to absorb these additional costs.

As one small example, in our own firm the additional annual increase, which would result from the imposition of the tax on its dues based on 1981 rates, would total nearly \$2,600. When that cost is projected to encompass the entire membership of Blue-Shield, then it can be seen that very substantial costs will have to be absorbed by individuals and

employers throughout the state covered by the Plan and taxpayers who support local governmental units if the bill is adopted.

I can assure you that with the difficult economic circumstances we find ourselves in, this is no time to impose additional inflationary costs on individuals, businesses or government entities and the tax paying public.

3. Finally, with respect to the tax we should note that this same legislation was considered carefully during the last legislative session and was decisively rejected by the Montana House. It would seem that the issue should promptly be laid to rest without delay and additional costs to all concerned because there was, and is, overwhelming objections to it.

The bill has one additional feature which should be addressed and this is the requirement of a state audit of Montana Physicians Service every three years which is contemplated by this bill. To my knowledge, there has been nothing requested in this area by the Insurance Commissioner of the State to whom Blue Shield reports its affairs in voluminous detail. No major problems have been presented which would indicate a need for additional audits. On that line, I should point out that M.P.S. is almost constantly under audit, by our firm, by representatives of the U.S. Government regarding Medicare administration, and by the Internal Revenue Service reviewing the non-profit status.

All in all, this bill appears to this citizen as another attempt to waste the taxpayers' money and to impose another unnecessary layer of bureaucracy on the people of the state. I sincerely urge that you kill this bill in Committee.

Thank you,

W. M. SCHMIDT

TESTIMONY HOUSE BILL 385

Mr. Chairman, members of the committee, my name is Jim Maierle. I am associated with the consulting engineering firm of Morrison-Maierle, Incorporated. We currently employ 98 people.

With regard to House bill 385, we are concerned specifically with the new section, section 1, which would impose a tax on fees or dues paid to health service corporations equal to 2 3/4%.

This tax would be directly passed on to our firm and our employees and our clients. Our employees salary increases have not kept pace with the cost of living for the past two years.

As of January 1, 1981, our employees are paying higher FICA taxes due to an increase in the FICA tax rate increase of 9.9%. We respectfully request that this additional tax burden of 2 3/4\$ not be imposed

Mr. Chairman, I am Mike Bullock, Vice-President of Helena Industries and I am here today to testify in opposition of House Bill 385.

Helena Industries which has a staff of 39 people is in business to provide training to handicapped adults from throughout the state of Montana.

As a fringe benefit to our staff, we pay the dues for medical coverage on each employee. In turn the employees participating in our group plan are responsible for paying the dues to cover their family members.

Currently our group medical insurance is being provided by Montana Physicians Service, and I might add all of us who are taking advantage of the medical insurance have been extremely happy with the service we have received from M.P.S.

As is the case for the majority of business today, Helena Industries finds itself with having to contend with ever increasing business costs, limited financial resources, and staff salary increases which haven't kept up with our nations spiraling inflation.

The 2 3/4% premium tax proposed in House Bill 385, which I am sure would be passed to the consumer in the form increased dues only adds to the increased costs we must pay for everything.

Specifically, this increase would mean an additional \$544.08 that Helena Industries would have to pay annually to provide its' employees with quality health insurance. The staff members would have to come up with an additional \$180.00 to cover their families at our current benefit level. The \$544.08 and \$180.00 amounts might not sound like a lot of money but what it will do is increase the annual dues Helena Industries and its employees must pay to \$27,055.32.

The management of Helena Industries is committed to providing excellent fringe benefits for its' staff but I'm afraid it will just become more difficult as the cost to do business continues to increase.

There's no question that we could reduce benefits thus saving money in dues payments, but all this would mean is that our employees would have to pay more out of their paychecks to provide themselves and families with medical care, thus putting them even further behind in these times of inflation.

Ladies and Gentleman, thank you for allowing me to express my views concerning this piece of legislation.

Mr. Chairman, members of the committee, my name is Irvin E Dellinger
I am Executive Secretary of the Montana Building Material Dealers Association.

I am here in opposition to House Bill # 385

We have a contract with a Non-profit Health Service Corporation. Which provides
our members with very broad coverage, while endeavouring to keep cost down.

Satisfied members
During this inflationary time, this bill would attach additional costs which would
have to be passed on to the consumer in the form of increased premiums or cause
deletion of some benefits. Last evening we heard Pres. Reagan say, "increased
costs or taxes, are added to the price consumers have to pay."

At a time when our industry, the automotive industry, along with other industry
which are in a depressed state; I am afraid some may be forced to cancel policies,
or look toward others without as good a coverage at lower costs.

I hope that each one of you will look closely, before passing on additional cost
to the consumer.

Thank you.....

NAME

Kenn Olson

BILL No.

385

ADDRESS

Box 1716 Kalispell 59701

DATE

6 Feb, 61

WHOM DO YOU REPRESENT

Mt. Spring, Tenn.

SUPPORT

OPPOSE

☒

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

385 1/6 - old thing
1 12

MEMO

FROM: State of Montana Insurance Department
E. V. "Sonny" Omholt, Commissioner

TO: Representative

Jay Fabrega

As per your request for
for fiscal information on HB 385;
We present 3 alternatives and
hope this covers your needs.

Please have your committee secretary
call me if this is not sufficient

Jim Cheatham
Cheatham - Deputy
449-2996

Lehti

Revised fiscal note impact relative to HB 325

P. 1 of 3

2-11-21
JH

2011-2012 Fees collected from licensed health service corps for prior

Carrier	Date	Fees Due
Blue Shield	56,625 x 20¢ =	11,337
Blue Cross	56,759 x 20¢ =	11,352
Delta Dental	76,75 x 20¢ =	1,535

121,119 x 20¢ = 24,224

TECHNICAL NOTE 1: Assuming a triennial examination requirement.

The following estimation is based on the assumption that it would only be necessary to examine one health service corporation in each of the next succeeding three years rather than all three in the same first year. Therefore, it would only be necessary to raise and collect 1/3 of the total direct examination and actuarial expenses estimated in the previous fiscal note. These costs plus an additional full time staff employee would be defrayed and recovered by raising the fee or rate per member presently paid pursuant to Section 3.3-30-204 (1-9), MCA.

Estimated
Annual Costs:

Total est. 3 year actuarial costs \$ 15,000
Total est. 3 year examiner costs 90,000
To annualize: 3

Est annual cost to examine \$ 35,000

ADD: One FTE, Grade II Step 2
(based on 1980-81 State salary matrix)
\$13,131 x 118% for benefits 15,500

*No space or equip. cost is estimated - 0 -

Total est. annual costs
increased by HB 325 \$ 50,500

÷ No. of HSC members ÷ 121,119

Fee increase necessary to recover
& defray additional costs 42¢ x 121,119 = \$ 50,870

ADD: Present fee per member 20¢ x 121,119 = 24,224

Total New Rate Necessary To
Collect Current Revenue Plus
Recover Additional Exam Costs \$ 62¢ = 75,094

NOTE:

Fees and taxes are collected on March 1st of each year. Would the examination requirements begin during the year when the rate increase becomes effective, and the additional funds have already been paid and collected?

Recovered

* TECHNICAL NOTE 2: Assuming a triennial examination requirement. If the language of HB 315 was clarified so that the examination requirement pertained only to Blue Shield and Blue Cross, or corporations domiciled in Montana, and to exclude foreign health service corporations, such as Delta Dental which is a Utah corporation and currently examined by the Utah Insurance Department, then the present direct examination costs would be reduced. An assumption made here is that all health service corporations, whether domestic or foreign, would pay the same rate or fee. The rate calculated by this method would not produce sufficient revenue to pay for the estimated total direct examination until the second year after the rate change became effective.

Estimated Costs

Total est. 3 year actuarial costs	\$10,000	2 companies x \$5,000
Total est. 3 year examiner costs	60,000	2 " x \$30,000

Total	\$70,000
To annualize	÷ 3

Est. annual costs to examine \$ 23,333

ADD: One FTE, Grapil, Suppl.
(same as on P. 1) \$ 15,500

No spare or equip. cost est. — 0 —

Total est. annual costs \$ 32,233

÷ No. of HSC members = 121,119

Fee increase necessary to recover
+ defray additional costs

33¢ x 121,119 = \$ 39,969

ADD: Present fee per member

20¢ x 121,119 = 24,224

New Rate Necessary Under
Note #2.

53¢

\$ 64,193

Recovered

TECHNICAL NOTE 3: For this, Sec. 33-1-402 would have to be changed. Revise the language of H.B. 385 ~~to~~ to make reference of health service corporations in the same manner as the provisions for the examination of insurers pursuant to, Sec. 33-1-401 and provision for examination expense the same as Sec. 33-1-413, MCA. Thereby, the actual examiner's expenses could be paid directly to the contract examiners in the same manner in which they are paid now by all other insurers. This would eliminate the need for a revolving fund assuming that the legislature intends to appropriate the necessary annual requirements for actuarial services, FTE's, office equipment, space charges, etc. in the ordinary budget process. This alternative calculates the rate or membership fee necessary to only recover the direct costs attributable to regulating HSC's.

Total est. 3yr actuarial costs \$ 19,000

to annualize $\div 3$

\$ 3,333

Add:

Current employee

(Inez Hohn Grade 11 Step 3)

\$13,408 x 118% for benefits \$ 15,821 \$ 16,200 \$ 16,500

New FTE, Grade 11 Step 2

13,131 x 118% for benefits 15,500 15,825 \$ 16,175

Office space - 300 sq ft x \$2.25 675

One time office equip. - ? -

Total est. ann. costs \$ 35,329

\div No. of HSC members 121,119

Rate of fee necessary to recover costs

$29.17¢ \times 121,119 = \$ 35,330$

rounded

$30¢ \times 121,119 = \$ 36,336$